Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 441   (Delegate Bromwell)

Health and Government Operations

Health Insurance - Coverage of Amino Acid-Based Elemental Formula - Modifications

This bill makes the current health insurance mandate for coverage of amino acid-based elemental formula an extraterritorial mandate by requiring certain insurers, nonprofit health services plans, and health maintenance organizations that cover individuals who reside or work in the State to follow the mandate.

The bill applies to all policies, contracts, and health benefit plans that cover individuals who reside or work in the State on or after October 1, 2009.

Fiscal Summary

State Effect: The bill does not directly affect governmental operations or finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Several Maryland health insurance mandates are extraterritorial mandates, meaning that they apply to health insurance delivered to individuals who live or work in the State even when the policy is issued in another state. These extraterritorial mandates include certain continuation of coverage requirements, required reimbursement of certain health care providers, unfair claim settlement practices, adverse decision and grievance policies, and the mandated benefit regarding coverage of temporary disability caused or contributed to by pregnancy or childbirth.

There are 43 mandated health insurance benefits that certain carriers must provide to their enrollees. Chapter 510 of 2008 requires carriers to provide coverage for amino acid-based elemental formula, regardless of delivery method, for the diagnosis and treatment of specified allergies, syndromes, and disorders if the ordering physician has issued a written order stating that the formula is necessary for the treatment of a specified disease or disorder. A private review agent, acting on behalf of a carrier, may review the ordering physician's medical necessity determination for the treatment of a specified disease or disorder.

Coverage of amino acid-based elemental formula must be provided for the diagnosis and treatment of (1) Immunoglobulin E and non-Immunoglobulin E mediated allergies to multiple food proteins; (2) severe food protein induced enterocolitis syndrome; (3) eosinophilic disorders as evidenced by the results of a biopsy; and (4) impaired absorption of nutrients caused by disorders affecting the absorptive surface, functional length, and motility of the gastrointestinal tract.

Background: Amino acid-based elemental formula is hypoallergenic formula designed for infants and children with milk protein and/or multiple food allergies or intolerance. The federal Women, Infants, and Children program and the Maryland Medicaid program provide coverage for amino acid-based elemental formula regardless of delivery method. Historically, many insurance carriers provided coverage for amino acid-based elemental formulas only when delivered internally (through a surgically implanted tube) and not when provided orally.

According to the Children's Milk Allergy and Gastrointestinal Coalition, approximately 0.1% of children younger than age five (or about 368 Maryland children) have conditions that require amino acid-based elemental formulas. However, this incidence may be as high as 0.3%. The average annual cost of purchasing this formula is approximately $5,000 (more than twice the average cost of "regular" formula). Typically, 80% of children outgrow the need for amino acid-based formula by age five.

Additional Information

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