

# Legislative Analysis



## ORALLY ADMINISTERED ANTICANCER MEDICATIONS

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4354 (H-1) as reported from committee**

**Sponsor: Rep. Daire Rendon**

**Committee: Insurance**

**Complete to 3-23-21**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 4354 would amend the Insurance Code to prohibit a health insurance policy from applying financial requirements to orally administered anticancer medications that are more restrictive than the financial requirements it applies to intravenously administered or injected anticancer medications. However, this would not apply if the co-pay or coinsurance for orally administered anticancer medications under the policy were \$150 or less per 30-day supply.

Under the bill, a health insurance policy delivered, issued for delivery, or renewed in Michigan after December 31, 2022, that provides coverage for prescribed orally administered anticancer medications and intravenously administered or injected anticancer medications would have to ensure either of the following:

- That financial requirements applicable to prescribed orally administered anticancer medications are not more restrictive than those that apply to intravenously administered or injected anticancer medications that are covered by the policy.
- That the co-pay or coinsurance for orally administered anticancer medication does not exceed \$150 per 30-day supply. (The Department of Insurance and Financial Services would have to adjust this dollar amount annually, beginning January 1, 2024, by the amount determined by the state treasurer to reflect the cumulative annual change in the prescription drug index of the medical care component of the U.S. Consumer Price Index.)

The bill would provide that an insurer could not achieve compliance with these requirements by increasing *cost-sharing requirements*, reclassifying benefits with respect to anticancer medications, or imposing more restrictive *treatment limitations* on prescribed orally administered anticancer medications or intravenously administered or injected anticancer medications that are covered under the policy. However, the provisions of the bill would not prohibit an insurer from applying *utilization management techniques*.

*Cost-sharing requirement* would mean deductibles, copayments, coinsurance, out-of-pocket expenses, aggregate lifetime limits, and annual limits.

*Treatment limitation* would mean limits on the frequency of treatment, days of coverage, or other similar limits on the scope or duration of treatment. Treatment limitation would not include the application of *utilization management techniques*.

*Utilization management techniques* would include prior authorization, step therapy [a requirement that certain drugs be tried to treat a medical condition before other drugs are covered], limits on quantity dispensed, and days' supply per fill for any administered anticancer medication.

The bill could not take effect unless House Bill 4347 were also enacted. (House Bill 4347 would create a new act, the Drug Manufacturer Data Reporting Act, which would require drug manufacturers to disclose certain information on costs and pricing to the Department of Insurance and Financial Services on an annual basis.)

Proposed MCL 500.3406v

### **FISCAL IMPACT:**

The bill would have a minimal fiscal cost for state and local employee health insurance, as any reduced employee out-of-pocket costs for anticancer medications would likely be offset by increases in health insurance premium rates that are at least partially paid for by the state or local unit of government. Medicaid has strict cost-sharing limits, so this bill would not have a fiscal impact on the state Medicaid program.

### **POSITIONS:**

Representatives of the following entities testified in support of the bill:

- Michigan Society of Hematology and Oncology (3-18-21)
- American Cancer Society Cancer Action Network (3-11-21)

The following entities indicated support for the bill:

- American Lung Association (3-4-21)
- Bristol Meyers Squibb (3-4-21)
- Munson Healthcare (3-11-21)
- Leukemia and Lymphoma Society (3-11-21)
- Association for Clinical Oncology (3-3-21)

Representatives of the following entities testified in opposition to the bill:

- Economic Alliance for Michigan (3-4-21)
- Michigan Association of Health Plans (3-11-21)

The following entities indicated opposition to the bill:

- Michigan Manufacturers Association (3-18-21)
- Small Business Association of Michigan (3-4-21)
- Detroit Regional Chamber (3-4-21)
- NFIB Michigan (3-4-21)
- Grand Rapids Chamber of Commerce (3-4-21)
- Michigan Chamber of Commerce (3-4-21)
- Saginaw County Chamber of Commerce (3-4-21)
- Blue Cross Blue Shield of Michigan (3-4-21)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.