

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **Am. S.B. 186** DATE: **February 4, 2008**

STATUS: **As Passed by the Senate** SPONSOR: **Sen. Stivers**

LOCAL IMPACT STATEMENT REQUIRED: **Yes**

CONTENTS: **Would prohibit insurers, public employee benefit plans, and multiple employer welfare arrangements from excluding coverage for routine patient care administered as part of a cancer clinical trial**

State Fiscal Highlights

STATE FUND	FY 2008	FY 2009	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal increase	Potential minimal increase	Potential minimal increase
Other State Funds			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal increase	Potential minimal increase	Potential minimal increase

Note: The state fiscal year is July 1 through June 30. For example, FY 2007 is July 1, 2006 – June 30, 2007.

- The required benefits are already provided to state employees covered by the Ohio Med plan, and by the next two largest health plans that cover state employees. The bill may require that benefits be provided to participants in cancer clinical trials that are covered under another health plan. If so, there would be a minimal increase in expenditures to provide the benefits. Such increase may be paid from the GRF or from some other state fund.

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.
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Detailed Fiscal Analysis

S.B. 186 would prohibit sickness and accident insurance policies (both group and individual policies), public employee benefit plans, and multiple employer welfare arrangements from denying coverage for routine patient care of patients participating in an eligible¹ 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 plan of health coverage or arrangement 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.² 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

¹ 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.

² 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.

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.

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 the state's self-funded Ohio Med plan, and have been for several years. The state does not require HICs that cover state workers (and their dependents) to offer these benefits, but United Health Care and Aetna do cover them if the routine care is performed by a network provider. The official reports that DAS is unable currently to determine the amounts paid for such care under Ohio Med due to the fact that they do not track whether workers or dependents are participating in clinical trials when payment is made.

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 70 patients may be covered under a state of Ohio plan, up to 230 may be covered by a plan sponsored by a county, municipality, or township, and up to 292 may be covered by a school district.

Since the state's Ohio Med plan and at least two HIC contracts covering state employees already cover the required benefits, and since the estimate is that the state might be liable to provide benefits for up to just 70 patients, it would appear that complying with the bill would require the state to cover at most 10 or 20 new patients, at a cost of up to \$135,000.

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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