

**KANSAS STATE EMPLOYEES
HEALTH CARE COMMISSION**



**REPORT ON INSURANCE COVERAGE
FOR AMINO ACID BASED
ELEMENTAL FORMULA FOR PILOT**



**REQUIRED BY 2018
SENATE SUBSTITUTE FOR HOUSE BILL NO. 2103**

**Kansas State Employees Health Care Commission
Report on Insurance Coverage for Amino Acid Based Elemental Formula Pilot**

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EXECUTIVE SUMMARY

Senate Substitute for House Bill number 2103 required the State Employee Health Plan (SEHP) to provide coverage for services for amino acid-based elemental formula for the diagnosis or treatment of food protein-induced enterocolitis syndrome, eosinophilic disorder or short bowel syndrome when prescribed by a medical professional licensed in the State of Kansas. Modification of the SEHP was necessary to include the coverage. The coverage was added beginning January 1, 2019, to the prescription drug plans offered to members of the SEHP. The bill requires the SEHP to provide this report to the legislature by March 1, 2020 outlining the impact on the SEHP related to the coverage of amino acid-based elemental formula.

During Plan Year 2019, the SEHP had four members for whom prior authorizations for the amino acid based elemental formula were submitted. One of the requests meet the guidelines for coverage and was approved for coverage for the diagnosis or treatment of the eligible conditions for food protein-induced enterocolitis syndrome, eosinophilic disorders or short bowel syndrome. The member approved for coverage only submitted one claim during Plan Year 2019 for a total allowed amount of \$203.80 processed under the plan for amino acid-based elemental formula.

The SEHP has continued the pilot program coverage for amino acid-based elemental formula for PY 2020. If the benefit were expanded to all health plans in the State, members and providers would become more aware of their eligibility for coverage of amino acid-based elemental formula, for treatment of the eligible conditions and it is expected that more claims will be experienced by the plan in future years.

Report on Insurance Coverage for Amino Acid-Based Elemental Formula Pilot

Introduction

The Kansas State Employees Health Care Commission (HCC) was created by the 1984 Legislature through the enactment of K.S.A. 75-6501 et seq. to “develop and provide for the implementation and administration of a state health care benefits program. . . . [It] may provide benefits for persons qualified to participate in the program for hospitalization, medical services, surgical services, nonmedical remedial care and treatment rendered in accordance with a religious method of healing and other health services.” Under K.S.A. 75-6504(b), the HCC is authorized to “negotiate and enter into contracts with qualified insurers, health maintenance organizations and other contracting parties for the purpose of establishing the state health care benefits program.”

The State Employee Health Plan (SEHP) is administered by the Department of Health and Environment (KDHE), Division of Health Care Finance (DHCF). The Director of the State Employee Health Benefits Program (SEHBP) is responsible for bringing recommendations for the SEHP to the Health Care Commission and for carrying out the operation of the SEHP according to HCC policy. SEHP staff prepared this report.

Since 1999, the HCC has authorized the inclusion of certain Non State Public Employer groups into the SEHP. Currently there are educational groups, city, county, townships, public libraries, community mental health centers, city or county public hospitals and extension councils enrolled in the program. The Non State Public Employers are offered the same SEHP self funded health plan options as are available to State Employees. Self funded means that the SEHP no longer transfers the risk and cost of claims and losses to an insurance company, but instead the State and Non State Public Employers covered by the plan are now responsible for financing all health care costs associated with the SEHP medical, pharmacy and dental plan options.

The SEHP provides coverage to active employees on a calendar year basis under five different medical plan designs known as Plans A, C, J, N and Q. All plans include an integrated pharmacy benefit administered by CVS Caremark. Members enrolled in Plans C, J, N and Q must meet the integrated medical and pharmacy deductible before prescription drug costs are eligible for payment. Once the deductible has been satisfied, prescription drugs are subject to coinsurance based on the product dispensed until the member meets the integrated member annual out of pocket maximum for covered medical and pharmacy services. Drug coverage on Plan A is only subject to the plan coinsurance and the integrated member annual out of pocket maximum for medical and pharmacy services. For additional information and a summary of the plan options, visit: <http://www.kdheks.gov/hcf/sehp/Active-2019-Book.htm>

Enrollment numbers as of January 3, 2019, for active State and Non State employees and direct bill members not eligible for Medicare coverage were as follows:

Vendor	Plan A	Plan C	Plan J	Plan N	Plan Q	Total
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Aetna	1,164	767	230	42	76	2,279
Blue Cross and Blue Shield of Kansas	17,1730	15,271	2,343	298	569	36,211

Bill Requirements of the SEHP

Section 1 of Senate Substitute for House Bill No. 2103 (**Exhibit A**) required the State Employee Health Plan (SEHP) to implement a pilot program providing coverage for amino acid-based elemental formula when prescribed for the diagnosis and treatment of food protein-induced enterocolitis syndrome, eosinophilic disorders or short bowel syndrome when prescribed by a licensed medical professional in the state of Kansas. Coverage may be subject to the plan’s appropriate deductible, copays and coinsurance requirement for other pharmacy services covered under the SEHP plan the member is enrolled in for 2019.

Implementation

In order to incorporate the above requirements, the SEHP coverage required modification. The plan had previously provided only limited coverage for services or supplies which are available under FDA rules considered to be over the counter items. In addition, food, food supplements, infant formula and other nutritional products are not traditionally covered services under the health plan.

