

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 412

SPONSOR: Banking and Insurance Committee and Senator Campbell

SUBJECT: Coverage For Testing For Osteoporosis

DATE: December 7, 1999

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Emrich	Deffenbaugh	BI	Favorable/CS
2.				
3.				
4.				
5.				

## I. Summary:

In 1996, the Florida Legislature enacted legislation dealing with osteoporosis to require individual, group, blanket or franchise, out-of-state health insurance policies issued, delivered or renewed after October 1, 1996, and health maintenance organizations which cover Florida residents to provide medically necessary osteoporosis diagnosis and treatment for high-risk individuals.

The committee substitute requires the current law to include coverage for the “testing” for osteoporosis in high risk individuals when deemed medically necessary. Although the term testing is not defined, a bone mass density measurement test is the most effective way to diagnose osteoporosis. The committee substitute amends the sections which apply to individual health insurance policies under s. 627.6409, F.S., group policies under s. 627.6691, F.S. and health maintenance organizations in s. 641.31(27), F.S.

The statutes requiring coverage for diagnosis and treatment of osteoporosis for individual, group policies and HMOs are substantially the same, mandating coverage for the medically necessary diagnosis and treatment of osteoporosis for high-risk individuals, including estrogen-deficient individuals who are at clinical risk for osteoporosis, individuals with vertebral abnormalities, those who are receiving long-term glucocorticoid therapy, individuals with primary hyperparathyroidism, or a family history of osteoporosis. This coverage was not mandated for the state employee health insurance program.

This bill amends the following sections of the Florida Statutes: 627.6409, 627.6691, and 641.31.

## **II. Present Situation:**

### **Current Law**

Under present law, individual health insurance policies, group health insurance policies, and HMO contracts, covering a Florida resident, which were issued, delivered, or renewed in Florida after October 1, 1996, must provide coverage for the medically necessary diagnosis and treatment of osteoporosis for high risk individuals. (ss. 627.604, 627.6691, and 641.31(27), F.S.)

As expressly provided in the cited statutes, the osteoporosis coverage requirements do not apply to specified accident, specified disease, hospital indemnity, Medicare supplement or long-term-care health insurance policies or to the state employee health insurance program.

Three years ago, the Osteoporosis Prevention and Education Program was established within the Department of Health to promote public awareness of the causes of osteoporosis, options for prevention, the value of early detection and possible treatments, including the benefits and risks of those treatments. (s. 381.87, F.S.)

Under the Florida Medicaid provisions, Medicaid provides osteoporosis coverage based on medical necessity for high-risk individuals and authorizes coverage for up to three bone-mass-density tests a year, per recipient.

At the federal level, President Clinton signed into law the Medicare Bone Mass Measurement Coverage Standardization Act, which took effect July 1, 1998. The bill set forth the national criteria under which Medicare would cover bone density tests; currently, each Medicare carrier makes its own coverage decision. The law authorizes coverage for high-risk individuals with similar symptoms as outlined in the 1996 Florida law. Under the federal law, any FDA-approved technology is covered, with frequency limits to be determined at a later date.

According to the Elder Floridians Foundation, Inc., a nonprofit organization, it is estimated that more than \$401,000,000 is spent in Florida each year to treat hip, spine, and wrist fractures resulting from osteoporosis. Osteoporosis is preventable with proper diet and exercise. Therefore, education, prevention and early diagnosis among those at high risk are of the utmost importance.

### **Disease of Osteoporosis**

Osteoporosis is a condition of the bone characterized by excessive porosity, or bone tissue reduction. Absorption of old bone matter exceeds new bone matter deposits, resulting in an enlargement of spaces normally present and a thinning of the bone from the inside. Osteoporosis poses a threat to the health and quality of life of as many as 1.6 million Floridians, by increasing the risk of developing a bone fracture of the hip, spine, wrist, and almost any other site.

Although people of any age, race or gender can develop osteoporosis, postmenopausal white women are most affected. According to a report from the Mayo Clinic, roughly a third of postmenopausal white women in this country already have osteoporosis of the hip, spine or wrist and most of the rest of them are at risk.

Bone mass is the major measurable determinant of the risk of osteoporotic fractures. Bone mass increases during childhood and adolescence, peaks in the third or early in the fourth decade of life, and decreases progressively thereafter. The magnitude of peak bone mass and the rate and duration of postmenopausal and aging-associated bone loss, determines the likelihood of developing osteoporosis.

