

Actuarial Assessment of Massachusetts House Bill No. 376 Mandating Coverage for Certain Prosthetic Devices

Excerpts

Background: The key data that drive the estimate of the impact of the mandate are: (i) the current mix of prosthesis benefits across the Massachusetts insured population, and (ii) the current cost for prosthetic devices for plan populations with various levels of benefits. The Division provided Compass with summarized claims data from most major insurers in the Commonwealth, from which they calculated average costs in insurance plans with high and low levels of current coverage for limb prostheses.

Proposed Legal Requirement

HB 376 would require all health insurers, except Medicaid, Medicare and other governmental programs, to provide coverage for prosthetic devices that “equals the coverage provided or such devices under the federal laws providing health insurance to the aged and disabled.” This consists of commercially fully-insured individuals less than 65 years of age, including those both in employer-sponsored plans and direct purchase policies.

Methodology: Changes to premium levels were calculated by dividing the projected increases in claims costs by the projected enrollments in the insured populations.

Summary of Cost Impact Scenarios for Prosthesis Mandate

Low Scenario	2006	2007	2008	2009	2010	5-Year
Annual Premium Impact	\$0.32	\$0.33	\$0.34	\$0.35	\$0.36	\$0.34
Mid-Range Scenario	2006	2007	2008	2009	2010	5-Year
Annual Premium Impact	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42
High Scenario	2006	2007	2008	2009	2010	5-Year
Annual Premium Impact	\$0.64	\$0.58	\$0.55	\$0.54	\$0.54	\$0.57

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