

2nd REVISION
State Corporation Commission
2020 Fiscal Impact Statement

1. Bill Number: SB382

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

2. Patron: McPike

3. Committee: Finance and Appropriations

4. Title: Health insurance; coverage for prosthetic devices.

5. Summary: Requires health insurers, corporations providing health care coverage subscription contracts, health maintenance organizations, and the Commonwealth's Medicaid program to provide coverage for prosthetic devices, including myoelectric, biomechanical, or microprocessor-controlled prosthetic devices that have a Medicare code. The measure repeals the existing requirement that coverage for prosthetic devices be offered and made available. The measure has a delayed effective date of January 1, 2021.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: No fiscal impact on the State Corporation Commission. Minimal fiscal impact on the Department of Human Resource Management. There is no significant impact on the Department of Medical Assistance Services. See Item 8.

8. Fiscal Implications: None on the State Corporation Commission. Although there is no fiscal impact on the State Corporation Commission and minimal impact on the State Health Insurance Fund of the Virginia Department of Human Resource Management, there is a potential fiscal impact on the Commonwealth if it were to be determined that Senate Bill 382 provides for benefits determined to be in excess of the Essential Health Benefits. The Health Insurance Reform Commission considers potential cost to the Commonwealth in its deliberations pursuant to Section C of § 30-343, including any estimated additional costs that the Commonwealth may be responsible for pursuant to § 1311(d)(3)(B) of the Patient Protection and Affordable Care Act. See also the comments in Item 11.

According to the Department of Human Resource Management, the proposed legislation is expected to have a minimal fiscal impact on the state health insurance fund (HIF) because certain services included in the proposed legislation may not be covered through the state health insurance plan. However, the state health insurance premiums and state funding provided for the employer share of health insurance premiums in House Bill/Senate Bill 30, 2020, are not expected to change as a result of the passage of the proposed legislation. The costs that may result from the passage of the proposed legislation are expected to be funded by the state HIF; therefore, a budget amendment is not required.

The Department of Medical Assistance Services maintains that Senate Bill 382 “would not have any significant fiscal impact on Medicaid since prosthetic devices are currently covered. Moreover, modifying the definition of medically necessary prosthetic device to include myoelectric, biomechanical, or microprocessor-controlled prosthetic devices that have a

Medicare code would also be covered, so adding such devices is not expected to increase costs."

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission
Bureau of Insurance, Department of Medical Assistance Services and Department of Human
Resource Management

10. Technical Amendment Necessary: No

11. Other Comments: House Bill 503 was reviewed in 2019 by the Health Insurance Reform Commission (HIRC). A Step One Assessment was presented by the Bureau of Insurance, but no recommendation was made. House Bill 503 has been carried over to 2021 and referred back to the HIRC. Consideration should also be given to referring Senate Bill 382 to the HIRC for the reasons noted in Item #8.

House Bill 503 is identical to 2019 House Bill 2669 except this year's bill is applicable to Medicaid. The Code of Virginia currently contains a mandated offer of coverage for prosthetic devices, enacted in 2009. House Bill 2669 repeals those provisions, and the coverage mandate applies to the individual, small group and large group markets.

All qualified health plans are currently required to provide coverage for prosthetic devices in the Virginia Essential Health Benefit Benchmark Plan. Coverage is required in the individual and small group markets with no annual or lifetime limits on coverage. The Bureau characterizes the provisions of the proposed mandate as an extension of an existing EHB rather than a new or additional benefit and anticipates that the Commonwealth would not be required to defray the cost of providing this mandate as the result of its enactment.

A survey of carriers by the Virginia Association of Health Plans in 2019 indicated that all carriers cover prosthetics in accordance with the existing provisions of the Code of Virginia. Most carriers surveyed have limits on which level of devices will be covered, such as medical necessity and/or the person's level of activity. Many do not currently cover or place limits on repair/replacement of prosthetic devices.

House Bill 503 is identical to Senate Bill 382. It has been carried over and will be referred by letter to the Health Insurance Reform Commission. Senate Bill 382 is assigned to Subcommittee #2 of House Labor and Commerce.

Date: 2/17/20/V.Tompkins