

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: SB405

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Barker

3. Committee: Commerce and Labor

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

5. Summary: Requires health insurers, corporations providing health care coverage subscription contracts, and health maintenance organizations 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 applies to policies, contracts, and plans delivered, issued for delivery, or renewed on or after January 1, 2023, or at any time thereafter when any term of the policy, contract, or plan is changed or any premium adjustment is made. This bill is a recommendation of the Health Insurance Reform Commission.

6. Budget Amendment Necessary: See item 8

7. Fiscal Impact Estimates: See item 8

8. Fiscal Implications: The Department of Human Resource Management (DHRM) estimates this bill will have a fiscal impact of \$1,351,140 to the state Health Insurance Fund (HIF). Based on information from the plan's actuary, it is assumed a prosthetic device covered under the bill costs \$80,000 each. DHRM assumed a utilization rate of 5.11 per 100,000 members based on data that reflects 17,000 spinal cord injuries per year in the United States. Multiplying the device cost by the utilization rate leads to a \$0.34 per member per month estimate. DHRM assumed this per member per month estimate may be doubled to \$0.68 per member per month to account for pent up demand among previously paralyzed health plan beneficiaries for the technology. The state health plan currently has 165,581 members. Multiplying the COVA membership by \$0.68 per member per month by each month in a year leads to the \$1,351,140 figure. The \$0.68 per member per month is expected for the first two years, then a reduction to \$0.34 per member per month for the third year and after.

The HIF is funded through monthly premium contributions by state agencies, state employees, and eligible retirees. This legislation is expected to lead to an increase in expenditures from the HIF, which may result in higher health insurance premiums. Based on recent premium trends, the general fund pays an estimated 43 percent of premiums into the HIF. The general fund share of the costs described above is approximately \$580,990.

This legislation has a delayed effective date of January 1, 2023 and would be expected to impact the state health plan in FY2024.

The Department of Medical Assistance Services and the State Corporation Commission anticipate no fiscal impact.

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

10. Technical Amendment Necessary: No

11. Other Comments: HB925 is the companion bill to SB405.