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June 19, 2008

Assembly Health Committee
State Capitol
Sacramento, CA 95814

Re: SB 1198 – Durable Medical Equipment – SUPPORT

Authors: Senators Kuehl, Florez, and Wiggins; Assemblymembers Beall, Hancock and Hernandez

Dear Assemblymember,

Disability Rights Education and Defense Fund, (DREDF) is in support of SB 1198 which would require private health care service plans to offer coverage for Durable Medical Equipment (DME) under group policies with limits no lower than the broad annual and lifetime benefit maximums that apply to other basic medical services. DME includes such devices as manual and motorized wheelchairs, scooters, assistive breathing devices such as continuous positive airway pressure machines (CPAP), walkers, electric beds, and an array of other home health aids and assistive devices.

People with various illnesses, injuries or impairments need DME to maintain their health and independence, get around in their homes, and contribute to their communities, but up to 90% of 214 private health insurance plans operating in California surveyed in February 2007 have established annual benefit limits of around \$2000 for DME. DME is covered by public insurance programs such as Medi-Cal and Medicare, and in 2001 made up only a fraction of Medi-Cal's total costs in 2001. Removing current private insurance limitations on DME coverage may raise monthly premiums slightly, but will greatly lower the risk of people having to pay thousands out of pocket if they or their family ever need a breathing device, wheelchair, or some combination of DME items.

An April 3, 2008 independent analysis of SB 1198 by the California Health Benefits Review Program (CHBRP) concluded that the bill would increase the per member per month cost of premiums by only a small amount ranging from \$0.20 to \$1.20. This minimal premium increase of less than 1% means that large group plans and insurers would likely continue offering DME benefits, while plans and insurers on the small group market would offer DME benefits under a rider that small employers would likely continue to purchase. CHBRP projected no increase in the number of DME users as a result of the bill, and found that approximately 11,000 enrollees that currently use DME in excess of an annual benefit limit would directly benefit from SB 1198 due to a decrease in their out-of-pocket spending and the financial hardship associated with their health condition.

Current benefit limits pose a significant financial hardship for people with disabilities covered by private health insurance who require assistive technology such as motorized wheelchairs, scooters, or any type of customized device that supports an individual's capacity to work, live and function independently. For example, some motorized wheelchairs can cost between \$5000 and \$25,000, and essential customized seating or positioning devices can add an additional \$2000 to \$5000 to the wheelchair's base cost. Likewise, breathing devices and many scooters all cost more than the annual cap. For those who require several lower cost devices, the annual cumulative cost will exceed the cap, in some cases forcing the person with a disability to choose among a group of necessary devices. Many with disabilities simply cannot afford to pay the high cost of this essential equipment, which historically has been covered by private insurers after a deductible is met but without an annual or lifetime benefit limit.

SB 1198 is not anticipated to cost the state anything, and will help prevent the extra costs of health problems, accidents and surgeries that can result when people with disabilities try to make do with incorrectly sized or over-used old equipment and inappropriate wheelchair seating, or attempt to juggle between purchasing different items of necessary DME or put off needed repairs. The bill will help people with disabilities keep their jobs without worrying about establishing eligibility for public insurance that would cover DME, live full lives, and avoid debt, longer hospital stays and the risk of entering an institution.

In 2006 California enacted AB 2012, which lifted similar benefit limits on prosthetic and orthotic equipment, but such caps still remain in effect on other durable medical equipment. Thank you for sponsoring SB 1198 which will remove the cost limits for remaining DME categories.

Sincerely,

Susan Henderson
Executive Director

cc: Assembly Health Committee members