#### 112TH CONGRESS 2D SESSION

# H. R. 4175

To amend the Employee Retirement Income Security Act of 1974 and the Public Health Service Act to provide parity under group health plans and group health insurance coverage for the provision of benefits for prosthetics and custom orthotics and benefits for other medical and surgical services.

#### IN THE HOUSE OF REPRESENTATIVES

March 8, 2012

Mr. Dent (for himself and Mr. Andrews) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

## A BILL

To amend the Employee Retirement Income Security Act of 1974 and the Public Health Service Act to provide parity under group health plans and group health insurance coverage for the provision of benefits for prosthetics and custom orthotics and benefits for other medical and surgical services.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,

#### 1 SECTION 1. SHORT TITLE.

- 2 This Act may be cited as the "Insurance Fairness
- 3 for Amputees Act".
- 4 SEC. 2. FINDINGS AND PURPOSE.
- 5 (a) FINDINGS.—Congress makes the following find-6 ings:
- 7 (1) There are more than 1,700,000 people in
- 8 the United States living with limb loss, many of
- 9 whom are appropriate candidates for prosthetic care.
- 10 A comparable number experience trauma, illness, or
- disability that results in musculoskeletal or neuro-
- muscular impairment of the limbs, back, and neck
- requiring the use of orthotic care.
- 14 (2) Every year, there are more than 130,000
- people in the United States who undergo amputation
- 16 procedures.
- 17 (3) In addition, United States military per-
- sonnel serving in Iraq and Afghanistan and around
- the world have sustained traumatic injuries resulting
- in amputation and musculoskeletal or neuromuscular
- 21 injury.
- 22 (4) The number of amountations in the United
- 23 States is projected to increase in the years ahead
- due to the rising incidence of diabetes and other
- chronic illness.

- 1 (5) Those experiencing limb loss and limb dys-2 function can and want to regain their lives as pro-3 ductive members of society.
  - (6) Prosthetic and orthotic care often enables amputees and others with orthopedic impairments to continue working and living productive lives.
  - (7) Insurance companies have begun to limit reimbursement of prosthetic and custom orthotic care costs to unrealistic levels and often restrict coverage over an individual's lifetime, which shifts costs onto the Medicare and Medicaid programs.
  - (8) Eighteen States have addressed this problem and have prosthetic or orthotic parity legislation.
  - (9) Prosthetic and orthotic parity legislation has been introduced and is being actively considered in 20 States.
  - (10) The States in which prosthetic or orthotic parity laws have been enacted have found there to be minimal or no increases in insurance premiums and have reduced Medicare and Medicaid costs.
  - (11) Prosthetic or orthotic parity legislation will not add to the size of government or to the costs associated with the Medicare and Medicaid programs.

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- orthotics are offered by a group health insurance policy, then providing such prosthetic coverage on par with other medical and surgical benefits will not increase the incidence of amputations or the number of individuals for which a prosthetic or custom orthotic device would be medically necessary and appropriate.
  - (13) In States where prosthetic or orthotic parity legislation has been enacted, amputees and others with orthopedic impairments are able to return to productive lives, State funds have been saved, and the health insurance industry has continued to prosper.
    - (14) Prosthetic and orthotic devices and related services allow people to return more quickly to their preexisting work.
    - (15) States have, and should continue to be permitted to, create consumer protections that exceed the Federal floor of protection provided for in this Act.
- 22 (b) Purpose.—It is the purpose of this Act to re-23 quire that each group health plan that provides medical 24 and surgical benefits and also provides coverage for pros-25 thetics or custom orthotics (or both), provide such cov-

erage under terms and conditions that are no less favor-2 able than the terms and conditions under which medical 3 and surgical benefits are provided under such plan. 4 SEC. 3. PROSTHETICS AND CUSTOM ORTHOTICS PARITY. 5 (a) ERISA.— 6 (1) In General.—Subpart B of part 7 of sub-7 title B of title I of the Employee Retirement Income 8 Security Act of 1974 (29 U.S.C. 1185 et seq.) is 9 amended by adding at the end the following: 10 "SEC. 716. PROSTHETICS AND CUSTOM ORTHOTICS PARITY. "(a) In General.—In the case of a group health 11 plan (or health insurance coverage offered in connection 12 13 with a group health plan) that provides medical and surgical benefits and also provides benefits for prosthetics or 14 15 custom orthotics (as defined under paragraphs (1) and (2) of subsection (e)) (or both)— 16 17 "(1) such benefits for prosthetics or custom 18 orthotics (or both) under the plan (or coverage) shall 19 be provided under terms and conditions that are no 20 less favorable than the terms and conditions applica-21 ble to substantially all medical and surgical benefits 22 provided under the plan (or coverage); 23 "(2) such benefits for prosthetics or custom 24 orthotics (or both) under the plan (or coverage) may

not be subject to separate financial requirements (as

defined in subsection (e)(2)) that are applicable only with respect to such benefits, and any financial requirements applicable to such benefits shall be no more restrictive than the financial requirements applicable to substantially all medical and surgical benefits provided under the plan (or coverage); and

