
Joint Legislative Audit and Review Commission



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

Briefing for the Special Advisory Commission on
Mandated Health Insurance Benefits

September 20, 2007



JLARC

Background on SB 931

- Loss of limb or eye may require the use of prosthetic devices to restore individual functionality
 - Estimated 1.2 million in United States suffer loss of limb
 - Potential 51,000 amputees in Virginians; fewer affected by mandate
- Reasons for loss of limb or eye are varied
 - Vascular Disease (most commonly diabetes)
 - Traumatic Injury
 - Congenital Disease
- Information on incidence of prosthetic usage by specific device type is limited; in general
 - Lower-extremity prostheses most common
 - Upper-extremity prostheses less common
 - Estimates of ocular prostheses not available

Background on SB 931 (continued)

- Prosthetic devices not medically appropriate for all individuals suffering from loss of limb or eye; any prosthetic device must be medically prescribed
 - Several factors affect medical appropriateness
 - Insurance companies also review medical need prior to authorization
- SB 931 would mandate coverage of prosthetic devices at the level of the federal Medicare program
 - 80 percent of device costs after the \$100 annual deductible
 - Technical amendment required to provide coverage level

In This Presentation

- Medical Efficacy and Effectiveness
- Social Impact
- Financial Impact
- Balancing the Medical, Social, and Financial Considerations

Prosthetic Devices Appear Effective In Most Cases, However Limitations In Research Exist

- Prosthetic devices require approval of FDA prior to availability; medical experts* say clinical efficacy studies would be unethical
- Medical experts believe that access to prosthetic devices can improve the user's quality of life, encourage their return to work, and reduce long-term costs of health care related to a sedentary lifestyle
- Limited objective measures of improvement in individual patient rehabilitation and mental health

* Public health professionals and experts consulted at two VA medical schools

Device Costs Vary but May Be Significant

■ Illustrative range of device costs

– Ocular prostheses	\$2,000 - \$3,000
– Below-knee prostheses	\$5,000 - \$7,000
– Above-knee prostheses	\$10,000 - \$30,000
– Below-elbow devices	\$3,000 - \$10,000
– Above-elbow devices	\$10,000 - \$30,000

Wide Variation in Coverage Levels Can Limit Access to Medically Prescribed Devices

- Survey responses indicates wide variation in coverage
 - 87 percent provide some level of coverage
 - Annual caps on expenditures
 - Lifetime limits on number of devices
 - High co-payment amounts
 - Certain devices may be excluded
 - 13 percent do not offer any coverage of prosthetic devices
- Classification as durable medical equipment may limit total coverage levels

Mandate Expected to Have Only Minor Financial Impact

- Impact on prosthetic device providers would be limited
- Estimated impact on premiums consistent with existing mandates
 - Median monthly estimates between 18 and 24 cents
- Minor impact on total cost of health care, and may reduce overall costs
- Virginia's Medicaid program provides coverage of prosthetic devices at levels comparable to Medicare

Proposed Mandate Establishes a Basic Level of Coverage and Addresses Concerns of Patients and Advocates

- Proposed mandate consistent with role of health insurance and not expected to significantly impact cost
- Medical experts indicate that access to prosthetic devices can improve the quality of a patient's life and reduce long-term costs of care related to co-occurring conditions
- Would bridge gap between individual expectation for coverage of medically prescribed device and current coverage levels
- While not possible to determine the Medicare coverage level is appropriate for all individuals, SB 931 would establish a minimum level of coverage for these devices
 - Several other states have established coverage at this level
- To address concerns with existing bill, modify incorrect reference to Medicare code section

JLARC Staff for Mandated Benefit Evaluations

Hal Greer, Division Chief

Kimberly Sarte, Team Leader

Jason Powell, Principal Legislative Analyst

Stefanie Papps, Assistant Legislative Analyst

This evaluation is available on our website

<http://jlarc.state.va.us> (804) 786-1258