

Joint Legislative Audit and Review Commission

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**Evaluation of House Bill 667:
Mandated Coverage of Alternatives to Surgery**

Briefing for the Special Advisory Commission on
Mandated Health Insurance Benefits

September 29, 2008



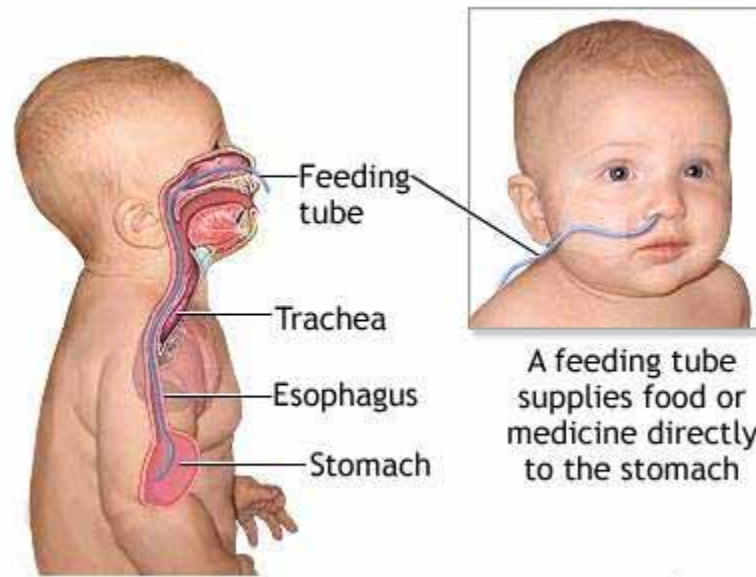
Proposed Mandate Is Broad

- Covers a wide range of medical conditions and treatments
- Would require coverage for *any* non-surgical treatment if health plan also covers surgical treatment for condition
- Non-surgical treatment must be
 - Less expensive
 - Less dangerous
 - Not experimental or investigational
 - Generally recognized by regional medical community as an appropriate treatment
 - Not less efficacious than the surgical treatment

Patron's Intent Is Narrower

- Purpose of HB 667 is to address one insurer's policy requiring amino acid-based formulas be delivered via feeding tube rather than orally
- Some feeding tubes do not require surgery, so not affected by bill

Example of a Nasoenteric Feeding Tube

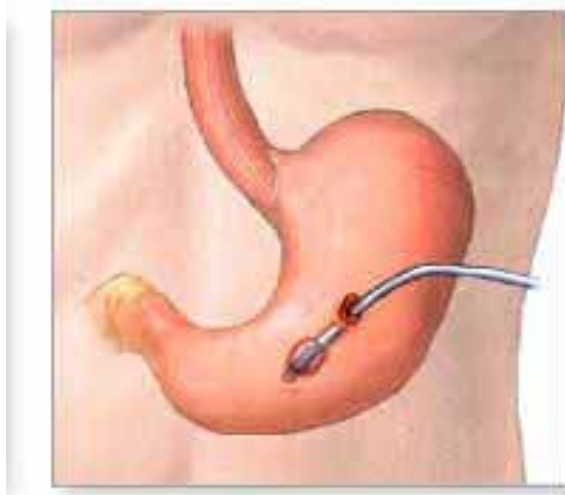


A feeding tube supplies food or medicine directly to the stomach

 ADAM.

Source: A.D.A.M.

Example of a Percutaneous Endoscopic Gastrostomy (PEG) Feeding Tube



ADAM.

Source: A.D.A.M.

In This Presentation

- Medical Efficacy and Effectiveness
- Social Impact
- Financial Impact
- Balancing the Medical, Social, and Financial Considerations

Difficult to Assess Overall Medical Efficacy & Effectiveness

- Difficult to make meaningful assessment due to breadth of covered treatments & conditions, according to medical experts
- Oral consumption of formula is preferred to enteral (feeding tube consumption) when possible due to potential feeding tube complications, according to medical experts

Source: Experts consulted at two VA medical schools

Broad Nature of Bill Presents Concerns Related to Social Impact

- Difficult to assess social impact
- Challenging for insurers to determine whether they provide proposed coverage
- Some medical experts concerned that patients could receive inappropriate or inadequate care

Source: Experts consulted at two VA medical schools

Coverage for Amino Acid-Based Formula Limited to Enteral Consumption In Some Cases

- Most children likely consume amino acid-based formula orally, but some require feeding tube to adhere to formula diet
- Formula not widely covered in VA regardless of method of consumption
- Some insurers only cover formula when consumed through a feeding tube
 - Some further require patient to be hospitalized
- Reports of parents having feeding tubes inserted into children to obtain coverage

Financial Impact Indeterminate for Overall Bill, But Low for Oral Consumption Requirement

- Premium impact of HB 667 indeterminate due to wide scope of bill
- Low financial impact for requiring coverage of oral consumption of formula when enteral consumption is already covered
 - Affects small number of companies

HB 667 Is Not Most Direct Solution to Stated Concern

- Due to breadth of HB 667
 - Difficult to assess
 - Impacts could be far reaching
- More direct solution is to include language in proposed mandates requiring coverage of amino acid-based formula *“regardless of method of consumption”*

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This evaluation is available on our website

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