



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bills 762 and 763 (as introduced 9-12-07)
Sponsor: Senator Michael Switalski
Committee: Health Policy

Date Completed: 5-13-08

CONTENT

Senate Bills 762 and 763 would amend the Nonprofit Health Care Corporation Reform Act and the Insurance Code, respectively, to require a policy, contract, or certificate issued or renewed after January 1, 2008, that provides for prescription coverage, to include coverage for amino acid-based elemental formulas, regardless of delivery methods, for the diagnosis and treatment of multiple food allergies or protein intolerances, eosinophilic disorders, and short bowel syndrome.

Senate Bill 762 would apply to a certificate issued by Blue Cross and Blue Shield of Michigan. Senate Bill 763 would apply to an expense-incurred hospital, medical, or surgical policy or certificate and a health maintenance organization contract.

The bills would apply only if the insured's, enrollee's, or member's treating health care provider issued a written treatment plan and order stating that the formula was medically necessary for the treatment of the disease or disorder.

The required coverage could not have deductibles, copayment, coinsurance, dollar limits, or durational limits that were less favorable than those for physical illness generally.

Proposed MCL 550.1416e (S.B. 762)
Proposed MCL 500.3406s (S.B. 763)

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

A study in California indicated that a coverage mandate would increase insurance costs by about 0.016%. For the State of Michigan employee health coverage, this indicates increased costs of \$35,000 GF/GP. Total cost increases for all local governments would be of a similar magnitude.

Fiscal Analyst: Steve Angelotti

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