"(3) any treatment limitations (as defined in subsection (e)(3)) applicable to such benefits for prosthetics or custom orthotics (or both) under the plan (or coverage) may not be more restrictive than the treatment limitations applicable to substantially all medical and surgical benefits provided under the plan (or coverage).

14 "(b) In-Network and Out-of-Network Stand-15 ards.—

"(1) In GENERAL.—In the case of a group health plan (or health insurance coverage offered in connection with a group health plan) that provides medical or surgical benefits and also provides benefits for prosthetics or custom orthotics (or both), and that provides both in-network benefits for prosthetics and custom orthotics and out-of-network benefits for prosthetics and custom orthotics, the requirements of this section shall apply separately with respect to benefits under the plan (or coverage) on

- an in-network basis and benefits provided under the plan (or coverage) on an out-of-network basis.
- "(2) CLARIFICATION.—Nothing in paragraph
  (1) shall be construed as requiring that a group
  health plan (or health insurance coverage offered in
  connection with a group health plan) eliminate an
  out-of-network provider option from such plan (or
  coverage) pursuant to the terms of the plan (or coverage).
- 10 "(c) Patient Access.—A group health plan (or health insurance coverage offered in connection with a 12 group health plan) described in subsection (a) that does not provide coverage for benefits outside of a network shall 13 14 ensure that such provider network is adequate to ensure 15 enrollee access to prosthetic and custom orthotic devices 16 and related services provided by appropriately credentialed 17 practitioners and accredited suppliers of prosthetics and custom orthotics. 18

## 19 "(d) Additional Requirements.—

"(1) Prior authorization.—In the case of a group health plan (or health insurance coverage offered in connection with a group health plan) that requires, as a condition of coverage or payment for prosthetics or custom orthotics (or both) under the plan (or coverage), prior authorization, such prior

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- authorization must be required in the same manner as prior authorization is required by the plan (or coverage) as a condition of coverage or payment for all similar medical and surgical benefits provided under the plan (or coverage).
  - "(2) LIMITATION ON MANDATED BENEFITS.—
    Coverage for required benefits for prosthetics and custom orthotics under this section may be limited to coverage of the most appropriate device or component model that meets the medical requirements of the patient, as determined by the treating physician of the patient involved.
  - "(3) Coverage for repair or replacement of prosthetics and custom orthotics required under this section shall include coverage for the repair or replacement of prosthetics and custom orthotics, if the repair or replacement is due to normal wear and tear, irreparable damage, a change in the condition of the patient as determined by the treating physician, or otherwise determined appropriate by the treating physician of the patient involved.
  - "(4) Annual or lifetime dollar limitations.—A group health plan (or health insurance coverage offered in connection with a group health

plan) shall not impose any annual or lifetime dollar limitation on benefits for prosthetics and custom orthotics required to be covered under this section unless such limitation applies in the aggregate to all medical and surgical benefits provided under the plan (or coverage) and benefits for prosthetics and custom orthotics.

## "(e) Definitions.—In this section:

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- "(1) PROSTHETICS.—The term 'prosthetics' means those devices and components that may be used to replace, in whole or in part, an arm or leg, as well as the services required to do so and includes external breast prostheses incident to mastectomy resulting from breast cancer.
- "(2) Custom orthotics.—The term 'custom orthotics' means the following:
  - "(A) Custom-fabricated orthotics and related services, which include custom-fabricated devices that are individually made for a specific patient, as well as all services and supplies that are medically necessary for the effective use of the orthotic device and instructing the patient in the use of the device. No other patient would be able to use this particular orthosis. A custom-fabricated orthosis is a device which is fab-

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ricated based on clinically derived and rectified castings, tracings, measurements, or other images (such as x-rays) of the body part. The fabrication may involve using calculations, templates and component parts. This process requires the use of basic materials and involves substantial work such as vacuum forming, cutting, bending, molding, sewing, drilling and finishing prior to fitting on the patient. Customfabricated devices may be furnished only by an appropriately credentialed (certified or licensed) practitioner and accredited supplier in Orthotics or Prosthetics. Such devices and related services are represented by the set of L-codes under the Healthcare Common Procedure Coding System describing this care listed on the date of enactment of this section in Centers for Medicare & Medicaid Services Transmittal 656.

