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FISCAL IMPACT REPORT

SPONSOR: Begaye DATE TYPED: 03/14/01 HB 553/aSfI #1
 SHORT TITLE: Coverage for Required Medical Diets SB _____
 ANALYST: Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Public Regulation Commission (PRC)
 Retiree Health Care Authority (RHCA)
 Health Policy Commission (HPC)
 General Services Division (GSD)

SUMMARY

Synopsis of SfI #1 Amendment

HB 553/aSfI #1 amendment makes several technical changes and adds the requirement that as of July 1, 2001 each health maintenance organization that delivers or issues for delivery in the state an individual or group contract shall provide coverage for the treatment of inborn errors of metabolism.

Synopsis of Original Bill

HB553 proposes to require all health care plans to cover diagnosing, monitoring, and controlling certain inborn errors of metabolism, including medical supplies, drugs, corrective lenses, and nutritional management.

Significant Issues

There are those who believe that this nutritional benefit is a medical necessity and as such should be mandated as required coverage.

Preventative treatment is always less costly than paying for curative treatment. On the other hand, the industry generally opposes mandated benefits which they claim causes premiums to rise.

GSD and RHCA both indicate that SB 553 could cause significant premium increases to the retirees

and the state employees.

FISCAL IMPLICATIONS

GSD wrote that without a more detailed definition of what inform errors of metabolism are to be covered, it is possible that the impact could be significant. Inclusion of obesity (non-morbid), diabetes and high cholesterol levels would affect many members and would carry financial consequences for the State of New Mexico plans.

RHCA agreed and made the point that “obesity, diabetes, hypercholesterolemia and gout” affects a large number of retirees and SB 553 would cause premiums to rise significantly.

ADMINISTRATIVE IMPLICATIONS

GSD stated that including nutritionists as a covered provider would make it difficult for the Risk Management Division to administrate.

RHCA concurred and suggested that the HB 553 be amended to clarify “licensed nutritionists” to specify that they must be licensed in New Mexico.

OTHER SUBSTANTIVE ISSUES

The HPC submitted the following:

Many of the medical and physiological conditions due to inborn error of metabolism may be preventable with early detection, continual monitoring, correct medication and proper nutrition.

According to the Children’s Medical Service, NM Department of Health:

- Only pregnant women with an inborn error of metabolism diagnosis have private insurance coverage in NM. Medicaid covers some pregnant women.. Both insured and uninsured male and non-pregnant females do not have coverage .
- Programs such as Women, Infants and Children (WIC), Medicaid (Salud) and Children’s Medical Services (CMS) assist families with payment for metabolic foods up to ages 5, 18, and 21 respectively.
- The magnitude of the problem is two-fold: 1) compliance with lifelong dietary regime; and 2) financial burden of its cost. The latter adds a tremendous financial strain throughout their lifetime, averaging around \$9,000 - \$11,000 annually. Infant formula costs average around \$600 - \$800 monthly during the first year of life. The cost of formula and/or medical foods is expensive, given the fact that nearly half of our citizens live at or below the federal poverty level. This contributes to the poor compliance and worsening burden of disease through a decline in cognitive and mental abilities.
- Pregnant women with PKU (maternal PKU) medically and nutritionally managed cost \$12,500 annually. This includes \$7,000 for modified low protein foods and \$5,500 for metabolic formula. The problem with non-compliance and the financial cost to families poses a threat to our public health resulting in mental retardation, brain damage with concomitant need for residential treatment and even premature death.

- Treatment cost are expensive but are dwarfed by the lifelong cost of not treating or inadequately treating these patients. Untreated PKU patients are seriously mentally retarded, have significant behavioral problems as well as seizures, and many end in residential care costing \$200,000/year on average.
 - Infants usually have close monitoring and treatment, good dietary regime the first 3-5 years of life. The University of New Mexico, Department of Pediatrics monitors all PKU cases, and has seen a decline with nutritional and dietary regime after the age of 12 – 14 years of age.
- C The State of Maryland has passed a model legislation to help lessen the financial strain of families and increase medical compliance and improved quality of life.
- C The American Academy of Pediatrics, policy statement supports reimbursement for medical foods (formula) used in treatment of many conditions
- C CMS Medical Advisory Board and the Newborn Genetic Advisory Committee support this initiative.
- C In the US: The incidence, collectively, of inborn errors of metabolism (IEM) is estimated to be 1 in 5000 live births.
- C Many individuals who actually have an undiagnosed IEM will have been diagnosed as having birth injury or atypical forms of psychiatric disorders or medical diseases, such as multiple sclerosis, migraines or stroke.
- C Clinical findings in older children, adolescent and adults include mild-to-profound mental retardation, autism, learning disorders, behavioral disturbances, hallucinations, delirium, aggressiveness, agitation, anxiety, panic attacks, seizures, dizziness, exercise intolerance, and muscle weakness. Some manifestations may be intermittent, precipitated by the stress of illness, or progressive, with worsening over time.

DW/njw:ar