

Bill Requiring Prosthetics Coverage Goes to Governor

The House concurred in a Senate amendment and passed legislation to require health insurers to cover prosthetic devices without annual or lifetime spending caps. The bill now goes to the Governor for his signature, which will make Iowa the 12th state to adopt this standard. The bill will affect policies issued or renewed on or after July 1, 2009.

House File 311 requires health plans to cover medically necessary prosthetic devices to replace all or part of an arm or leg. A patient's doctor will decide what type of prosthetic is necessary. Coverage must at least equal what Medicare covers, which is 80% of costs after a \$100 annual deductible.

However, a high deductible insurance plan coupled with a Health Savings Account, may impose the same deductibles and limits that apply to other benefits under the plan.

Although this applies to individual and group insurance, not all of Iowa's 14,000 amputees will benefit, since federal law exempts self-insured employers from state regulation. Typically, it isn't feasible to self-insure unless an employer has more than 100 workers. Only 2,176 of Iowa's 91,598 employers have 100 or more employees, but they have 43% of all workers.

In the case of someone who is covered under a high deductible insurance plan in connection with a Health Insurance Savings Account, the plan may impose the same deductibles and out-of-pocket limits to prosthetics coverage that otherwise apply to other benefits under the plan.

About four years ago some health insurers began putting annual or lifetime caps on prosthetic coverage. Caps may

be as low as \$2,500 per year or \$15,000 lifetime.

The costs of prosthetics vary depending on the type of amputation. It may cost \$7,000 to \$10,000 for below knee amputations – but more than \$20,000 for above the knee amputations.

Low caps can result in the insurer paying for a temporary prosthetic but leaving patients on their own when it's time to get a permanent prosthetic. Low caps are especially problematic for children, who may need several prosthetic replacements as they grow.

Opponents claim that this will cause a big increase in insurance premiums. But evidence from other states suggests it will cost about 12¢-24¢ per member per month. Since Iowa's larger insurers already provide coverage with no caps, most Iowans would see no cost increase.