"(B) Custom-fitted high orthotics and related services, which include prefabricated devices that are manufactured with no specific patient in mind, but that are appropriately sized, adapted, modified, and configured (with the required tools and equipment) to a specific patient in accordance with a prescription, and

which no other patient would be able to use, as well as all services and supplies that are medically necessary for the effective use of the orthotic device and instructing the patient in the use of the device. Custom-fitted high devices may be furnished only by an appropriately credentialed (certified or licensed) practitioner and accredited supplier in Orthotics or Prosthetics. Such devices and related services are represented by the existing set of L-codes under the Healthcare Common Procedure Coding System describing this care listed on the date of enactment of this section in Centers for Medicare & Medicaid Services Transmittal 656.

For purposes of subparagraphs (A) and (B), Centers for Medicare & Medicaid Services Transmittal 656, upon modification or reissuance by the Centers for Medicare & Medicaid Services to reflect new code additions and coding changes for prosthetics and custom orthotics, shall be the version of the Transmittal used for purposes of such subparagraphs.

"(3) FINANCIAL REQUIREMENTS.—The term 'financial requirements' includes deductibles, coinsurance, co-payments, other cost sharing, and limitations on the total amount that may be paid by a

- 1 participant or beneficiary with respect to benefits
- 2 under the plan or health insurance coverage and also
- 3 includes the application of annual and lifetime lim-
- 4 its.
- 5 "(4) Treatment limitations.—The term
- 6 'treatment limitations' includes limits on the fre-
- 7 quency of treatment, number of visits, days of cov-
- 8 erage, or other similar limits on the scope or dura-
- 9 tion of treatment.
- 10 "(f) Differentiation From Durable Medical
- 11 Equipment.—For purposes of this section, prosthetics
- 12 and custom orthotics shall be treated as distinct from du-
- 13 rable medical equipment.".
- 14 (2) CLERICAL AMENDMENT.—The table of con-
- tents in section 1 of the Employee Retirement In-
- 16 come Security Act of 1974 is amended by inserting
- 17 after the item relating to section 714 the following:
  - "Sec. 716. Prosthetics and custom orthotics parity.".
- 18 (b) PHSA.—Title XXVII of the Public Health Serv-
- 19 ice Act is amended by inserting after section 2728 of such
- 20 Act (42 U.S.C. 300gg-28), as redesignated by section
- 21 1001(2) of the Patient Protection and Affordable Care Act
- 22 (Public Law 111–148), the following:

#### 1 "SEC. 2729. PROSTHETICS AND CUSTOM ORTHOTICS PAR-2 ITY. 3 "(a) IN GENERAL.—In the case of a group health plan (or health insurance coverage offered in connection 4 5 with a group health plan) that provides medical and surgical benefits and also provides benefits for prosthetics or 6 7 custom orthotics (as defined under paragraphs (1) and (2) 8 of subsection (e)) (or both)— 9 "(1) such benefits for prosthetics or custom 10 orthotics (or both) under the plan (or coverage) shall 11 be provided under terms and conditions that are no 12 less favorable than the terms and conditions applica-13 ble to substantially all medical and surgical benefits 14 provided under the plan (or coverage); 15 "(2) such benefits for prosthetics or custom 16 orthotics (or both) under the plan (or coverage) may 17 not be subject to separate financial requirements (as 18 defined in subsection (e)(2)) that are applicable only 19 with respect to such benefits, and any financial re-20 quirements applicable to such benefits shall be no 21 more restrictive than the financial requirements ap-22 plicable to substantially all medical and surgical ben-23 efits provided under the plan (or coverage); and 24 "(3) any treatment limitations (as defined in

subsection (e)(3)) applicable to such benefits for

prosthetics or custom orthotics (or both) under the

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- 1 plan (or coverage) may not be more restrictive than
- 2 the treatment limitations applicable to substantially
- all medical and surgical benefits provided under the
- 4 plan (or coverage).
- 5 "(b) In-Network and Out-of-Network Stand-

"(1) IN GENERAL.—In the case of a group

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- 8 health plan (or health insurance coverage offered in 9 connection with a group health plan) that provides 10 medical and surgical benefits and also provides bene-11 fits for prosthetics or custom orthotics (or both), 12 and that provides both in-network and out-of-network benefits for prosthetics or custom orthotics (or 13 14 both), the requirements of this section shall apply 15 separately with respect to benefits under the plan
  - "(2) CLARIFICATION.—Nothing in paragraph (1) shall be construed as requiring that a group health plan (or health insurance coverage offered in connection with a group health plan) eliminate an out-of-network provider option from such plan (or coverage) pursuant to the terms of the plan (or coverage).

