

# Legislative Analysis

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## CANCER MEDICATION COVERAGE

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**Senate Bill 540 (Substitute S-1)**

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**Sponsor: Sen. Roger Kahn, M.D.**

**House Committee: Health Policy**

**Senate Committee: Insurance**

**Complete to 3-14-12**

### A SUMMARY OF SENATE BILLS 540-541 AS PASSED BY THE SENATE 12-14-11

The bills would require health insurance policies that provide coverage for prescribed orally administered cancer medications and cancer medications administered via IV or injection to treat the medications the same in regards to deductibles and copays, as well as limits on the scope or duration of treatment. The bills are similar to House Bills 5132 and 5133.

Senate Bill 540 would add a new section to the Insurance Code (MCL 500.3406s) to apply to an expense-incurred hospital, medical, or surgical policy or certificate delivered, issued for delivery, or renewed in the state, as well as a health maintenance organization (HMO) group or individual contract that provides coverage for the medications described above. Senate Bill 541 would add identical language to the Nonprofit Health Care Corporation Reform Act to apply to a Blue Cross Blue Shield of Michigan (BCBSM) group or nongroup certificate that provides such coverage (MCL 550.1416e).

Specifically, the bills would ensure that financial requirements and treatment limitations applicable to prescribed orally administered cancer drugs were not more restrictive than those for cancer drugs administered by IV or injection.

"Cancer medication" would be defined as a medication used to kill or slow the growth of cancerous cells. "Financial requirement" would mean deductibles, copayments, coinsurance, out-of-pocket expenses, aggregate lifetime limits, and annual limits. "Treatment limitations" would mean limits on the frequency of treatment, days of coverage, or other similar limits on the scope or duration of treatment.

In addition, the bills would specify that an insurer or HMO could not achieve compliance by increasing financial requirements or imposing more restrictive treatment limitations on prescribed orally administered cancer medications or intravenously administered or injected cancer medications that are covered under the policy, certificate, or contract on the bills' effective date.

The bills would not prohibit an insurer, HMO, or BCBSM from increasing cost-sharing for all benefits or from applying utilization management techniques, including prior

authorization, step therapy, limits on quantity dispensed, and days' supply per fill for an orally administered cancer medication.

The bills would take effect six months after enactment.

**FISCAL IMPACT:**

The bills would not have a significant fiscal impact on the Office of Financial and Insurance Regulation. There would be no fiscal impact on Medicaid as the state's program has a very limited use of cost-sharing.

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