



Analysis of Assembly Bill 2012-Amended: Orthotic and Prosthetic Devices

Excerpts

The report found that the average portion paid by members through cost sharing, including the portion over any annual benefit limit, ranges from \$0.15 to \$0.25 per member per month.

The increases in premiums vary by market segment:

- \$0.14 per member per month in the large-group HMO and PPO/FFS markets;
- \$0.26 per member per month in the small-group HMO market; and
- \$0.10 per member per month in the small-group PPO/FFS market.

This is an average of \$0.16 per member per month.

They also found that AB 2012 would cause a decrease in the cost of the covered benefits paid by the member (deductibles, co-payments, etc.). And the average portion of the premium paid by the employer would only increase by about \$0.08 and \$0.19 (\$0.11 across all plans). This certainly eliminates the claim by some that this bill would prevent small businesses from providing insurance for their employees due to cost.

The report also stated that, "O&P devices can result in improved functionality that can potentially increase productivity and thus reduce the economic loss associated with the diseases and conditions that require O&P use."

Key Findings

- A substantial portion of the increase in insurance premiums resulting from AB 2012 can be explained by insurance absorbing a portion of the benefit cost previously paid for out of pocket by insured members.
- Utilization of O&P devices and services is not expected to change as a result of the mandate. Utilization is not expected to increase.
- The health outcomes associated with the use of O&P devices include reduced pain and disability; increased functionality; prevention and correction of deformity; and increased quality of life.

Prepared for: California State Legislature.

Prepared by: California Health Benefits Review Program (CHBRP), June 15, 2006

For more information about our efforts in the state, contact the Advocacy Department at 202/742-1885 or state@amputee-coalition.org. To get involved in our federal campaign, contact us at 202/742-1886 or federal@amputee-coalition.org.