(or coverage) on an in-network basis and benefits

provided under the plan (or coverage) on an out-of-

network basis.

- 1 "(c) Patient Access.—A group health plan (or
- 2 health insurance coverage offered in connection with a
- 3 group health plan) described in subsection (a) that does
- 4 not provide coverage for benefits outside of a network shall
- 5 ensure that such provider network is adequate to ensure
- 6 enrollee access to prosthetic and custom orthotic devices
- 7 and related services provided by appropriately credentialed
- 8 practitioners and accredited suppliers of prosthetics and
- 9 custom orthotics.

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#### 10 "(d) Additional Requirements.—

- "(1) Prior authorization.—In the case of a group health plan (or health insurance coverage offered in connection with a group health plan) that requires, as a condition of coverage or payment for prosthetics or custom orthotics (or both) under the plan (or coverage), prior authorization, such prior authorization must be required in the same manner as prior authorization is required by the plan (or coverage) as a condition of coverage or payment for all similar medical and surgical benefits provided under the plan (or coverage).
- "(2) Limitation on mandated benefits.— Coverage for required benefits for prosthetics and custom orthotics under this section may be limited to coverage of the most appropriate device or compo-

- nent model that adequately meets the medical requirements of the patient, as determined by the treating physician of the patient involved.
  - "(3) COVERAGE FOR REPAIR OR REPLACEMENT.—Benefits for prosthetics and custom
    orthotics required under this section shall include
    coverage for the repair or replacement of prosthetics
    and custom orthotics, if the repair or replacement is
    due to normal wear and tear, irreparable damage, a
    change in the condition of the patient as determined
    by the treating physician, or otherwise determined
    appropriate by the treating physician of the patient
    involved.
    - "(4) Annual or lifetime dollar limitation.—A group health plan (or health insurance coverage offered in connection with a group health plan) shall not impose any annual or lifetime dollar limitation on benefits for prosthetics and custom orthotics required to be covered under this section unless such limitation applies in the aggregate to all medical and surgical benefits provided under the plan (or coverage) and benefits for prosthetics and custom orthotics.
- 24 "(e) Definitions.—In this section:

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- "(1) PROSTHETICS.—The term 'prosthetics' means those devices and components that may be used to replace, in whole or in part, an arm or leg, as well as the services required to do so and includes external breast prostheses incident to mastectomy resulting from breast cancer.
  - "(2) Custom orthotics.—The term 'custom orthotics' means the following:
    - "(A) Custom-fabricated orthotics and related services, which include custom-fabricated devices that are individually made for a specific patient, as well as all services and supplies that are medically necessary for the effective use of the orthotic device and instructing the patient in the use of the device. No other patient would be able to use this particular orthosis. A custom-fabricated orthosis is a device which is fabricated based on clinically derived and rectified castings, tracings, measurements, or other images (such as x-rays) of the body part. The fabrication may involve using calculations, templates and component parts. This process requires the use of basic materials and involves substantial work such as vacuum forming, cutting, bending, molding, sewing, drilling and fin-

ishing prior to fitting on the patient. Custom-fabricated devices may be furnished only by an appropriately credentialed (certified or licensed) practitioner and accredited supplier in Orthotics or Prosthetics. Such devices and related services are represented by the set of L-codes under the Healthcare Common Procedure Coding System describing this care listed on the date of enactment of this section in Centers for Medicare & Medicaid Services Transmittal 656.

"(B) Custom-fitted high orthotics and related services, which include prefabricated devices that are manufactured with no specific patient in mind, but that are appropriately sized, adapted, modified, and configured (with the required tools and equipment) to a specific patient in accordance with a prescription, and which no other patient would be able to use, as well as all services and supplies that are medically necessary for the effective use of the orthotic device and instructing the patient in the use of the device. Custom-fitted high devices may be furnished only by an appropriately credentialed (certified or licensed) practitioner and accredited supplier in Orthotics or Pros-

thetics. Such devices and related services are represented by the existing set of L-codes under the Healthcare Common Procedure Coding System describing this care listed on the date of enactment of this section in Centers for Medicare & Medicaid Services Transmittal 656.

