

## Department of Planning and Budget 2008 Fiscal Impact Statement

**1. Bill Number:** SB13

House of Origin      X   Introduced               Substitute               Engrossed  
Second House               In Committee           Substitute               Enrolled

**2. Patron:** Edwards

**3. Committee:** Commerce and Labor

**4. Title:**            **Health insurance; mandated coverage for prosthetic devices and components.**

**5. Summary:** Requires health insurers, health care subscription plans, and health maintenance organizations to provide coverage for the cost of prosthetic devices and components, if the treating physician certifies the medical necessity of the prosthetic device and component as a proposed course of treatment. The coverage shall, at a minimum, equal the coverage provided under provisions of the federal Medicare program.

**6. Fiscal Impact Estimates:**

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2008	\$0	N/A	N/A
2009	\$62,957	N/A	General Fund
2009	\$50,470	N/A	Nongeneral Fund-State Agencies
2009	\$26,573	N/A	Employees and Pre-Medicare Retirees
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2013	\$26,573	N/A	Employees and Pre-Medicare Retirees
2014	\$62,957	N/A	General Fund
2014	\$50,470	N/A	Nongeneral Fund-State Agencies
2014	\$26,573	N/A	Employees and Pre-Medicare Retirees

**7. Budget Amendment Necessary:** Yes, approximately \$62,957 would need to be added to Item 472 of the introduced budget to cover the general fund share of this cost increase.

**8. Fiscal Implications:** The state employee health insurance plan administered by the Department of Human Resource Management offers comprehensive coverage for prostheses. However, the program does not currently cover microprocessor-controlled prostheses which

are covered by Medicare. Since this bill requires coverage at a minimum equal to Medicare, a fiscal impact results from adding the coverage for microprocessor-controlled prostheses.

The estimated annual cost for including this additional coverage is \$140,000 for the entire state employee health insurance program. This annual estimate of the costs assumes that 75 percent of current utilization of above-knee leg prostheses would move to microprocessor models at a cost of between \$35,000 to \$50,000 each. The increased cost of this coverage would be covered through increases in premiums paid by state agencies, employees, and retired state employees not yet eligible for Medicare. The general fund share of these premium increases would be \$62,957 each year. Nongeneral fund agencies would pay \$50,470 and state employees and retirees would pay a combined total of \$26,573 through premium increase.

**9. Specific Agency or Political Subdivisions Affected:** All state agencies

**10. Technical Amendment Necessary:** N/A

**11. Other Comments:** N/A

**Date:** 1/10/2008 JDH

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