

HB 564 HEALTH INSURANCE PROSTHETIC AMENDMENTS (Owens, Doug)

Anticipated Fiscal Impact: \$205,210 or \$0.28 PMPM

HB 564 would require health plans to cover an additional/second prosthetic or orthotic device for sports or recreational activities that could include a microprocessor if prescribed by a physician.

Currently, the state employee health plan only covers prosthetic and orthotic devices to enable a member to work and carry out the activities of daily living. The plan does not cover devices to enable participation in sports or recreational activities. PEHP does not generally cover prosthetic devices with microprocessors, but based on PEHP's experience they add an additional cost of about \$17,415 to the cost of a prosthetic. The most that a health plan is legally required to pay in covering a microprocessor is \$30,000. Sports and recreational prosthetics, because they often use high-end materials, can cost anywhere from \$7,000 to \$50,000.

Currently, there are about 84 state members who need a prosthetic device. Using national estimates for participation in sports and recreational activities, we'd expect about 20% or 17 state members would opt for a sports and recreational prosthetic at an average cost of \$27,415 (\$17,415 as the average cost for microprocessor and \$10,000 for a lower-cost prosthetic with high-end materials). This would result in a total increase of about \$466,057 that would be spread over three years, since that is how often these prosthetics could be replaced, for an annual cost of about \$155,352.

Currently, there are about 194 state members that receive medically necessary orthotics each year at a cost of about \$257 per orthotic for a total of about \$49,858. We believe that requests for sports and recreational orthotics would at least match if not exceed medically necessary orthotics at a cost of about \$49,858.

Together, we would expect an annual cost increase of \$205,210 or \$0.28 PMPM.

ANTICIPATED FISCAL IMPACT ON EDUCATION AND LOCAL GOVERNMENT ENTITIES – \$0.28 per member per month

Pursuant to Utah Code Ann. 31A-22-605.5(2)(b) and (3) – a health insurance mandate shall apply to health coverage offered in the state risk pool, public school districts, charter schools and institutions of higher education. The same PMPM fiscal impact would be

applicable to each of these entities covered by PEHP. PEHP does not cover every public school district, charter school or institution of higher education in the state. Some public entity employees are insured through private insurance carriers. The fiscal effect on the PEHP covered public entities would be:

- State risk pool, excluding state, but including higher education (Weber St, USU Eastern, Snow, Utah Tech, and technical colleges) - $\$0.28 \text{ PMPM} \times 12,958 \text{ members} = \$43,539$ per year
- Public School districts and charter schools - $\$0.28 \text{ PMPM} \times 32,026 \text{ members} = \$107,607$ per year
- Local Governments – $\$0.28 \text{ PMPM} \times 52,164 \text{ members} = \$175,271$ per year