



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1436

PRINTERS NO. 4244

PRIME SPONSOR: Truitt

COST / (SAVINGS)

FUND	FY 2014/15	FY 2015/16
General Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY: House Bill 1436, Printer's Number 4244, amends the Medical Foods Insurance Coverage Act to require health insurance policies to cover the cost of amino acid-based elemental medical formula for infants and children. This legislation is effective in 180 days.

ANALYSIS: This legislation requires coverage of amino acid-based elemental medical formula, made of 100% free amino acids as the protein source, for infants and children when ordered by a physician as medically necessary and administered orally or enterally for food protein allergies, food-protein induced enterocolitis syndrome, eosinophilic disorders and short-bowel syndrome. The medical formula is subject to the copayment and coinsurance provisions of a health care policy to the extent that other medical services covered by the policy are subject to the provisions. The Departments of Health and Insurance may promulgate regulations as needed to implement this act.

FISCAL IMPACT: Amino acid-based elemental medical formulas are already covered in the Medical Assistance (MA) Program; therefore, there should be no fiscal impact in the Commonwealth's MA Program related to passage of this legislation. It is not known how many of the children in families impacted by this legislation are currently enrolled in the MA Program and how many may be covered through private insurance plans. A Commonwealth of Virginia Joint Legislative Audit and Review Commission study from September 2008, references a potential increase in premiums of .0147% to 0.0181% related to coverage of the formulas. Based on the current Children's Health Insurance Program (CHIP) premium rate of \$198 per month, this legislation could result in an increase of \$.03 to \$.04 per month in private insurance coverage. If most of these children are already covered in the MA program, the cost to private insurance would be negligible. However, due to provisions in the Affordable Care Act to prevent federal dollars going to new state benefit mandates, the Commonwealth may be required to cover the incremental costs for individuals enrolled in any plan offered through the health care exchange.

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House Appropriations Committee (R)

DATE: October 14, 2014

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.