



Advocating for  
disability civil rights  
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## **SB 1198 on Durable Medical Equipment Makes Sense and Saves Cents**

### *Private Health Insurance and Durable Medical Equipment*

Whether one is born with or acquires a health condition later in life, there are many reasons why someone might need medical equipment to help with such basic functions as breathing, getting around, or using the restroom. When we pay health insurance premiums, we expect that if we or our children need crutches, oxygen devices, wheelchairs, blood glucose monitors, hospital beds, walkers, and other reusable medical equipment, these devices will be covered. Increasingly, this is not the case. Up to 90% of California's private group health insurance plans now have an annual \$2000 benefit limit on "durable medical equipment" (DME) that cannot be carried forward from one year to the next.

Public insurance programs such as Medi-Cal and Medicare do in fact cover DME when the equipment will enable people with an illness, injury, or impairment to maintain their health, get around in their homes, and contribute to their communities. DME is critical to the health of people using this equipment, and accounted for only .47% of total Medi-Cal costs in 2001. California's combined public, private, and out-of-pocket expenditures on DME are growing only half as quickly as the state's overall healthcare expenditures.

### *The Impact on People with Disabilities*

Almost half of California's three million people with disabilities have private health insurance. Within this privately insured group, a much smaller percentage of people rely on DME and are therefore directly affected by special caps and limitations on DME coverage. One estimate is that 2.3% of working-age Californians (18-64) with private insurance as their primary form of health coverage, roughly 326,000, need some form of DME. Cutting or limiting DME coverage for this group hardly makes a dent in overall private insurance costs, but deeply impacts people with disabilities who rely on various types of DME to maintain health and independence, and to live full lives, work, and raise their families.

### *What will SB 1198 do?*

The bill will prevent group health insurance plans from placing special coverage limitations on DME. People who are privately insured either through their jobs or through family coverage, and who need DME for themselves or their children, will no longer face annual or lifetime benefit caps that apply only to DME. They will not be forced to choose between paying possibly hundreds or thousands of dollars out-of-pocket to acquire or maintain medical equipment and other life necessities. The bill will not change the general requirement that DME must be medically necessary and prescribed by a licensed healthcare provider before it is covered by private insurance. SB 1198 is very similar to a bill signed by Governor Schwarzenegger that came into effect July 1, 2007 and successfully prevents private insurance plans from placing

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### **DISABILITY RIGHTS EDUCATION & DEFENSE FUND**

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special restrictive caps and co-pays on prescribed orthotic and prosthetic devices such as artificial limbs.

*Will SB 1198 raise the cost of insurance overall?*

An employee in her thirties with an average group health insurance plan has 2008 premiums of approximately \$700/month to cover her spouse and herself. That employee would “save” a mere \$5/month if the group insurance plan elected to reduce DME benefits for its subscribers, and in return she bears the risk of having to pay thousands out of pocket if she or her spouse ever needs a breathing device, wheelchair, or some combination of DME items. Since insurance premiums would be lowered by only .7% through restricting or cutting DME coverage, removing limitations on DME coverage currently imposed by many of California’s private insurers would not raise insurance premiums by more than .7%. Moreover, analysis of public insurance suggests that DME costs make up only a tiny fraction of the state’s overall public healthcare costs.

*What could happen if SB 1198 isn’t passed?*

A 2003 national survey revealed that many working-age adults with disabilities have serious problems paying for needed equipment, and close to half reported going without necessary equipment and eyeglasses because of cost. Without SB 1198, people with disabilities and their families will continue to go into debt and be forced to forego saving for their future retirement or their children’s education in order to acquire needed DME. Some individuals may have to consider giving up their jobs to try and become eligible for public insurance and better DME coverage. Over time, the inability to afford DME items and repairs and attempts to “make do” with inadequate cheaper equipment or fewer items can compromise a person’s health and ability to function in their own home to the extent that he or she faces institutionalization.

*How could SB 1198 save money for the state, and even insurance companies?*

DME is essential to meet a person’s overall healthcare needs. If people have to go without DME because of insufficient insurance coverage, then their health, well being, and ability to function will only suffer over time. Pressure sores, increased accidents, and additional surgeries all can result when people do not have appropriate wheelchairs and wheelchair seating, or when they try to juggle between different items of necessary DME, or when old over-used equipment breaks or is the wrong size. Any small short-term “savings” that can result from denying or limiting DME coverage in private insurance can easily translate into much larger health costs over time as individual health worsens and people may have to quit their jobs, stop paying taxes, seek Medi-Cal coverage, endure longer hospital stays, and perhaps even enter an institution.

*Where can I find out more about SB 1198?*

SB 1198 is authored by Senator Sheila Kuehl and co-sponsored by Disability Rights Education and Defense Fund (DREDF) and Protection and Advocacy Incorporated (PAI). Please feel free to contact the DREDF or PAI offices or Senator Kuehl’s office for more information on SB 1198.

**2007 Medicare DME List**

- Air fluidized beds\*
- Blood glucose monitors
- Bone growth (or osteogenesis) stimulators\*
- Canes (except white canes for the blind)
- Commode chairs
- Crutches
- Home oxygen equipment and supplies\*
- Hospital beds\*
- Infusion pumps and some medicines used in them (if reasonable and necessary)\*
- Lymphedema pumps/pneumatic compression devices\*
- Nebulizers and some medicines used in them (if reasonable and necessary)
- Patient lifts\*
- Power Operated Vehicles (POVs) or scooters\*
- Suction pumps
- Traction equipment
- Transcutaneous electronic nerve stimulators (TENS)\*
- Ventilators or respiratory assist devices
- Walkers
- Wheelchairs (manual and power)\*

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\* Indicates items for which Medicare requires the prescribing physician to fill out an additional form.