
Joint Legislative Audit and Review Commission



**Evaluation of House Bill 2337:
Addendum to 2008 *Evaluation of House Bill 615 and House Bill 669,
Mandated Coverage of Amino Acid-Based Formulas***

Briefing for the Special Advisory Commission on
Mandated Health Insurance Benefits

June 29, 2009



What Are Amino Acid-Based Elemental Formulas?

- Specialized formulas used for certain food hypersensitivity and gastrointestinal (GI) conditions primarily in children
- Proteins predigested and broken down for easier digestion
- In most cases, used as a last resort after other formulas found ineffective

Minor Differences in Conditions Covered by HB 615 (2008) and HB 2337 (2009)

House Bill 615 (2008)	House Bill 2337 (2009)
Immunoglobulin-E (IgE) mediated allergy to multiple food proteins	Immunoglobulin-E (IgE) mediated allergy to multiple food proteins <i>for enrollees under age 10</i>
Non-Immunoglobulin-E (non-IgE) mediated allergy to multiple food proteins	Non-Immunoglobulin-E (non-IgE) mediated allergy to multiple food proteins <i>for enrollees under age 10</i>
Food protein-induced enterocolitis syndrome	Severe food protein-induced enterocolitis syndrome
Eosinophilic disorders	Eosinophilic disorders <i>as evidenced by the results of a biopsy</i>
Impaired absorption of nutrients caused by disorders affecting the absorptive surface, functional length, and motility of the GI tract	No difference

Note: Changes identified in *italics*.

Elemental Formulas Not Recommended for All Conditions Covered by HB 2337

Condition	Child		Adult	
	Standard Treatment	Last Resort Treatment	Standard Treatment	Last Resort Treatment
Immunoglobulin-E (IgE) mediated allergy to multiple food proteins	X	✓	X	X
Non-Immunoglobulin-E (non-IgE) mediated allergy to multiple food proteins	X	X	X	X
Food protein-induced enterocolitis syndrome	X	✓	X	X
Eosinophilic esophagitis	✓	X	X	X
Eosinophilic gastroenteritis	X	✓	X	X
Crohn's disease	X	✓	X	X
Short bowel syndrome	X	✓	X	X
Other disorders of impaired absorption of nutrients caused by disorders affecting the absorptive surface, functional length, and motility of the GI tract	X	X	X	X

✓ = Recommended by medical practice guidelines (shaded rows indicate where recommended as either standard or last-resort treatment)
 X = Not recommended by medical practice guidelines

Elemental Formulas Are Rarely Used and Not Covered by Most Insurers

- Used by less than 1% of individuals with conditions covered by HB 2337
 - About 374 children in VA under age 5
- Covered by about 25% of insurers as standard benefit
 - Over half of these provide coverage only if formula constitutes greater than 50% of daily calories

Privately Insured Families Without Coverage May Face Financial Hardship

- Elemental formula more than twice as expensive as traditional baby formula (\$3,024 to \$5,676 annually)
 - Some individuals may not receive needed amount, though medically necessary
 - Some families may incur substantial debt
- State programs available, but income-based
 - VDH Care Connection for Children: at or below 300% FPL
 - VDH WIC: Children under 5 and at or below 185% FPL
 - Medicaid

Low Expected Financial Impact, but Costs Could be Reduced Further

- Estimated premium impact low compared to many existing mandates
- Fiscal impact on State minimal
- HB 2337 includes some conditions for which formula is not standard practice

Conclusions Similar to Prior Review

- Mandate consistent with role of insurance for certain individuals
 - Formulas medically necessary for small group of individuals, but HB 2337 includes conditions where use not medically recommended
- Limiting mandate would more directly meet patients' needs and reduce impact on premiums
 - Limit coverage to conditions where formula is standard or last-resort treatment (see slide 3)
 - Eliminate coverage for adults
 - Require other potential formulas to be attempted first, with exception of eosinophilic esophagitis (standard treatment)

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This evaluation is available on our website

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