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## FISCAL IMPACT REPORT

SPONSOR: Begaye DATE TYPED: 2/3/03 HB 289

SHORT TITLE: Insurance Coverage for Medical Diets SB \_\_\_\_\_

ANALYST: Wilson

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			See Narrative		

### SOURCES OF INFORMATION

#### Responses Received From

Health Policy Commission (HPC)  
 Public Regulation Commission (PRC)  
 Retiree Health Care Authority (RHCA)

### SUMMARY

#### Synopsis of Bill

House Bill 289 requires each individual and group insurance policy, health care plan, certificate of insurance, managed care plan and HMO s to provide insurance coverage for medical diets for the control of inborn errors of metabolism that involve amino acid, carbohydrate and fat metabolism for which standard methods of diagnosis, treatment, and monitoring exist. Coverage includes the expenses of diagnosing, monitoring, and controlling disorders by nutritional and medical assessment. Specifically included for coverage in HB289 would be prescription drugs, corrective lenses (related to metabolic diseases only), medical supplies, nutrition management and medical foods.

#### Significant Issues

Advocates argue that patients with these metabolic disorders will ultimately cost insurance carriers far more with inpatient hospitalizations, and other complications rather than treatment provided for on a preventive outpatient basis. Often the patient is a newborn or a young child and a relatively inexpensive medical diet can prevent a lifetime of medical problems and produce a contributing member of society.

Nutritional supplements and special diets and therapies related to this type of disorder are usually excluded from coverage under most insurance plans. Insurance carriers view this as another mandated benefit that will raise premiums.

Medical insurance carriers have advised the State that there are hundreds of inborn errors of metabolism that are very rare. HB 289 may be intended to address these, as well as other conditions that are less rare such as diabetics, gout, elevated cholesterol and obesity. The RHCA is concerned that it might be required to cover diets low in carbohydrates, fat or cholesterol.

### **FISCAL IMPLICATIONS**

HB 289 will cause premium increases to rise for all those covered under New Mexico health plans. Although the State insurance plans are not required by law to include legislatively mandated benefits in its insurance plans, it has traditionally offered comparable coverage. The State will have to pay the employers' share of higher premiums for the active state employees, the public school employees and the retirees. The insurance industry is unable to quantify the increases.

### **ADMINISTRATIVE IMPLICATIONS**

House Bill 289 will require the Rate and Form Filing unit of the PRC's Life & Health Bureau to review and process amended filings by insurers requiring such coverage. Likewise, the Life & Health Bureau would have to ensure that the industry is aware of this new mandated benefit and ensure compliance.

### **TECHNICAL ISSUES**

Add "special" to medical foods on page 2, line 18. This is an FDA recognized phrase and definition that would help define and narrow what is covered.

Add "genetic" to inborn errors of metabolism on page 1, line 12, page 2, line 7 and page 3, lines 10,18 and 25. This will help define the specific patient population to be covered under HB289. This would clarify that the bill does not address benefits for diabetics or obesity.

The RHCA suggests clarifying "licenses nutritionists to specify they must be licensed by the State of New Mexico.

The PRC advises that HB 289 should include a definition of "inborn errors of metabolism." (See Significant Issues)

### **OTHER SUBSTANTIVE ISSUES**

The HPC has provided the following:

Distress to the body resulting from the production of too much of a toxic substance or too little of an essential one is referred to as a metabolic disease. Metabolic diseases are inherited and are present from birth, although the disease may first manifest itself at any age. Metabolism is chemical conversion of what we eat into chemical compounds that we need to function.

Inborn errors of metabolism are diseases caused by a defect in any one of several enzymes needed in the metabolism of protein, carbohydrate, or fat. Nutrition therapy is a significant mode of treating many metabolic disorders.

The Department of Pediatrics Metabolic Clinic at the University of New Mexico School of Medicine is the primary clinical setting in New Mexico for adult and pediatric patients to receive this treatment. Approximately 80% of the patients are children, and the entire patient population reflects the overall ethnic and economic populations of the state. Patients from across New Mexico receive treatment in the UNM program. The number of patients who have this disorder is estimated to be around sixty with thirty-five currently in the UNM program.

The UNM program is a clinical program with physicians and registered dietitians who have received specialized training in metabolic problems, who teach families to monitor the special diet, and who monitor the progress of the patient. There is no typical patient, but the medical evaluation consists of four clinic visits per year with a physician and dietitian for newborns up to age two, and two visits per year thereafter continually. Lab tests are done initially and periodically thereafter. Nutritional supplements may be continually prescribed and drugs ordered as needed. However, this is almost always treated on an outpatient basis and involves a very small segment of the New Mexico population.

DW/yr