SUBJECT: Health benefit plan coverage for the treatment of diabetes

COMMITTEE: Public Health — committee substitute recommended

VOTE: 5 ayes — Berlanga, Hirschi, Delisi, Glaze, Maxey

0 nays

4 absent — Coleman, Davila, Janek, Rodriguez

WITNESSES: For — Judy M. Keaveny, Wendell Mayes, Paul Bollinger, American Diabetes Association; Mark Hanna, Texas Podiatric Medical Association; Terry Boucher, Texas Osteopathic Medical Association; Greg Hooser, Texas Dietetic Association; Heather Vasek, Texas Association for Home Care; Mike Thompson

Against — Michael Pollard, Texas Life Insurance Association; Will Davis, Texas Life Insurance Association/Texas Legal Reserve Officials Association; Jeff Kloster, Texas HMO Association; Keith Kouba, Texas Association of Business/Chambers of Commerce; Tracy King, Texans for Quality Health Care

DIGEST: CSHB 750 would amend the Insurance Code to require certain health benefit plans to provide coverage for diabetes equipment and supplies and self-management training programs for diabetes. These benefits could be subject to deductible, copayment and coinsurance requirements that did not exceed the requirements for treatment of other chronic medical conditions.

Affected plans would be those providing benefits for comprehensive medical or surgical expenses, including the treatment of diabetes and associated conditions, and would encompass individual and group insurance policies, HMOs, approved nonprofit health corporations certified by the Board of Medical Examiners, group hospital service corporations, fraternal benefit societies and, to the extent permitted under federal law, multiple employer welfare arrangements and other analogous arrangements. CSHB 750 would not apply to plans providing coverage for only a specified disease or other limited benefit.

As defined by the bill, diabetes equipment would include blood glucose monitors, insulin pumps, insulin infusion devices, and podiatric appliances for the prevention of diabetes-related complications. Diabetes supplies would include blood glucose test strips, visual reading and urine test strips, lancets and lancet devices, insulin and insulin analogs, injection aids, syringes, agents for controlling blood sugar, and glucagon emergency kits. Health benefit plans also would have to provide coverage for new or improved equipment or supplies determined to be medically necessary and appropriate by a physician or other health care practitioner.

Diabetes self-management training would have to be provided by a licensed health care professional, and would cover the care and management of the condition, including nutritional counseling and proper use of equipment. Additional training would have to be provided if the patient's condition required changing the self-management regime or if more training was warranted by new techniques and treatments.

The commissioner of insurance would have to promulgate implementing rules. CSHB 750 would take effect September 1, 1997, and apply only to health benefit plans issued or renewed on or after January 1, 1998.

SUPPORTERS SAY:

CSHB 750 would go far to help the 1.7 million Texans who have diabetes and are at risk for complications of blindness, kidney failure, amputations, heart disease, stroke, and death. Diabetes outpatient education programs, which teach patients how to manage their disease, can reduce both human suffering and the expenses associated with complications of the disease, including hospital admissions and extensive medical care. The cost of this benefit is relatively small and is outweighed by improvements in the quality of life for diabetics and by decreased medical costs in the future. Lack of insurance coverage is the most significant impediment to the development of such education programs.

A 1992 study by the LBJ School of Public Affairs estimated the cost of diabetes in Texas at more than $4 billion *per year*, with almost half of that in direct medical care alone. Diabetes is the leading cause of blindness in adults. Every year 170,000 Americans die from diabetes and its complications. Research has shown that the risk of complications can be dramatically lowered by maintaining optimal blood sugar levels — diabetic

kidney disease, for example, can be reduced by 56 percent, and diabetic nerve disease by 61 percent. However, a 1993 study revealed that only 35 percent of all diabetics had attended any class or program about managing the disease to prevent health complications.

Paying for preventive measures is less expensive than paying for the costs of treating medical complications. Any initial additional costs CSHB 750 would initially pose for health benefit plans would likely be defrayed in the long run through reduced medical and hospital claims. CSHB 750 would allow health benefit plans to require reasonable contributions toward the cost of care by imposing normal deductibles, copayments and coinsurance provisions. These, in turn, would decrease the likelihood that CSHB 750 would spur any health benefit plan cost increases. Other states, cognizant of the cost-effectiveness of this measure, have adopted similar legislation. Texas would not be breaking new ground by implementing a law already on the books in Florida, Maine, Minnesota, New Jersey, New York, Oklahoma, West Virginia and Wisconsin.

OPPONENTS SAY:

CSHB 750 would mandate a health benefit that would only affect a small portion of covered Texans but that could contribute toward across-the-board cuts in health benefit plan availability, affordability or coverage of other benefits.

CSHB 750 would affect only those individuals covered under state-regulated health benefit plans, or about 21 percent of all Texans. Self-insured health benefit plans, which are exempt by federal law from state regulation, constitute the largest portion of the health benefit market in Texas, covering about 35 percent of all Texans. The bill would not improve diabetes self-management for individuals covered by these plans or for uninsured diabetics or those covered by Medicare or Medicaid.

CSHB 750 would increase health benefit costs not only by shifting onto health benefit plans the over-the-counter expenses now paid by insureds but also by creating additional administrative costs for plans. These costs would be passed on through higher premium rates to those employers and their employees who rely on the regulated market for health benefit coverage or through decreases in other types of benefits made to keep premium costs level.

NOTES:

The committee substitute added lancets and lancet devices under the definition of diabetes supplies; exempted from the bill's requirements credit insurance, dental or vision care plans, and indemnity plans covering only hospital confinement; removed exclusions for small business health insurance plans; and required that new equipment and supplies be covered when medically necessary.

The companion bill, SB 163 by Zaffirini, passed the Senate on April 9 and was reported favorably, without amendment, by the House Public Health Committee on April 17, making it eligible to be considered in lieu of HB 750.