

HB

393

ALASKA STATE HOUSE OF REPRESENTATIVES

Labor & Commerce Committee, Chair

Judiciary Committee, Vice-Chair

Health, Education, Social Services

Administrative Regulation Review, Chair



State Capitol Building
Room 432
Juneau, AK 99801

(907) 465-4939 phone
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Representative Tom Anderson

MEMORANDUM

Date: April 18, 2006

To: Sen. Fred Dyson, Chair – Senate HESS Committee

From: Rep. Tom Anderson, Chair – House Labor and Commerce Committee

Re: Scheduling Request for House Bill 393 - *"An Act requiring that certain health care insurance plans provide coverage for the costs of colorectal cancer screening examinations and laboratory tests; and providing for an effective date."*

Attached you will find a committee packet for CSHB 393(HES). I would appreciate it if you would schedule this bill at the committee's earliest convenience.

Please feel free to call my office at 465-4939 if you have questions about the bill or this request.

Thank you.

ALASKA STATE HOUSE OF REPRESENTATIVES

Labor & Commerce Committee, Chair

Administrative Regulation Review, Chair

Judiciary Committee, Vice-Chair

Health, Education and Social Services



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Representative Tom Anderson

HB 393

Explanation of Changes

"An Act requiring that certain health care insurance plans provide coverage for the costs of colorectal cancer screening examinations and laboratory tests; and providing for an effective date."

HB 393 v. CSHB 393(L&C) –

Changes can be found beginning on Page 2, Line 3.

The original language that specified the list of approved procedures was replaced with more general language that the appropriate testing procedures would follow the guidelines of the American Cancer Society or the United States Preventative Services Task Force. The rationale behind this change is that the guidelines established by these organizations do incorporate all of the procedures specified in the original version of the bill, however their standards will change to reflect advances in medical science and thus the guidelines included in the new language will have the effect of keeping statutory language current with new medicine.

CSHB 393(L&C) v. CSHB 393(HES) –

Changes can be found on Page 2, Lines 3-7.

Similar to the amendment made in Labor and Commerce, the reference to the United States Preventative Services Task Force was removed. The rationale is that there may be some confusion between the two guidelines and that the American Cancer Society guidelines are the most current. Also, the "current" was removed at the suggestion of the drafter believing it to mandate Alaska Statute to comport with external guidelines thus raising some concern of unconstitutional delegation of legislative authority.

Change can be found on Page 2, Lines 21-25.

In addition, the language requiring that each covered individual be notified of the new coverage was amended to clarify that the employer and not the insurer would be responsible to provide notification of the additional benefit.

CSHB 393(HES) v. CSHB 393() -

Changes can be found on Page 2, Lines 21-28.

Similar to the changes to the policy notification made in the House HESS committee, this language has been further clarified as a result of concerns expressed by insurers and technical advice from the division of Insurance and Legal Services.

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Representative Tom Anderson HB 393 Sponsor Statement

"An Act requiring that certain health care insurance plans provide coverage for the costs of colorectal cancer screening examinations and laboratory tests; and providing for an effective date."

Current Alaska state law requires that health insurance policies cover screening for breast, cervical, and prostate cancer. ***Colon cancer is the only cancer with a recommended screening test available that is not on this list.*** This bill completes the list, increasing Alaskans' access to all life-saving, recommended cancer screenings.

Colon cancer (technically known as colorectal cancer) is the second leading cause of cancer deaths in Alaska and across the nation. An estimated 57,000 Americans died from the colon cancer in 2005. Screening has the potential to drastically reduce this number. Consider these facts:

- When caught through routine screening at the localized stage, the 5-year survival rate from colon cancer is over 90%.
- If not caught until it has distant metastasis, when symptoms are likely to appear, the 5-year survival rate is only 10%.
- Colonoscopy is over 90% effective at detecting colon cancer and can remove pre-cancerous polyps, actually **preventing cancer** from ever developing.

