

STATEMENT TO

SENATE, No. 1839

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 22, 2001

The Senate Health Committee reports favorably and with committee amendments Senate Bill No. 1839.

As amended by the committee, this bill requires hospital, medical and health service corporations, individual, small employer and large group insurers and health maintenance organizations to provide coverage for certain specialized infant formulas. Infants who suffer from multiple food protein intolerance and are not responsive to standard non-cow milk-based formulas require specialty formulas. The cost of these specialty formulas, such as Neocate, is more than two and a half times the average cost of standard infant formulas. Although these specialty formulas are only administered under a physician's supervision, they are not classified as prescription drugs.

The committee amended the bill to limit coverage for specialized infant formulas to plans that offer prescription drug benefits and to infants who have been diagnosed with multiple food protein tolerance and have not responded to trials of standard non-cow milk-based formulas, including soybean and goat milk. Committee amendments also allow coverage for specialized infant formulas to be subject to utilization review, including periodic review, of the continued medical necessity of the specialized infant formula. The committee amended the bill to change the effective date from immediately to 60 days following enactment of the bill.