

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **Sub. S.B. 186** DATE: **April 30, 2008**

STATUS: **As Enacted – Effective August 5, 2008
(Certain provisions effective October 4,
2008)** SPONSOR: **Sen. Stivers**

LOCAL IMPACT STATEMENT REQUIRED: **Yes**

CONTENTS: **To prohibit insurers, public employee benefit plans, and multiple employer welfare arrangements from denying coverage for routine patient care administered as part of a cancer clinical trial, if such care would be provided if the patient were not participating in a trial**

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2008	FY 2009	FUTURE YEARS
Counties, municipalities, and townships			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase up to hundreds of thousands of dollars	Potential increase up to \$1.55 million	Potential increase up to \$1.55 million
School districts			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase up to hundreds of thousands of dollars	Potential increase up to \$1.97 million	Potential increase up to \$1.97 million

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Counties, municipalities, townships, and school districts may incur expenses to provide the required benefits to employees and their dependents. To the extent that the required benefits are already provided to employees of political subdivisions, costs above would be reduced.

Detailed Fiscal Analysis

S.B. 186 would prohibit health benefit plans, public employee benefit plans, and multiple employer welfare arrangements from denying coverage for routine patient care of patients participating in an eligible⁹ cancer clinical trial. It would also require plans issued by health insuring corporations (HICs) to provide such coverage as a basic health care service. The bill defines routine patient care to be "all health care services consistent with the coverage provided in the health benefit plan or public employee benefit plan for the treatment of cancer . . . that is typically covered for a cancer patient who is not enrolled in a cancer clinical trial, and that was not necessitated solely because of the trial."

Background

LSC staff contacted a number of institutions in Ohio attempting to obtain an estimate of the number of participants in cancer clinical trials in Ohio.¹⁰ As of this writing we have been unable to obtain such an estimate. However, the local Partnership Program Coordinator of the National Cancer Institute's Cancer Information Service reported that it is generally thought that between 3% and 5% of cancer patients nationwide participate in cancer clinical trials. According to a joint publication of the Ohio Department of Health and the James Cancer Hospital and Solove Research Institute, *Cancer Incidence and Mortality Among Ohio Residents, 1999-2003*, an annual average of 55,813 new invasive cancer cases were diagnosed and reported among Ohio residents during that period. That implies that up to 2,791 new patients may enroll in a cancer clinical trial in a given year. Allowing for mortality of cancer patients, we have assumed that three years' worth of new patients, or up to 8,372 patients, may be enrolled in cancer clinical trials in Ohio.

Similarly, none of the individuals contacted were yet able to offer an estimate of the cost of routine patient care for a participant in a cancer clinical trial. Data from the Medical Expenditure Panel Survey (MEPS) conducted by the Agency for Healthcare Research and Quality of the U.S. Department of Health and Human Services indicate that 10,979,000 American cancer patients accounted for \$69.68 billion in medical spending to diagnose and treat cancer in 2005. These data imply that, on average nationwide, just over \$6,300 was spent on diagnosing and treating cancer per patient that year. Medical inflation from 2005 to 2007 was 6.55% (total, not per year) as measured by the medical care component of the price deflator for personal consumption expenditures. Allowing for medical inflation, we assume that the cost per patient for routine patient care is \$6,762 per year.

9 To be an eligible cancer clinical trial, a clinical trial would have to be approved by the National Institutes of Health (or one of its cooperative groups or centers), the U.S. Food and Drug Administration, the U.S. Department of Defense, or the U.S. Department of Veterans' Affairs, and would have to satisfy other criteria specified in the bill.

10 For example, we contacted both comprehensive cancer centers in Ohio, the James Cancer Hospital and Solove Research Institute at The Ohio State University and the University Hospitals Ireland Cancer Center (at Case Western Reserve University). According to a representative at the James, that center enrolls about 700 patients in cancer clinical trials in a typical year. A representative of the Ireland Cancer Center reports that they enroll about 500 to 600 patients in a cancer clinical trial each year.

Fiscal effects

The bill imposes no duties directly on state agencies or on local governments. Nevertheless, requiring HICs and public employee benefit plans to cover certain medical services has the potential to increase costs to the state and to local governments to provide health benefits to workers. This would occur if and when a covered employee (or dependent) with cancer, who would have chosen to undergo a clinical trial even if he or she had to pay for any routine care involved, had that care paid for by their insurer due to the bill's requirement. To the extent these benefits are not already provided by HICs and public employee benefit plans, the bill would cause an increase in costs. These potential costs could be decreased if routine care is less expensive for patients who are undergoing a clinical trial.

An official with the Department of Administrative Services (DAS) reports that the required benefits are covered by all of the state's health plans for employees. Thus, there is no fiscal effect on the state.¹¹

Assuming that there may be up to 8,372 participants in cancer clinical trials statewide, and assuming that the ages of these patients are distributed the same as the overall Ohio population, then up to 7,260 participants may be under age 65. Allowing that 69% of Ohio adults have health coverage through an employer, and assuming that these patients are distributed across employers in the same proportion as the overall workforce, then up to 230 patients may be covered by a plan sponsored by a county, municipality, or township, and up to 292 may be covered by a school district.

For counties, municipalities, and townships, LSC staff does not have information about the extent to which employees already receive this benefit. We estimate that the cost to this group to provide benefits to up to 230 patients may be up to \$1.55 million per year statewide. Similarly, LSC staff does not have information about benefits for school district employees. We estimate that the cost to school districts to provide benefits for up to 292 patients would be up to \$1.97 million per year statewide. However, to the extent that the required benefits are already provided to employees of political subdivisions, the cost of the bill may be reduced.

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¹¹ The official reports that DAS is unable currently to determine the amounts paid for such care due to the fact that they do not track whether workers or dependents are participating in clinical trials when payment is made.