



The Economic Benefits of Prosthetic Coverage



The lack of access to prosthetics prevents people with limb loss from living productive lives, leads to poor rehabilitation outcomes, and places amputees at risk for dangerous and costly secondary conditions such as obesity, cardiovascular disease and additional amputation.

“O&P [orthotic and prosthetic] devices can improve the physical and psychological functioning of persons with amputations, injuries, and congenital physical disabilities by enabling them to exercise, work, and perform other activities of daily life and, thus, reduce their dependence on caretakers.”

(Source: Maine Bureau of Insurance, 2003)



Making the Case for Prosthetic Coverage

People living with the loss or absence of a limb face discouraging obstacles when trying to obtain prosthetic care. Unable to afford prostheses, amputees are at risk for dangerous and costly secondary conditions.

Current changes in insurance coverage for prostheses threaten their ability to lead lives that contribute to society, leaving them instead dependent on state and federal programs.

Companies are imposing unrealistic caps such as:

- One limb per lifetime
- \$2,500 per lifetime
- \$500 per year.

And some companies are eliminating orthotic and prosthetic coverage altogether!

Research has found a cost of between 12 cents and 35 cents per member per month. Pennies a day to provide people the coverage they need!



How Much Will This Cost?

- A report by the Colorado Department of Health Care Policy and Financing found that the cost of prosthetic provision would be about 12 cents per person per month.
- A recent report released by the California Health Benefits Review Program determined the cost to be 15 cents to 25 cents per member per month.
- An actuarial assessment in Massachusetts produced a low and mid-range estimate. They estimated the cost per member to be between 28 cents and 35 cents per month.

Prosthetic Coverage: A Growing Trend

Several states have recognized this problem and worked to pass legislation to require insurance companies to cover prosthetic care. Most states choose the federal Medicare laws as the minimum standard.

Six States With Prosthetic Care Mandates:

- Colorado, 2001
- Maine, 2003
- New Hampshire, 2004
- Rhode Island, 2006
- Massachusetts, 2006
- California, 2006



Is it true that providing prosthetics can actually save the state money?

YES! The public sector will see cost savings because appropriate private insurance coverage prevents cost shifting to the public sector.

Cost savings can also be expected in unemployment insurance, state employment and training programs, rehabilitation and counseling programs and other social welfare systems.

It is estimated that every dollar spent on rehabilitation, including prosthetic care, saves more than \$11 in disability benefits.

Prosthetic Coverage: Nonfiscal Benefits

The provision of prostheses and orthoses results in a variety of benefits, including:

- Less pain
- Decreased dependence on caregivers
- Reduced chance of diabetes-related infection leading to limb amputation.

This results in a savings in overall medical costs.

Actuarial Assessment of Massachusetts H. 376 Mandating Coverage for Certain Prosthetic Devices

Low Scenario	2006	2007	2008	2009	2010	5-Year
Monthly Premium Impact	\$0.27	\$0.27	\$0.28	\$0.29	\$0.30	\$0.28
Mid-Range Scenario	2006	2007	2008	2009	2010	5-Year
Monthly Premium Impact	\$0.34	\$0.35	\$0.42	\$0.35	\$0.35	\$0.35

Prepared for the Division of Health Care Finance and Policy, Commonwealth of Massachusetts

CONCLUSION

Both the financial and social benefits provide a strong case for prosthetic coverage.

- 6 states have passed laws requiring prosthetic coverage.
- 5 states have introduced bills for coverage.
- 11 other states are working to advance legislation.

There is a growing trend to introduce legislation to ensure coverage for orthotic and prosthetic care. These bills are supported by a diverse range of individuals and organizations.

"O&P [orthotic and prosthetic] 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 [orthotic and prosthetic] use."

(Source: California Health Benefits Review Program)

"Employers and their insurance companies really do have a vested interest in providing insurance or reimbursement for higher performance prosthetic components."

(Source: Glenn Klute, PhD, Health Research Scientist, 2006)

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