In addition to saving lives, colon cancer screening is cost-effective. National studies confirm that the cost of these screenings spread across the insured population is minimal. Covering screenings also has the potential for long-term savings by avoiding treatment costs. These long-term savings will likely continue to grow as new and dramatically more expensive drugs become the standard treatment for this disease. Some of these newer drugs are estimated to cost \$250,000 a year, making the case for screening and prevention all the more pressing. In practice, many insurance plans cover some, but not all of the range of recommended screening options listed in the nationally-recognized American Cancer Society guidelines. While not the right test for everyone, access to colonoscopy is critical because of its ability to actually prevent cancer by removing polyps. For the general population, ***colonoscopies are required only once every ten years starting at age 50.*** Medicare picks up coverage for the full range of screenings, including colonoscopy, when a person becomes Medicare eligible. These facts underscore the cost-effectiveness of covering what for most people will be two colonoscopies between ages 50 and 65.

The promise of screening in reducing suffering and death from colon cancer is tremendous. ***The Institute of Medicine reports that the death rate from colon cancer could drop by up to 80% if the majority of Americans***

were regularly screened. Screening can be cost-prohibitive to an individual without insurance coverage for these procedures. Eighteen states, including Texas, Missouri and Nevada, have already adopted similar legislation requiring screening coverage. Alaskans deserve access to all recommended cancer screenings, including life-saving colon cancer screening tests.

I urge your support of this legislation.

24-LS0780AL

Bailey

4/13/06

CS FOR HOUSE BILL NO. 393()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVES ANDERSON, Lynn, Gruenberg, LeDoux, Kapsner, Guttentberg, Crawford, Kerttula, McGuire, Wilson, Gara, Gardner

A BILL

FOR AN ACT ENTITLED

1 **"An Act requiring that certain health care insurance plans provide coverage for the**
2 **costs of colorectal cancer screening examinations and laboratory tests; and providing**
3 **for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 **SHORT TITLE.** This Act may be known as the Colorectal Cancer Screening Coverage
8 Act of 2006.

9 *** Sec. 2.** AS 21.42 is amended by adding a new section to read:

10 **Sec. 21.42.377. Coverage for colorectal cancer screening.** (a) Except for a
11 fraternal benefit society, a health care insurer that offers, issues for delivery, delivers,
12 or renews in this state a health care insurance plan shall provide coverage for the costs
13 of colorectal cancer screening examinations and laboratory tests under the schedule
14 described in (b) of this section. The coverage required by this section is subject to

1 standard policy provisions applicable to other benefits, including deductible or
2 copayment provisions.

3 (b) The minimum coverage required under (a) of this section for colorectal
4 cancer screening includes coverage for colorectal cancer examinations and laboratory
5 tests specified in American Cancer Society guidelines for colorectal cancer screening
6 of asymptomatic individuals. Coverage shall be provided for all colorectal screening
7 examinations and tests that are administered at a frequency identified in the American
8 Cancer Society guidelines for colorectal cancer.

9 (c) Coverage provided under this section applies to a covered individual who
10 is

11 (1) at least 50 years of age; or

12 (2) less than 50 years of age and at high risk for colorectal cancer.

13 (d) All screening options identified in (b) of this section shall be covered by
14 the insurer, with the choice of option determined by the covered individual in
15 consultation with a health care provider.

16 (e) For individuals considered at average risk for colorectal cancer, coverage
17 or benefits shall be provided for the choice of screening, so long as it is conducted in
18 accordance with the specified frequency. For individuals considered at high risk for
19 colorectal cancer, screening shall be provided at a frequency determined necessary by
20 a health care provider.

21 (f) An employer that provides a health care insurance plan under this section
22 shall notify each covered individual of the coverage for colorectal cancer screenings
23 unless coverage for colorectal cancer screening previously exists. The notice shall be
24 included in the health benefit handbook or be provided by written or electronic
25 communication between an employer or health plan administrator and a covered
26 individual. However, if the covered individual purchases the health care insurance
27 plan from the insurer issuing the policy, the insurer is responsible for notifying the
28 covered individual of the coverage for colorectal cancer screening under this section.

