

Prosthetic and Orthotic Adult Benefit

Methodology: The Department reviewed an estimate of the costs for providing prosthetic and orthotic care in FY 1998-99 along with an estimate of the anticipated changes in the second year of implementation. The report also provided an estimate of savings in other Medicaid areas attributable to funding of this program. Medicaid allocations were used to make estimates to inform the lawmakers in their review of the prosthetic parity bill.

Key Findings

- They found that the maximum increase in premiums would be about 12 cents per member per month.
- This cost estimate did not take into account that there would also be a cost savings by both the private and public sector.
- In the first year of implementation, they found that covering prosthetics and orthotics for Medicaid recipients resulted in a net savings of almost half a million dollars.
- These savings were for medical expenses only. They did not include the additional savings from patients that returned to work and subsequently left Medicaid and resumed paying taxes.
- The provision of prostheses results in a variety of benefits, some of which are fiscal in nature; some of which are more related to quality of life issues, which are less measurable.
- Non-fiscal benefits include a reduction in the secondary conditions caused by a sedentary lifestyle, decreased dependence on caretakers, and reduced chance of diabetic-related complications leading to additional limb amputation.
- While not able to quantify anticipated physical/quality-of-life changes, it is believed that the long-term effects of newly available prostheses and orthoses will be a reduction in pain, decreased dependence on caretakers, and reduced chance of diabetic-related infection leading to limb amputation.
- Savings in overall medical costs experienced by clients utilizing the new adult prosthetic and orthotic benefit were identified.

Summary: For some types of medical services there have been increased expenditures, while there have been decreased expenditures for others. Net savings documented for one half of the benefit's first fiscal year are \$195,482. Across the balance of the population, the net savings would result in an estimated amount of \$448,666 for the entire year in other medical services because of the prosthetic and orthotic benefit.

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