



Executive Summary - HB 656

After reviewing the staff analysis of House Bill 656, the Pennsylvania Health Care Cost Containment Council finds evidence to suggest that providing diabetics with supplies, medication, self-management education, and medical nutrition therapy can be both medically and cost effective. In general, the Council believes that recommending the passage of legislation requiring health related mandates be limited to those measures which are of proven efficacy and cost effectiveness. Based upon the documentation received during this review and the Council's analysis of its own data, we find evidence to suggest that the diabetes portion of this bill can meet this standard. If this bill results in increased numbers of diabetics complying with recommended self-management procedures, then it has the potential to provide savings both in terms of health care dollars and improved quality of life. We note the following points:

- ⊗ Diabetes has a significant impact on the citizens of Pennsylvania, affecting over 1 million residents. Diabetes results in approximately 12,000 deaths in Pennsylvania every year, and many diabetics suffer from diabetes-related complications such as blindness, kidney disease, and amputations. Diabetes has an impact in the workforce as well since diabetics lose more days from work than their peers. The Council's inpatient data shows that over 262,000 diabetes-related hospitalizations occur each year, encompassing more than 1.7 million hospital days. Approximately 70% of these hospitalizations involve diabetes-related complications.
- ⊗ Proper self-management of diabetes has been shown to reduce diabetes-related complications. Out-of-pocket costs, however, provide a financial barrier to some diabetics in adequately self-managing their disease. The benefits called for in House Bill 656 could give diabetics access to the supplies, medication, and education necessary to appropriately self-manage their disease and potentially reduce diabetes-related disabilities and complications.
- ⊗ Not only does access to these benefits have the potential to improve the quality of life for diabetics in Pennsylvania, it has the potential to save health care dollars in the long term. While the costs for mandating coverage of these benefits are high (Council estimates range between \$171 and \$256 million a year), costs associated with *diabetes treatment* can reach billions of dollars. According to the Council's inpatient data, hospital charges for the 262,000 diabetes-related hospitalizations total almost \$4.4 billion a year. This figure includes hospital charges of approximately \$3.2 billion for those cases with diabetes-related complications.
- ⊗ A decrease in hospitalizations and complications could result in an overall savings of health care dollars. For example, there could be substantial savings - \$877 million in hospital charges-if hospitalizations decreased by 20 percent a year. The number of hospital *days* saved would reach approximately 342,000 days that might be used more productively in the workforce. With regard to complications, if lower-extremity amputations decreased by 20 percent, over \$31 million in hospital charges alone could be saved. The potential for savings has recently been demonstrated, too, by the Lewin Group, which found that hospital admissions decreased 18 percent and hospital days decreased by 22 percent in the first year of a program aimed at examining health care needs for diabetics.
- ⊗ If the mandate for diabetic supplies, medication, and education were to be enacted, the Council would be in a unique position to study and report on the impact of this benefit. Using baseline data from before enactment, the Council would be able to analyze potential changes in the number of diabetes-related hospitalizations, as well as associated charges.
- ⊗ Typically, opponents of mandates such as those proposed under House Bill 656 include insurers and purchasers of health care. Some insurers and purchasers expressed opposition to *all* mandates. Others expressed support for the intent of the diabetes portion of House Bill 656 but expressed concerns. They assert that improved coverage alone will not prevent diabetic complications. Patient cooperation in monitoring of blood glucose levels, diet, and lifestyle changes is an essential part of the equation. Concern was expressed that this bill establishes a precedent in requiring coverage for only one disease since similar arguments could be made for other chronic diseases. Opponents to mandates also note the correlation between the number of mandates and the increasing cost of health insurance, the increased incentive for large employers to self insure, the increasing number of uninsured, and the decreasing number of employees covered by employer sponsored health insurance. The Council has concerns, too, about the cumulative effect of mandated benefits on health care.
- ⊗ While there is opposition to mandates in general and insurers and purchasers raised *concerns* about this bill, the Council received limited information suggesting specific opposition to the diabetes portion of this particular mandate. It is noteworthy that the Insurance Federation of Pennsylvania "recommends that the Health Care Cost Containment Council approve the captioned bill [House Bill 656] mandating the coverage of diabetic supplies and equipment and self management training for diabetics."

Hearing Aid Benefits in House Bill 656

The Council has serious concerns about the proposed coverage for hearing aids called for in this bill. One of the amendments to House Bill 656, amendment A0470, eliminates the hearing aid portion of the bill. If the General Assembly enacts House Bill 656, we recommend the adoption of Amendment A0470. We received no documentation in support of this measure. Opponents of the hearing aid benefit noted the significant costs and further suggested that the language in the bill is not clear with regard to allowable reimbursement. In addition, opponents questioned the General Assembly's authority to mandate the benefits of a federal program.

Amendments to House Bill 656

The Council was asked to review two amendments to House Bill 656: Amendment A0470 and Amendment A0388. Amendment A0470 contains multiple components. As noted earlier, we recommend that the General Assembly adopt Amendment A0470 that eliminates the hearing aid portion of House Bill 656 if this bill is enacted. We also support the other components of this amendment. First, it clarifies that the only "orthotics" coverage mandated by House Bill 656 is "orthotics related to the treatment of diabetes illness." Second, it provides that diabetes outpatient self-management training and education shall be provided "by an individual with expertise in diabetes self-management, training and education". We believe that these issues are relevant to diabetes treatment. Amendment A0388 provides that diabetes outpatient self-management training and education shall be provided under the supervision of a "*certified, registered, or*" licensed health care professional. This amendment is also relevant to this legislation. We recommend that both amendments be adopted if House Bill 656 is enacted.

Council Recommendation

In summary, the Council finds evidence to recommend the passage of House Bill 656 contingent upon the adoption of amendments A0388 and A0470, which clarify issues related to diabetes treatment and education, and, in the case of A0470, eliminates the hearing aid portion of this bill.

Finally, the Council's enabling legislation provides for a preliminary staff review of submitted materials to determine if documentation received is sufficient to proceed with the formal Mandated Benefits Review process outlined in Act 34 of 1993. While many submissions were received regarding the diabetes portion of this bill, there was limited information suggesting specific opposition to the proposed diabetes benefits. Little information was received with regard to hearing aid coverage. We conclude, therefore, that a full review by a Mandated Benefits Review Panel is not warranted; nor, given the documentation received, do we believe a panel of experts would come to conclusions different than the ones reached here.