29 (g) In this section, "individual considered at high risk for colorectal cancer"
30 means an individual who faces a high risk for colorectal cancer because of

31 (1) family history;

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- (2) prior experience of cancer or precursor neoplastic polyps;
- (3) a history of chronic digestive disease condition, including inflammatory bowel disease, Crohn's Disease, or ulcerative colitis;
- (4) the presence of any appropriate recognized gene markers for colorectal cancer; or
- (5) other predisposing factors.

* Sec. 3. This Act takes effect January 1, 2007.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 393(L&C)
 (H) Publish Date: 2/8/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title: Insurance for Colorectal Cancer Screening RDU: Insurance (116)
 Component: Insurance Operations
 Sponsor: Anderson et al
 Requester: House Labor & Commerce Component No. 354

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation requires certain health care insurance plans to provide coverage for the costs of colorectal cancer screening examinations and laboratory tests. It does not impact the operations of the division.

Prepared by: Linda S. Hall, Director
 Division: Insurance
 Approved by: William Noll, Commissioner
 Agency: Commerce, Community and Economic Development

Phone 907 269 7900
 Date/Time 2/1/06 4:13 PM
 Date 2/1/2006

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 393(HES)
 (S) Publish Date: 4/5/06

Revision Date/Time (Note if correction): 4/4/06 @ 12:00 am Dept. Affected: Administration
 Title: Insurance for Colorectal Cancer Screening RDU: Centralized Administrative Services
 Component: Group Health Insurance
 Sponsor: Representative Anderson
 Requester: (S) Labor & Commerce Component No: 2152

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Colorectal cancer screening and other preventive services (other than mammogram, pap smear and prostate specific antigen screening tests) are not covered under the retiree group health plan. This plan provides coverage for the treatment of illness, injury or disease. Coverage is currently provided to retirees for diagnostic testing for colorectal cancer if the patient exhibits symptoms. The active group health plan covers one routine health exam per covered person every benefit year, including colorectal screening, if ordered by the provider of services and the service is performed within 30 days of the routine health exam.

The AlaskaCare Plans are not regulated under the Division of Insurance AS 21.42. Therefore, the mandated colorectal cancer screening found in CSHB 393 will not have a financial impact on the AlaskaCare Plans.

Prepared by: Melanie Millhorn, Director Phone (907) 465-2334
 Division: Group Health Insurance Date/Time 4/4/06 12:00 AM
 Approved by: Michael Tibbles, Deputy Commissioner Date 4/4/2006
 Agency: Administration



Colorectal Cancer Screening Coverage Saves Lives

The Promise of Screening:

Almost 57,000 people died from colorectal cancer in 2005. If the majority of Americans age 50 or older were screened regularly for colorectal cancer, the death rate from colorectal cancer could plummet by up to 80%.¹

This stunning drop in mortality is possible because colorectal cancer is easily prevented through the identification and removal of pre-cancerous polyps, detectable only by screenings. Yet, despite the lifesaving potential of colorectal screening tests, a majority of Americans are not screened for the disease. Only half of US adults 50 or older have been screened recently for colorectal cancer.²

The Need for Insurance Coverage:

While there are many reasons for the low rate of colorectal cancer screening, low insurance coverage is a contributing factor, since lack of coverage creates a financial barrier to screening.

Thanks to the American Cancer Society, Medicare already covers the full range of colorectal cancer screening tools, but coverage remains an issue for many in the under 65, privately insured population. To date, 18 states and the District of Columbia have enacted legislation ensuring coverage for the full range of colorectal cancer screening tools. However, there are still many Americans in the other 32 states and those covered by health plans outside of state jurisdiction who do not have the full range of coverage. In addition to anecdotal evidence from people who have personally experienced the frustration of being denied coverage for colorectal cancer screening tools – colonoscopy in particular -- studies have shown that limits on covered benefits impede an individual's ability to benefit from early detection of or screening for cancer.^{3,4} The less extensive the prevention coverage, the less likely a person is to get screened. Furthermore, doctors often do not refer people for tests if they believe those tests are not covered by insurance.⁵

A report prepared for the Health Insurance Association of American (HIAA), acknowledges that health plans are currently not providing coverage for the full range of screening tests. Specifically, the report notes that, "Most private insurers will only cover colonoscopies for high risk populations." The report also confirms that health insurance coverage is a factor in low

¹ Institute of Medicine. Curry S., Byers T. and Hewitt M., eds. 2003. *Fulfilling the Potential of Cancer Prevention and Early Detection*. Washington, DC: National Academy Press, p. 403.

