Fiscal Note & Local Impact Statement

122 nd General Assembly of Ohio

BILL: **S.B. 47** DATE: **April 22, 1997**

STATUS: **As Introduced** SPONSOR: **Sen. Watts**

LOCAL IMPACT STATEMENT REQUIRED: **Yes**

CONTENTS: **Requires certain benefit plans to provide coverage for breast reconstructive surgery**

State Fiscal Highlights

STATE GOVERNMENT	FY 1997	FY 1998	FUTURE YEARS
Certain Colleges and Universities			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	-0-	Potential increase	Potential increase

- All health plans for state employees would be in compliance, according to a benefits spokesperson from the Department of Administrative Services. Thus, there is no fiscal effect for the state.

- From a telephone survey of state-sponsored colleges and universities, four benefits administrators replied that their insurance policies would be in compliance with the bill. Most likely, the majority of health insurance policies do cover the costs of reconstructive surgeries, but there could be some universities and colleges where the service is not covered. Discussion with contacts from health insurance companies also leads to the conclusion that most policies would be in compliance with the proposed legislation.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 1997	FY 1998	FUTURE YEARS
Political Subdivisions			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	-0-	Potential increase	Potential increase

- Research indicates that most insurance policies for political subdivisions would be in compliance with provisions of the bill. A contact from the County Commissioner's Association of Ohio states that the vast majority of rural governments are provided coverage by large insurance companies like Blue Cross and Blue Shield. According to a spokesperson from this insurance company, all policies under Blue Cross and Blue Shield are already in compliance with the bill's provisions.

Detailed Fiscal Analysis

This bill would require health insurance providers that provide coverage for a mastectomy to also provide coverage for breast reconstructive surgery. According to contactpersons from Blue Cross and Blue Shield, Paramount Insurance, Anthem Insurance, and United Health Care of Ohio, health insurance providers generally pay costs associated with post-mastectomy care. The costs of breast reconstructive surgery is covered because this procedure restores the natural physical structure after illness or accident, which is provided in most policies. Thus, the bill is not expected to have a great fiscal impact for the majority of employees in local governments and in state-sponsored colleges and universities. If this coverage is not currently provided, premiums could increase.

Survey of Local Entities' Coverage

A survey of universities and local governments strengthens the assertion that breast reconstructive surgery cost are widely provided in health insurance policies. The following table gives the results of the phone survey:

Local Entity or Health Insurance Provider	**Are costs of breast reconstructive surgery after mastectomy provided in health insurance policies?**	**Comments**
Shawnee State University	Yes	only first replacements
University of Toledo	Yes for employees covered by Paramount Insurance; no response about employees covered by Superblue Plus Insurance	From Paramount contactperson – Paramount is the insurance carrier for a number of local governments in northwest Ohio, and cover costs of breast reconstructive surgery for all clients. The contactperson did not feel at liberty to say which governments.
Youngstown State University	Yes	
Southern State Community College	Yes, covered by Anthem (formerly Community Mutual - of Blue Cross and Blue Shield)	The health benefits administrator at Southern State believes Anthem provides health insurance for a large number of community colleges in the state (no confirmation on this opinion). According to a representative from Anthem Insurance, all their clients are covered for the surgery.
Cuyahoga County	Yes	Health insurance providers for the county are: Qualchoice (University Hospitals) and Kaiser Permanente.
Franklin County	Yes	Insurance providers include United Healthcare of Ohio (UHC). A spokesperson from UHC says this company covers costs of breast reconstructive surgery for all clients.
County Commissioners' Association of Ohio		Remarks from a contact person there - Smaller counties deal with Blue Cross/Blue Shield or a third party administrator and have more covered benefits compared to private companies, especially smaller businesses. Health insurance maintenance organizations (HMOs) would be more likely than other insurance providers not to cover costs of the procedure. Very few counties are covered by HMOs and those that do are generally adjacent to big cities. Not many HMOs operate in rural areas.

Although the response rate of the survey was low, all respondents said their employees were covered for the procedure. However, further research on health insurance policies for school districts and more local governments could possibly reveal cases in which costs for the reconstructive surgery is not already provided.

Breast Cancer Information

Although costs associated with breast cancer surgery are high, breast cancer is not a widespread condition and there are a number of treatments for the disease. Nationwide about 44,000 women are expected to die from breast cancer per year, and approximately 180,000 new cases will be diagnosed in 1997[1]. This is a rate of about one out of every nine women who develop breast cancer. Women aged 55 and older have increasing chances of developing breast cancer. The cancer research center of Ohio State University defines the different types of mastectomies as follows:

> "Surgery that removes only the cancer and a small amount of surrounding tissue, but not the entire breast, is called a lumpectomy or breast-sparing surgery. A partial mastectomy includes removal of the tumor and some of the normal breast tissue, as well as the lining between the chest muscles and the tumor. In a total mastectomy, the whole breast is removed. When a surgeon does a modified radical mastectomy, the breast, some of the lymph nodes under the arm, the lining over the chest muscles, and sometimes the smaller of the two chest muscles are removed. A type of treatment that is seldom used now is a radical mastectomy, in which the breast, the chest muscles, all of the lymph nodes under the arm, and some additional fat and skin are all surgically removed."[2]

Alternative treatments for breast cancer besides mastectomies are radiotherapy, hormonal therapy, and chemotherapy, which are often used along with the mastectomies; an insurance company representative discussed how some patients with less intrusive mastectomies responded well to a short operation and recuperation.

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[1] From website of the United States Department of Health and Human Services.
[2] From "What People Should Know about Breast Cancer", website of the Arthur G. James Cancer Hospital and Research Institute, Ohio State University.