

Representative Edward H. Redd proposes the following substitute bill:

**PILOT PROGRAM TO STUDY COVERAGE PARITY FOR AMINO
ACID-BASED FORMULA**

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Edward H. Redd

Senate Sponsor: Brian E. Shiozawa

LONG TITLE

General Description:

This bill amends the Insurance Code.

Highlighted Provisions:

This bill:

- ▶ provides definitions;
- ▶ requires the Public Employees' Health Plan to create a 3-year pilot program in the state employees' risk pool to cover amino acid-based elemental formula for the diagnosis or treatment of an eosinophilic gastrointestinal disorder, food protein-induced enterocolitis syndrome, severe protein allergic condition, or short bowel syndrome;
 - ▶ limits coverage to formula ordered by a physician and obtained from a pharmacy;
 - ▶ prohibits cost sharing for elemental formula that is less favorable to the insured than cost sharing for prescription drugs; and
 - ▶ requires a report on the pilot program to the Social Services Appropriations Subcommittee.

Money Appropriated in this Bill:

None



26 **Other Special Clauses:**

27 None

28 **Utah Code Sections Affected:**

29 ENACTS:

30 **49-20-414**, Utah Code Annotated 1953



31 *Be it enacted by the Legislature of the state of Utah:*

32 Section 1. Section **49-20-414** is enacted to read:

33 **49-20-414. Insurance coverage for amino acid-based formula.**

34 (1) As used in this section:

35 (a) "Amino acid-based elemental formula" means a nutrition formula:

36 (i) made from individual nonallergenic amino acids that are broken down to enhance
37 absorption and digestion; and

38 (ii) designed for individuals who have a dysfunctional or shortened gastrointestinal
39 tract and are unable to tolerate and absorb whole foods or formulas composed of whole
40 proteins, fats, or carbohydrates.

41 (b) "Eosinophilic gastrointestinal disorder" means a disorder characterized by having
42 above normal amounts of eosinophils in one or more specific places anywhere in the digestive
43 system.

44 (c) "Food protein-induced enterocolitis syndrome" means a disorder characterized by
45 an abnormal immune response to an ingested food, resulting in gastrointestinal inflammation.

46 (d) "Health insurer" means an insurer, as defined in Subsection 31A-22-634(1).

47 (e) "Order" means to communicate orally, in writing, or by electronic means.

48 (f) "Pharmacy" means a pharmacy licensed under Title 58, Chapter 17b, Pharmacy
49 Practice Act.

50 (g) "Physician" means an individual who is licensed under Title 58, Chapter 67, Utah
51 Medical Practice Act, or Title 58, Chapter 68, Utah Osteopathic Medical Practice Act.

52 (h) "Program" means the eosinophilic gastrointestinal disorder program created in
53 Subsection (2).

54 (i) "Severe protein allergic conditions" includes:

55 (i) eosinophilic esophagitis;

57 (ii) eosinophilic gastritis;

58 (iii) eosinophilic gastroenteritis;

59 (iv) eosinophilic enteritis;

60 (v) eosinophilic colitis; or

61 (vi) food protein-induced enterocolitis syndrome.

62 (j) "Short bowel syndrome" means malabsorption of nutrients resulting from
63 anatomical or functional loss of a significant length of the small intestine.

64 (2) Beginning plan year 2017-18 and ending plan year 2019-20, the Public Employees'
65 Benefit and Insurance Program shall offer a 3-year pilot program within the state risk pool that
66 provides coverage for the use of an amino acid-based elemental formula, regardless of the
67 delivery method of the formula, for the diagnosis or treatment of an eosinophilic
68 gastrointestinal disorder, food protein-induced enterocolitis syndrome, severe protein allergic
69 condition, or short bowel syndrome.

70 (3) Coverage offered under Subsection (2) applies to an amino acid-based elemental
71 formula if:

72 (a) the formula is ordered for the enrollee by a physician;

73 (b) the physician indicates in the order that the formula is medically necessary; and

74 (c) the insured obtains the formula from a pharmacy.

75 (4) Coverage offered under Subsection (2) may not include cost-sharing provisions,
76 including deductibles, copayments, co-insurance, and out-of-pocket limits, or a durational
77 limit, that are less favorable to the insured than the cost-sharing provisions and durational
78 limits applied by the health benefit plan to prescription drugs.

79 (5) (a) The purpose of the program is to study the efficacy of providing coverage for
80 the use of an amino acid-based elemental formula and is not a mandate for coverage of an
81 amino acid-based elemental formula within the health plans offered by the Public Employees'
82 Benefit and Insurance Program.

83 (b) The Public Employees' Benefit and Insurance Program shall, on or before
84 November 30, 2019, report to the Social Services Appropriations Subcommittee regarding the
85 costs and benefits of the program.

86 (6) Under Section 63J-1-603 of the Utah Code, the Legislature intends that the cost of
87 services for the amino acid-based elemental formula program in Section 49-20-411 shall be

88 paid for from funds above the minimum recommended level in the public employees' state risk
89 pool reserve.