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FISCAL IMPACT STATEMENT

LS 6342
BILL NUMBER: SB 269

NOTE PREPARED: Jan 29, 2008
BILL AMENDED: Jan 24, 2008

SUBJECT: Coverage for Prosthetic Devices.

FIRST AUTHOR: Sen. Dillon
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires a state employee health benefit plan, a policy of accident and sickness insurance, and a health maintenance organization (HMO) contract to provide prosthetic device coverage. (The introduced version of this bill was prepared by the Health Finance Commission.)

Effective Date: July 1, 2008.

Explanation of State Expenditures: (Revised) Existing state employee plans provide coverage for prosthetic devices. However, the bill includes orthotic devices. If benefits change in the future as a result of the bill, the state could experience an increase in costs. Any increase may not necessarily imply a change in budgetary outlays since the state's response to changes in health benefit costs may include (1) adjusting employee cost-sharing in health benefits; (2) adjusting other health benefits; and (3) passing the costs or savings onto workers in the form of higher or lower wages than would otherwise occur. It is unknown the extent to which the state would pass any increase in costs on to employees.(Additional information will be provided when it becomes available.)

Background. In standard Anthem contracts, prosthetics are defined as artificial substitutes for body parts and tissues and materials inserted into tissue for functional or therapeutic purposes. Covered services include purchase, fitting, needed adjustment, repairs, and replacements of prosthetic devices and supplies that do the following:

1. Replace all or part of a missing body part and its adjoining tissues; or
2. Replace all or part of the function of a permanently useless or malfunctioning body part.

Prosthetic devices must be purchased and not rented, and must be "medically necessary." Applicable taxes, shipping and handling are also covered.

Covered Services may include, but are not limited to the following:

1.Aids and supports for defective parts of the body including but not limited to internal heart valves, mitral valve, internal pacemaker, pacemaker power sources, synthetic or homograph vascular replacements, fracture fixation devices internal to the body surface, replacements for injured or diseased bone and joint substances, mandibular reconstruction appliances, bone screws, plates, and vitallium heads for joint reconstruction.

2. Left Ventricular Artificial Devices (LVAD) (only when used as a bridge to a heart transplant).

3. Breast prosthesis whether internal or external, following a mastectomy, and four surgical bras per benefit period, as required by the Women's Health and Cancer Rights Act. Maximums for prosthetic devices, if any, do not apply.

4. Replacements for all or part of absent parts of the body or extremities, such as artificial limbs, artificial eyes, etc.

6. Intraocular lens implantation for the treatment of cataract or aphakia. Contact lenses or glasses are often prescribed following lens implantation and are covered services. (If cataract extraction is performed, intraocular lenses are usually inserted during the same operative session). Eyeglasses (for example bifocals) including frames or contact lenses are covered when they replace the function of the human lens for conditions caused by cataract surgery or injury; the first pair of contact lenses or eyeglasses are covered. The donor lens inserted at the time of surgery are not considered contact lenses, and are not considered the first lens following surgery. If the injury is to one eye or if cataracts are removed from only one eye and the member selects eyeglasses and frames, then reimbursement for both lenses and frames are covered.

7. Cochlear implant.

8. Colostomy and other ostomy (surgical construction of an artificial opening) supplies directly related to ostomy care.

9. Restoration prosthesis (composite facial prosthesis).

10. Wigs (the first one following cancer treatment, not to exceed one per benefit period).

Non-covered prosthetic appliances include, but are not limited to, the following:

1. Dentures, replacing teeth or structures directly supporting teeth.
2. Dental appliances.
3. Such non-rigid appliances as elastic stockings, garter belts, arch supports and corsets.
4. Artificial heart implants.
5. Wigs (except as described above following cancer treatment).
6. Penile prosthesis in men suffering impotency resulting from disease or injury.

Anthem would typically have a maximum benefit per period for all prosthetic devices received on an outpatient basis, which would not include surgical prosthetics of $4,000 (combined Network and Non-Network).

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Local government groups enrolled in the Local Unit Government Employees (LUG) health plan could experience a change in costs in future years. (See *Explanation of State Expenditures* above.) LUG participants have the same benefits as state employees, but

are part of a separate risk pool. Currently, 38 local units participate in LUG with 232 covered lives.

School corporations and local governments purchasing health benefit coverage on their own could see a change in premiums. The specific impact is indeterminable, but would depend on current health care coverage. The extent to which local units would pass these costs or savings on to employees is unknown as cost sharing of health benefit premiums varies widely by locality.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local governments and school corporations.

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