Staff met with representatives from the health plan administrators for the SEHP and with CVS Caremark, the Pharmacy Benefit Manager (PBM) to determine the plan coverage. As the benefits of this program include pharmacy providers and services not typically eligible for coverage under the SEHP medical program, it was determined that the benefit would be added to the pharmacy program. Appropriate language to add the coverage was included in the 2019 benefit description for pharmacy services. **Exhibit B** is a copy of the Amino Acid-Based Elemental Formula Pilot Program Rider that outlines the coverage available under the plan. Benefit information was included in the open enrollment booklet, open enrollment meetings, the SEHP, and the benefit description provided to each plan member.

Coverage for amino acid-based elemental formula services became available on January 1, 2019. Prior authorization by the PBM was required prior to services being received. The PBM were aware of the need to handle these requests in a timely manner and made every effort to process any prior authorization requests within one days.

Experience

During Plan Year 2019, the SEHP had four (4) members for whom prior authorizations for the amino acid based elemental formula where received. One of the requests meet the guidelines for coverage and was approved for coverage for the diagnosis or treatment of the eligible conditions for food protein-induced enterocolitis syndrome, eosinophilic disorders or short bowel syndrome.

For claims incurred and processed for services received during Plan Year 2019 with an eligible diagnosis, the total allowed amount was \$203.80 eligible under the plan for amino

acid-based elemental formula.

The SEHP has continued the Amino Acid-based Elemental Formula pilot for Plan Year 2020. As members and providers become more aware of the coverage available for these services under the mandate, it is expected that more claims will be experienced by the plan in future years. This would be typical of any new benefit added to the plan and is not unique to these services. Utilization builds over time with awareness of available coverage.

Conclusion

In order to pilot the amino acid-based elemental formula coverage, the SEHP coverage required modification to add coverage. Coverage for amino acid based elemental formula services became available on January 1, 2019.

The coverage pilot had minimal impact on the SEHP. During Plan Year 2019, the SEHP had one member who submitted claims under the rider. For claims incurred and processed for services received during Plan Year 2019 with a total allowed amount of \$203.80. The SEHP has continued the Amino Acid-based Elemental Formula Pilot Program for Plan Year 2020. As members and providers become more aware of the services eligible for coverage under the amino acid based elemental formula mandate, it is expected that more claims will be experienced by the plan in future years.

EXHIBITS

Exhibit A

SENATE Substitute for HOUSE BILL No. 2103

AN ACT concerning insurance; relating to the state employees health care commission; coverage for amino acid-based elemental formula.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) In the coverage for the next health plan coverage year commencing on January 1, 2019, the state employees health care commission shall provide for the coverage for amino acid-based elemental formula, regardless of delivery method, for the diagnosis or treatment of food protein-induced enterocolitis syndrome, eosinophilic disorders or short bowel syndrome, if prescribed by a prescriber, as defined by K.S.A. 65-1626, and amendments thereto, authorized by the pharmacy act of the state of Kansas and the applicable medical professional licensure entity in the state of Kansas.

(b) (1) Pursuant to the provisions of K.S.A. 40-2249a, and amendments thereto, on or before March 1, 2020, the state employees health care commission shall submit to the president of the senate and to the speaker of the house of representatives a report including the following information pertaining to the mandated coverage for amino acid-based elemental formula provided during the plan year commencing on January 1, 2019, and ending on December 31, 2019:

- (A) The impact that the mandated coverage for amino acid-based elemental formula required by subsection (a) has had on the state health care benefits program;
- (B) data on the utilization of coverage for amino acid-based elemental formula by covered individuals and the cost of providing such coverage for amino acid-based elemental formula; and
- (C) a recommendation whether such mandated coverage for amino acid-based elemental formula should continue for the state health care benefits program or whether additional utilization and cost data is required.

(2) At the next legislative session following receipt of the report required in paragraph (1), the legislature may consider whether or not to require the coverage for amino acid-based elemental formula required by subsection (a) to be included in any individual or group health insurance policy, medical service plan, contract, hospital service corporation contract, hospital and medical service corporation contract, fraternal benefit society or health maintenance organization that provides coverage for accident and health services and that is delivered, issued for delivery, amended or renewed in this state on or after July 1, 2021.

Sec. 2. This act shall take effect and be in force from and after its publication in the Kansas register.

Exhibit B
Amino Acid-based Elemental Formula Pilot Program Rider

Amino Acid-based Elemental Formula Pilot Program

The SEHP has been authorized by the Kansas Legislature with conducting a pilot program providing coverage for amino acid-based elemental formula for the treatment or diagnosis of food protein-induced enterocolitis syndrome, eosinophilic disorders or short bowel syndrome. Formula must be purchased from a Network Pharmacy and Prior Authorization is required to ensure the member meets the criteria established for the pilot program. Approved formula products will be subject to the applicable Coinsurance tier for the type of formula purchased.

Members will need to take eligible over the counter formula products to the pharmacy counter along with the physician's prescription and their Caremark id card to have the claims processed for eligible benefits.

Coverage is limited to the following list of eligible formula products for the treatment or diagnosis of food protein-induced enterocolitis syndrome, eosinophilic disorders or short bowel syndrome when Prior Authorized and purchased from a Network Pharmacy:

- Alfamino products
- Elecare products
- Neocate products
- Puramino products
- Tolerex products
- Vivonex products

The plan retains final discretionary authority on what constitutes an amino acid-based elemental formula. The list of eligible formula is subject to periodic review and modification.