² Behavioral Risk Factor Surveillance System Public Use Data Tape 2004, National Center for Disease Prevention and Health Promotion, Centers for Disease Control and Prevention, 2005.

³ Agency for Health Care Policy and Research. *Women's Use of Preventive Screening Services: A Comparison of HMO Versus Fee-for-Service Enrollees*. July 1997.

⁴ Faulkner LA, Schauffler III. The Effect of Health Insurance Coverage on the Appropriate Use of Recommended Clinical Preventive Services. *Am J Prev Med* 1997;13(6):453-8.

⁵ J.D. Lewin and D.A. Asch, "Barriers to Office-Based Screening Sigmoidoscopy: Does Reimbursement Cover Costs?" *Annals of Internal Medicine*, vol. 130, no. 6 (Mar. 1999), pp. 525-30.

screening rates.⁶ Furthermore, an analysis by The Lewin Group of the many health plans participating in the Federal Employee Health Benefit Program (FEHBP) in 2002 confirms that while most plans were covering FOBT and flexible sigmoidoscopy, hardly any were covering colonoscopy screening. While ACS has worked hard to ensure that health plans participating in the FEHBP now provide coverage, the bottom line is clear: without intervention, plans do not tend to cover screening colonoscopy and are not covering the full range of colorectal cancer screening tools according to the American Cancer Society's guidelines.

We know that colorectal cancer screening saves lives and that too few Americans are currently being screened for colorectal cancer. Ensuring coverage for these tools removes financial barriers and puts the decision about appropriate screening back into the hands of physicians and patients.

Colorectal Screening is Cost Effective:

Mathematical models prepared by the Congressional Office of Technology Assessment and others have shown that the cost-effectiveness of colorectal screening is consistent with many other kinds of preventive services and is lower than some common interventions.⁷ For example, a polyp can be removed during screening for about \$1,500, but if the patient is not diagnosed until the disease has metastasized, the patient's survival drops to 10 percent and the costs of care can add up to \$58,000 over the patient's lifetime.⁸ With sharp cost increases possible as new treatments, such as Avastin and Erbitux, become standards of care, the cost-effectiveness of screening is likely to become even more attractive.⁹

Our nation is missing an opportunity to achieve a large health impact for good value in colorectal cancer screening. In the interest of saving lives, the legislative solution to colorectal cancer is clear: make colorectal screening coverage available for all according to ACS screening guidelines.

Interestingly, The Lewin Group conducted a study of the cost of colorectal cancer screening, measuring costs in terms of per member per month costs – the price tag of a benefit to a health plan member. The data indicate that colonoscopy done once every 10 years is actually less costly in terms of Per Member Per Month (PMPM) costs than flexible sigmoidoscopy every 5 years combined with annual FOBT. Over the short term, colonoscopy every 10 years is actually *11 cents less* costly in terms of PMPM costs. A more detailed explanation of the study is attached.

When the cost study is considered together with the Lewin analysis of the Federal Employee Health Benefit Program mentioned above, it becomes readily apparent that expanding coverage to include colonoscopy can save additional lives at little or no additional cost to insurers. Given that insurers largely are already offering FOBT and flexible sigmoidoscopy, there is no compelling economic reason not to expand coverage to offer screening colonoscopy as well. Adding colonoscopy allows doctors and patients to choose the best test for that individual. Best of all, it is not only cost effective – it saves lives.

