

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3919

STATE OF NEW JERSEY

DATED: JANUARY 4, 2024

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3919.

This bill requires health benefits coverage for an additional prosthetic appliance under certain circumstances.

The bill requires health benefits coverage for an additional orthotic or prosthetic appliance from any licensed orthotist or prosthetist, or any certified pedorthist, if the covered person's physician determines that the additional appliance is necessary to enable the covered person to engage in physical and recreational activities, including running, bicycling, swimming, climbing, skiing, snowboarding, and team and individual sports. The reimbursement for the additional orthotic or prosthetic appliance is at the same rate as reimbursement for the appliances under the federal Medicare reimbursement schedule.

Current law requires health benefits coverage for expenses incurred in obtaining an orthotic or prosthetic appliance from any licensed orthotist or prosthetist, or any certified pedorthist, as determined medically necessary by the covered person's physician, but does not require coverage of an additional appliance for physical or recreational activities.

The bill would apply to hospital, medical, and health service corporations; commercial individual, small employer, and larger group insurers; health maintenance organizations; and the State Health Benefits Program and the School Employees' Health Benefits Program.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that requiring health benefits coverage for an additional orthotic or prosthetic appliance will result in a total annual increase of \$461,000 to \$577,000 in State and local government unit expenditures for the State Health Benefits Program and the School Employees' Health Benefits Program.

A report by the New Jersey Mandated Health Benefits Advisory Commission prior to the passage of the State's initial mandate for health benefits coverage for orthotic and prosthetic appliances found that health care premiums for the fully insured group insurance and individual insurance markets were likely to increase by 0.025 percent

due to the mandate. A subsequent analysis for a related, but limited mandate in Maine suggested that expanding coverage for prosthetics for devices necessary for recreational activities would increase premiums by up to 0.02 percent.

The OLS does not know the actual number of covered individuals whose physicians will determine that an additional prosthetic appliance is medically necessary to engage in physical recreational activities, but assumes for the purpose of this analysis that half of all covered individuals granted prosthetic devices for medical necessity under current law could be approved for an additional prosthetic device for recreational use.