

**BlueCross BlueShield  
of North Dakota**

An independent licensee of the  
Blue Cross & Blue Shield Association



**Consulting Services Unit**  
4510 13th Avenue South  
Fargo, North Dakota 58121-0001

(701) 282-1444

July 25, 2008

Mr. Sparb Collins, Executive Director  
NDPERS  
400 East Broadway, Suite 505  
PO Box 1657  
Bismarck, ND 58501

Dear Sparb

The following is our analysis of the bill drafts providing mandated insurance coverage for prosthetics.

**Summary**

LC # 90084.0100 relating to parity for health insurance coverage of prosthetics

**Comments**

In reviewing this bill we interpret the provisions to require that all health insurance policies, including PERS, include prosthetic coverage, as defined by the bill, which is at least equal to the coverage provided by Medicare. The bill also mandates that the reimbursement fee schedule for prosthetics may not be less than the Medicare reimbursement schedule. No lifetime or annual dollar maximum would be permitted for prosthetics. Determination on the decision to repair or replace a prosthetic and the prosthetic model would be limited to the treating physician.

**Actuarial Cost**

Based upon the above and interpretation of the bill draft, it is estimated that an additional cost to NDPERS of \$.90 per contract per month (spread over all contracts) for the 07/01/09-06/30/11 biennium. The estimate assumes that the services would be subject to current cost-sharing amounts. It also assumes that all of the current limits for these services would no longer apply.

If you have any questions, please feel free to call me at 701.282.1259.

Sincerely,

Larry Brooks, Manager  
Blue Cross Blue Shield of ND

Cc: Rod St. Aubyn, BCBSND  
Dan Ulmer, BCBSND

### Present PERS Coverage

#### **Medical Supplies and Equipment**

75% of Allowed Charge.

80% of Allowed Charge.

- Home Medical Equipment

- **Prosthetic Appliances**

**Benefits are subject to a Maximum Benefit Allowance of \$6,000 per Member per Benefit Period.**

- Orthotic Devices

- Supplies for Administration of Prescription Medications

other than the diabetes

supplies specified in

Outpatient Prescription

Medications or Drugs

- Oxygen Equipment and Supplies

- Ostomy Supplies

- Hearing aids for Members

under age 18

Subject to a \$3,000 Maximum Benefit Allowance per Member every 3 years.

Prior Approval is required. This benefit is also subject to the Medical Supplies and Equipment Maximum Benefit Allowance.

- **Prosthetic Limbs Subject to a Maximum Benefit Allowance every 5 years of \$6,000 per limb**

**above or below the elbow and \$16,000 per limb above or below the knee.**

This benefit is not subject to the Medical Supplies and Equipment Maximum Benefit Allowance

### Medicare Coverage:

Medicare reimburses for upper and lower limb and eye prosthetics with co-insurance but no dollar maximums. Medical necessity is determined by the functional level of the patient. For example levels 0-4 each represent various levels of ambulation ability. Level 0 does not have the ability or potential to ambulate and a prosthesis would not enhance their mobility or quality of life. An eye prosthesis is covered for a patient with absence or shrinkage of an eye due to birth defect, trauma, or surgical removal.

### Observation:

The proposed bill language states the medical needs are determined by the treating physician (letter f.) therefore this may limit putting in place criteria that will establish continuity for providing the benefit and insure that all decisions are based on the same medical policy criteria.

***Consideration should be given to changing or eliminating this language.***

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**Utilization**

**NDPERS Prosthetics**

**Claims Incurred 7/1/2005 - 6/30/2006 paid through 6/30/2008**

Number of Individuals Receiving Benefits:	27
Total Payments	\$ 52,340

**Claims Incurred 7/1/2006 - 6/30/2007 paid through 6/30/2008**

Number of Individuals Receiving Benefits:	26
Total Payments	\$ 96,413

**Claims Incurred 7/1/2007 - 6/30/2008 paid through 6/30/2008**

Number of Individuals Receiving Benefits:	22
Total Payments	\$ 50,981