

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1754

PRINTER NO. 3198

AMOUNT

See Fiscal Impact

FUND

General Fund/ Insurance Regulation and Oversight Fund

DATE INTRODUCED

October 16, 2023

PRIME SPONSOR

Representative Mullins

DESCRIPTION

House Bill 1754 amends the Insurance Company Law of 1921 to require coverage of biomarker testing in commercial insurance policies along with the Children’s Health Insurance Program (CHIP) and Medicaid.

The bill states that coverage for biomarker testing under commercial insurance policies is subject to the following:

- State law regarding prior authorization of healthcare services along with any applicable state law and regulation;
- Applicable federal law or regulation; and
- Terms and conditions of a health insurance policy regarding medical necessity and the clinical review criteria used to determine the appropriateness of the covered benefit.

The bill states coverage for biomarker testing is similarly subject to state and federal law and regulations along with the terms and conditions of a managed care or CHIP plan approved by the Department of Human Services.

Under the legislation, biomarker testing coverage would apply to the diagnosis, treatment, management or ongoing monitoring of a covered individual’s disease. This does not apply to screening, unless covered under Act 1 of 2023 (BRCA-related screenings), which is defined as a procedure or test done for a patient who has yet to display symptoms of a particular condition or disease.

This legislation will take effect in 180 days, and compliance with these requirements is as follows:

- Health insurance companies that are required to file rates or forms with the federal government or the Department of Insurance must submit policies that include biomarker testing for policies that must file rates or forms on or after the effective date;
- Health insurance companies that are not required to file rates or forms with the federal government or the Department of Insurance must comply with the requirements of this legislation for a policy issued or renewed 120 days after the effective date; and

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- Medical Assistance and Children's Health Insurance Program managed care plans must comply beginning January 1, 2026.

This act shall take effect in 180 days.

FISCAL IMPACT:

Enactment of House Bill 1754 is estimated to cost \$150,000 annually starting in Fiscal Year 2024-25 in Insurance Regulation and Oversight Funding and will have no fiscal impact on Commonwealth funds until Fiscal Year 2026-27.

The Insurance Department estimates an increase in personnel costs of \$150,000 for one additional staff position to ensure health insurance policies comply with the requirements in this legislation. The department's personnel costs are funded through the Insurance Regulation and Oversight Fund.

The Department of Human Services (DHS) is responsible for the medical insurance coverage for all children that are enrolled into the Children's Health Insurance Program and Medical Assistance (MA). Subject to federal approval, the MA or CHIP services that managed care organizations are required to cover will include biomarker testing beginning January 1, 2026. Therefore, there is no fiscal impact to the Commonwealth for Fiscal Year 2024-25. DHS estimates that providing the biomarker testing will cost an estimated \$530,000 in total funds (\$318,000 in federal funds and \$212,000 in state funds) starting in Fiscal Year 2026-27.