

Department of Legislative Services  
Maryland General Assembly  
2008 Session

FISCAL AND POLICY NOTE

Senate Bill 98  
Finance

(Senator Pugh, *et al.*)

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Prosthetic Parity Act

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This bill requires insurers, nonprofit health service plans, and health maintenance organizations (carriers) to provide • coverage and payment for prosthetic devices that are at least equivalent to coverage provided under federal laws and regulations for the aged and disabled; • coverage for the device determined by the health care provider of the insured to be the most appropriate model that adequately meets the medical needs of the insured; and • coverage for repair or replacement of a device if required due to a change in the physical condition of the insured as determined necessary by the health care provider of the insured.

The bill applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after October 1, 2008.

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Fiscal Summary

**State Effect:** Potential minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee beginning in FY 2009. The review of rate filings could be handled within existing MIA resources. No impact on the State employee and retiree health insurance program (State plan) as all health benefit plans currently provided include 100% coverage of prosthetic devices with no cost sharing.

**Local Effect:** To the extent that the coverage mandated under the bill exceeds that currently provided by local governments, health insurance expenditures for local governments could increase.

**Small Business Effect:** None. The bill does not apply to the small group health insurance market.

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## Analysis

**Bill Summary:** “Prosthetic device” means an artificial device to replace, in whole or in part, a leg, arm, or eye. A carrier may require prior authorization for coverage of a prosthetic device in the same manner required for other covered benefits. Prosthetic devices may be subject to a copayment or coinsurance, not to exceed the copayment or coinsurance required under the Medicare Part B fee-for-service program. A carrier may not impose an annual or lifetime dollar maximum on coverage for prosthetic devices, separate from any maximum that applies in the aggregate to all covered benefits.

**Current Law:** There are 42 mandated health insurance benefits that certain carriers must provide to their enrollees. Policies written by a nonprofit health service plan must provide benefits for prosthetic devices and orthopedic braces. Prosthetic devices are defined only as artificial limbs, and the extent of coverage required is not specified.

Under COMAR 31.11.06.03, the Comprehensive Standard Health Benefit Plan sold in the small group market must provide prosthetic devices such as leg, arm, back, or neck braces, artificial legs, arms, or eyes, and the training necessary to use these prostheses.

### Background:

*Mandated Benefits:* The Maryland Health Care Commission conducts an annual study of mandated health benefits. According to its January 1, 2008 report, on average, Maryland’s 42 mandated health benefits account for 15.4% of total premium costs for group health insurance and 18.6% of total premium costs for individual policies. The full cost of current mandated coverage for prosthetic devices and orthopedic braces is reported at 0% of premium costs.

*Federal Law:* The Medicare Part B fee-for-service program covers physician and other outpatient health care services. In 2008, enrollees must pay a \$135 annual Part B premium and 20% coinsurance.

Medicare covers prosthetic devices, orthotics, and prosthetics. Custom-fabricated orthotics must be furnished by a qualified practitioner or supplier. Medicare must cover replacement of artificial limbs or parts of artificial limbs if the ordering physician determines it is necessary due to:

- a change in the physiological condition of the patient;
- an irreparable change in the condition of the device or a part of the device; or
- the

device requiring repairs valued at more than 60% of the cost of a replacement part or device. Confirmation may be required if a device is less than three years old.

**Additional Comments:** To the extent that the coverage mandated under the bill exceeds that currently provided by carriers, health insurance premiums in the State could increase.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 69 (Delegate Mizeur) – Health and Government Operations.

**Information Source(s):** Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Budget and Management, Department of Legislative Services

**Fiscal Note History:** First Reader - January 23, 2008  
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