*National Government Relations Department
December 2001 - updated January 2006*

⁶ Mohr P., Mueller C., et al. "The Impact of Medical Technology on Future Health Care Costs." Health Insurance Association of America. <<http://membership.hiaa.org/pdfs/Appendix2.pdf>>, p. A4-58;59. February 28, 2001.

⁷ U.S. Congress, Office of Technology Assessment (April 1995). *Cost-effectiveness of Colorectal Cancer Screening in Average-Risk Adults*. OTA-BP-H-146.

⁸ Frazier AL, Colditz GA, Fuchs CS, and Kuntz KM (2000). Cost-effectiveness of Screening for Colorectal Cancer in the General Population. *Journal of the American Medical Association*, 284(15):1954-61.

⁹ Schrag D (July 2004). The price tag on progress--chemotherapy for colorectal cancer. *New England Journal of Medicine*. 351(4):317-9.

Care Tuk
POB 871632
Wasilla, AK 99687

April 26, 2006

Dear Chair Dyson and Members of the HESS Committee.

My name is Care Tuk. I live in Wasilla, District 14.
Someone asked me today why I am coming to testify on HB 393, asking each of you to support and pass HB 393 the colorectal cancer screening bill.

My answer to them: Because I can.....Because I believe one voice representing many can make a difference.

I can because: Early detection caught cancer in me not once, not twice, not even 3 times, but in 10 bouts in this battle. Mammograms, pap smears, thyroid ultrasounds, skin checks and blood work caught my cervical, ovarian, twice breast, thyroid, lymph and malignant melanomas. Each of them were covered by my insurance and saved me and them thousands of dollars by not having exorbitant treatment costs.

I'm testifying because:

I know the facts: colon cancer is one of the leading causes of cancer deaths in America - screening is cost effective - to the insurance companies, to the physicians, and most of all to the families by avoiding long-term treatment costs and care.

My mother did not have screening available: her colo-rectal cancer was not caught until later stages. Due to the financial burden, I was taken out of school to help care for her. She died at age 47. I was 16.

I also want to share a recent occurrence.

Knowing the importance of early detection, knowing I had a family history of colo-rectal cancer, knowing that I have survived stage 2 colo-rectal cancer due to early detection/screening; Knowing that I am over 50, I've heard all the warnings on TV, I've heard Katie Couric and others encourage screening, I went for my colo-rectal screening. I "assumed" like my mammograms, like my pap smears, like my husbands PSA test the colo-rectal screening would be covered. NOTTTTTT. Imagine MY shock when I got the bill.....in addition to all I pay for premiums and co-pays and deductibles.....

Let's close this loop-hole. Let's save lives so people like me can continue to be active and work alongside you to continue to make Alaska the greatest place on Earth - and let's be on the front lines to see the end of cancer - once and for all.

Thank you for your time and consideration.

SENATE COMMITTEE REPORT

DATE: 4/5/06

FURTHER:

DATE TURNED
IN TO OFFICE: 4.28.06

Health, Education and Social Services Committee considered CS FOR HOUSE BILL NO. 393(HES)

HB 393 INSURANCE FOR COLORECTAL CANCER SCREENING

"An Act requiring that certain health care insurance plans provide coverage for the costs of colorectal cancer screening examinations and laboratory tests; and providing for an effective date."

and recommends:

- be replaced with S CS HB 393 (HES)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

CS Senate Bill:

- Same Title
- New Title

SCS House Bill:

- Same Title
- Technical Title Change
- New Title w/ SCR # _____


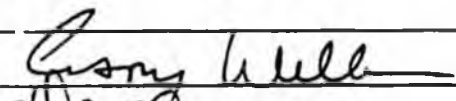

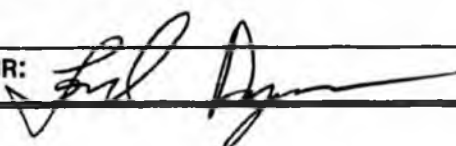
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
LED				X	1
ADM				X	2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
	✓			
	✓			
	✓			
CHAIR: 	✓		