

# Fact Sheet

## Senate Bill XXX (Kuehl)

### Durable Medical Equipment Health Insurance Coverage

#### Background:

Most people with disabilities live at home and not in institutions such as assisted-living facilities or nursing homes. Some of these folks require durable medical equipment in order to function independently at home and at work, as well as to raise families and participate in and contribute to their communities.

Durable medical equipment (DME) is equipment that is primarily and customarily used to serve a medical purpose, can withstand repeated use, and is appropriate for use in the home, such as ventilators, hospital beds, walkers, wheel chairs and oxygen tanks.

Currently, public programs like Medi-Cal already cover medically necessary DME without any annual or lifetime cap on expenditures. DME accounts for less than 0.47% of the total Medi-Cal expenditures\*. It is anticipated that DME expenditures will decline, nationally, as a percentage of total health care expenditures†.

In contrast to the full DME coverage provided by public insurers like Medi-Cal and Medicare, approximately 90% of private plans impose caps as low as \$2,000 a year, and explicitly exclude certain medically necessary equipment. As a result, 46% of adults with disabilities aged 18-64 report that they have been forced to go without medically necessary DME because of the cost‡. Many others are kept from entering the workforce just so they can remain eligible for public programs such as Medi-Cal which allows them to receive full necessary DME coverage.

#### This bill:

Requires health care service plans to offer coverage for DME under group policies with limits no lower than the broad annual and lifetime benefit maximums that apply to other basic medical services.

This bill does not prevent a plan from imposing annual or lifetime caps, it simply prohibits policies from imposing a separate benefit cap specific to DME that is significantly lower than the broader benefit cap that applies to other basic medical services.

This language mirrors current law pertaining to orthotic and prosthetic devices.

**Please contact Sara Rogers at (916) 651-4023 with any questions.**

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\* California State Auditor (2002) reports total DME expenditures under Medi-Cal accounted for \$124.3 million in 2001. LAO 2003-2004 analysis reports that total Medi-Cal expenditures were \$26.5 billion in 2001-2002.

† [www.healthguideusa.org](http://www.healthguideusa.org), from U.S. Centers for Medicare and Medicaid Services, Office of the Actuary.

‡ Kaiser Family Foundation, 2003 in a nationally represented survey of adults with disabilities.

## **Common Questions:**

### **How much does DME cost as a percentage of total health expenditures in California?**

In California, total DME expenditures (including both private and public payers as well as out of pocket spending) accounted for only 1.5% of all health expenditures in 2004. DME expenditures are growing at a much slower rate than overall health expenditures, meaning that DME expenditures as a share of overall spending is declining.

### **How many people with disabilities have private health care insurance in California and, could, therefore, be affected by the benefit limits on durable medical equipment?**

According to a 2003 report issued by the Medi-Cal policy Institute, 48% of California's approximately 3 million adults with disabilities have private health insurance.

### **Will this bill have an impact on Medi-Cal spending?**

This bill could actually lower Medi-Cal expenditures. Public insurers like Medi-Cal and Medicare fully cover medically necessary DME without any caps. Since some people who need durable medical equipment refrain from working in order to establish eligibility for public programs which provide their only option for affording necessary DME, under this bill, fewer people would be forced to choose that option.

### **Don't caps on DME constrain overall health care costs and insurance premiums?**

Policies restricting DME expenditures actually have a very minimal impact on overall expenditures, but they have a life-changing impact on individuals who depend upon durable medical equipment in order to function in their daily life. For example, a 2002 study by Lee and Tollen found that paring down DME benefit reduced insurance premiums by .7%. Excluding DME as a covered benefit had an equivalent impact, reducing the premium by .7%.

## **Organizations in Support:**

Disability Rights Defense & Education Fund  
Protection & Advocacy, Inc.  
California OT Association