Risk factors, considered alone or in combination, have a somewhat limited capacity for predicting bone mass. For this reason, bone mass measurement is recommended as the best approach to test individuals at risk for the development of osteoporosis. This diagnostic test is also indicated to diagnose suspected osteoporosis and guide the treatment of osteoporosis, as well as any other bone-threatening conditions. Once a diagnosis is made, treatment alternatives can be explored.

### **III. Effect of Proposed Changes:**

**Section 1.** Amends s. 627.6409, F.S., which currently requires individual health insurance policies to provide coverage for diagnosis and treatment of osteoporosis, to require coverage for testing for osteoporosis when it is deemed medically necessary for high-risk individuals. The bill makes a technical change by deleting the provision that the statute applies to policies issued or renewed after October 1, 1996.

The law already requires coverage for the medically necessary diagnosis and treatment of osteoporosis for high-risk individuals. The bill specifies that such coverage must include testing when it is deemed medically necessary. The bill makes a technical change by deleting the provision that the statute applies to policies issued or renewed after October 1, 1996.

**Section 2.** Amends s. 627.6691, F.S., which currently requires group health insurance policies to provide coverage for diagnosis and treatment of osteoporosis, to require coverage for testing for osteoporosis when it is deemed medically necessary for high-risk individuals. The bill makes a technical change by deleting the provision that the statute applies to policies issued or renewed after October 1, 1996.

**Section 3.** Amends s. 641.31(27), which currently requires HMOs to provide coverage for diagnosis and treatment of osteoporosis, to specify that HMOs must provide coverage for testing for osteoporosis when it is deemed medically necessary for high-risk individuals.

**Section 4.** Provides for an effective date of July 1, 2000.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

The health insurance benefits required by this bill would apply to local government health insurance plans. To the extent this bill requires local governments to incur expenses, i.e., to pay additional health insurance costs, the bill falls within the purview of Article VII, Section 18 of the Florida Constitution, which provides that cities and counties are not bound by general laws requiring them to spend funds or to take an action which requires the expenditure of funds unless certain specified exemptions or exceptions are met.

This bill may qualify for the exemption for bills having an insignificant fiscal impact.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**V. Economic Impact and Fiscal Note:**

**A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

To the extent that the bill merely clarifies the requirements of current law, it should have no economic impact, other than to ensure that coverage for tests is provided, when deemed medically necessary for a high-risk individual.

To the extent that the bill ensures that such coverage is provided, individuals with osteoporosis and those at risk for developing osteoporosis may realize a cost savings, due to the specification that testing is covered, as well as long-term health benefits from the possibility of avoiding complications from osteoporosis.

Insurers may see some short term increases in costs associated with testing for osteoporosis, to the extent that the coverage mandated by this bill is not already provided, but those costs should be more than offset by reduced long-term costs associated with osteoporosis. A bone mass density measurement test is the most effective way to diagnose osteoporosis and the cost of such tests to diagnose osteoporosis varies across the state. Representatives from the Osteoporosis Prevention and Education Program estimate the cost of the test averages \$130 to \$140 in North Florida and from \$200 to \$300 in South Florida.

The Medicaid reimbursement rate for the test ranges from \$22 to \$72, depending on the type of test, i.e., the area of the body tested. Medicare pays regional rates which range from \$127 to \$148. The available drugs for treating osteoporosis cost \$15 to \$60 for a month's supply and must be taken for the rest of one's life. By limiting the mandated coverage to medically necessary services for high risk individuals, the bill limits any fiscal impact on insurers.

Insurers have expressed concerns about the potential for abuse, since the bill requires insurers to cover "testing," but the word testing is not defined. Thus, any test may be utilized for a high-risk individual so long as it is deemed medically necessary by a physician. One manufacturer of the bone-density testing equipment has established a web-site on the Internet, informing physicians how they can increase their revenues and profits by the use of

the bone-mass-density testing machines, especially where the coverage is mandated and payment is guaranteed for all scans performed on at-risk patients.

**C. Government Sector Impact:**

Both the Agency for Health Care Administration and the Department of Health have indicated no fiscal impact on their agencies.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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