For purposes of subparagraphs (A) and (B), Centers for Medicare & Medicaid Services Transmittal 656, upon modification or reissuance by the Centers for Medicare & Medicaid Services to reflect new code additions and coding changes for prosthetics and custom orthotics, shall be the version of the Transmittal used for purposes of such subparagraphs.

- "(3) Financial requirements' includes deductibles, coinsurance, co-payments, other cost sharing, and limitations on the total amount that may be paid by a participant or beneficiary with respect to benefits under the plan or health insurance coverage and also includes the application of annual and lifetime limits.
- "(4) TREATMENT LIMITATIONS.—The term 'treatment limitations' includes limits on the frequency of treatment, number of visits, days of cov-

- 1 erage, or other similar limits on the scope or dura-
- 2 tion of treatment.
- 3 "(f) Differentiation From Durable Medical
- 4 Equipment.—For purposes of this section, prosthetics
- 5 and custom orthotics shall be treated as distinct from du-
- 6 rable medical equipment.".
- 7 (c) Effective Date.—The amendments made by
- 8 this section shall apply with respect to group health plans
- 9 (and health insurance coverage offered in connection with
- 10 group health plans) for plan years beginning on or after
- 11 the date of the enactment of this Act.
- 12 SEC. 4. UPDATING STANDARD DEFINITIONS TO INCLUDE
- 13 PROSTHETICS AND CUSTOM ORTHOTICS.
- Section 2715(g)(3) of the Public Health Service Act
- 15 (42 U.S.C. 300gg-15(g)(3)) is amended by inserting
- 16 "prosthetics, custom orthotics," after "emergency medical
- 17 transportation,".
- 18 SEC. 5. FEDERAL ADMINISTRATIVE RESPONSIBILITIES.
- 19 (a) Assistance to Enrolles.—The Secretary of
- 20 Labor, in consultation with the Secretary of Health and
- 21 Human Services, shall provide assistance to enrollees
- 22 under group health plans (and health insurance coverage
- 23 offered in connection with such plans) to which the amend-
- 24 ment made by section 3 apply with any questions or prob-

- 1 lems with respect to compliance with the requirements of
- 2 such amendment.
- 3 (b) Audits.—The Secretary of Labor, in consulta-
- 4 tion with the Secretary of Health and Human Services,
- 5 shall provide for the conduct of random audits of group
- 6 health plans (and health insurance coverage offered in
- 7 connection with such plans) to ensure that such plans (or
- 8 coverage) are in compliance with the amendments made
- 9 by section (3).

## (c) GAO STUDY.—

- 11 (1) STUDY.—The Comptroller General of the
- 12 United States shall conduct a study that evaluates
- the effect of the implementation of the amendments
- made by this Act on the cost of the health insurance
- coverage, on access to health insurance coverage (in-
- cluding the availability of in-network providers), on
- the quality of health care, on benefits and coverage
- for prosthetics and custom orthotics on any addi-
- tional cost or savings to group health plans, on State
- prosthetics and custom orthotics benefit laws, on the
- business community and the Federal Government,
- and on other issues as determined appropriate by
- 23 the Comptroller General.
- 24 (2) Report.—Not later than 2 years after the
- date of the enactment of this Act, the Comptroller

- General of the United States shall prepare and submit to the appropriate committee of Congress a re-
- port containing the results of the study conducted
- 4 under paragraph (1).
- 5 (d) REGULATIONS.—Not later than 1 year after the
- 6 date of the enactment of this Act, the Secretary of Labor,
- 7 in consultation with the Secretary of Health and Human
- 8 Services, shall promulgate final regulations to carry out
- 9 this Act and the amendments made by this Act.
- 10 SEC. 6. DEFINITIONS.
- 11 In this Act:
- 12 (1) Custom orthotics and prosthetics.—
- The terms "custom orthotics" and "prosthetics"
- have the meanings given such terms in section
- 15 716(e) of the Employee Retirement and Income Se-
- 16 curity Act of 1974 (as added by section 3).
- 17 (2) GROUP HEALTH PLAN.—The term "group
- health plan" has the meaning given such term in
- 19 section 733(a) of such Act (29 U.S.C. 1191b(a)).
- 20 (3) HEALTH INSURANCE COVERAGE.—The term
- 21 "health insurance coverage" has the meaning given
- such term in section 733(b)(1) of such Act (29)
- 23 U.S.C. 1191b(b)(1)).

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