



# Evaluation of Senate Bill 931: Mandated Coverage of Prosthetic Devices

## JLARC SUMMARY

Limb or eye loss, as a result of disease or injury, may require the use of a prosthetic device in order for an individual to regain functionality. It is estimated that more than 1.2 million Americans are currently living with the absence of a limb, but only limited information is available on the number of individuals currently using prosthetic devices. Prosthetic devices are not appropriate for all amputees, and a physician must certify the medical necessity of any prosthetic device and component prescribed as a course of treatment. Senate Bill 931 would require health insurers, health care subscription plans, and health maintenance organizations to provide coverage for the cost of prosthetic devices and components including arms and legs, their associated components, and eyes, at a minimum of the coverage levels and reimbursement rates provided through the federal Medicare program.

### MEDICAL EFFICACY AND EFFECTIVENESS

Safety and effectiveness studies are required by the U.S. Food and Drug Administration prior to issuing approval for prosthetic devices. Researchers have documented the positive effects prostheses can have on patients, including improved physical and psychological functioning of persons with amputations or congenital physical disabilities, by enabling them to perform activities of daily life. In addition, most individuals with prostheses return to some form of work and show a reduction in secondary conditions that can result from their disability.

<b>In This Evaluation</b>	
Background .....	1
Medical Efficacy and Effectiveness .....	7
Social Impact .....	8
Financial Impact .....	17
Balancing Medical, Social, and Financial Considerations .....	21
Acknowledgments .....	24
<b>Appendixes</b>	
A: Statutory Authority for JLARC Evaluation .....	27
B: Proposed Mandated Benefit .....	29
C: Evaluation Topic Areas and Criteria.....	33
D: Bibliography.....	35

## **SOCIAL IMPACT**

While the specific number of individuals living in Virginia for whom a prosthetic device covered under SB 931 would be medically necessary is unknown, it is estimated that there are between 37,000 and 51,000 Virginians living with the loss of an eye or a limb. Current coverage varies widely; however, 13 percent of insurers' responding to a Bureau of Insurance survey indicated they do not provide any coverage for prosthetic devices. While some plans provide unlimited coverage of prosthetic devices, the majority do not provide coverage at the level comparable to Medicare. With the costs of prosthetic devices ranging from \$2,000 to \$30,000 or more, the financial hardship on patients may be significant if the plan has a cap on annual costs or if devices are not covered.

## **FINANCIAL IMPACT**

Mandating coverage under SB 931 is not expected to impact the cost of prosthetic devices or increase the number of providers. However, mandating coverage will likely increase the number of individuals able to obtain devices that have been prescribed as a course of treatment and may reduce the overall costs of healthcare due to a reduction in secondary complications. Mandating coverage at a level directly linked to the federal Medicare program will require insurance companies to monitor federal program requirements; however, costs associated with negotiating rates with individual device suppliers would be reduced. Additionally, the impact on premiums charged to customers would be minimal and less than the estimated premium impact of other healthcare mandates.

## **BALANCING MEDICAL, SOCIAL, AND FINANCIAL CONSIDERATIONS**

Given the potentially significant financial impact to an individual or family for obtaining a medically prescribed prosthetic device, the proposed mandate is consistent with the role of insurance and monthly premium increases are estimated to be consistent with other mandates. While the majority of Virginia's fully-insured plans offer some level of coverage for prosthetic devices, some plans do not offer any coverage of these devices, and coverage levels for other plans may be inadequate for an individual to obtain the device prescribed. Mandating coverage defined in SB 931 will establish a minimum level of coverage for individuals requiring prostheses and increase individual access to certain device types. While it is not possible to definitively conclude that the Medicare coverage level is most appropriate for meeting individual needs in all cases, it does establish a basic level of care, and several states have mandated the coverage level proposed in SB 931.