



# DOAA

Georgia Department  
of Audits & Accounts

**Greg S. Griffin**  
State Auditor

February 17, 2025

The Honorable Lee Hawkins  
Chairman, House Health Committee  
504-E Coverdell Legislative Office Bldg.  
Atlanta, GA 30334

SUBJECT: Fiscal Note  
House Bill 87 (LC 52 0656)

Dear Chairman Hawkins:

The bill would require health plans issued on or after January 1, 2026 to include coverage for orthotic devices and prosthetic devices. The bill would allow up to three devices per three-year period, with medical necessity determined by the healthcare provider instead of the health plan. The Office of the Commissioner of Insurance (OCI) would be responsible for ensuring compliance by health providers and would be required to submit a report to the House Committee on Insurance and the Senate Insurance and Labor Committee regarding the implementation of the bill by July 1, 2032.

In addition to OCI, the bill would have an impact on the agencies that operate health plans: the Department of Community Health (DCH) and the University System of Georgia (USG).

- **Department of Community Health** – DCH stated that the State Health Benefit Plan (SHBP) currently covers orthotic and prosthetic devices, but there is a limit of one device every three years and medical necessity is determined by the plan. DCH’s fiscal impact is primarily derived from the potential increase in replacements due to the policy change.

As shown in **Table 1**, the estimated fiscal impact on SHBP ranges from \$27.8 million to \$55.7 million annually depending on utilization, noting the uncertainty around medical necessity and the resulting increase in prescribed devices.

**Table 1: SHBP Project Impact**

Category	Members with DME	Avg. Cost per Device	1 Additional Device	2 Additional Devices
Prosthetics	3,976	\$5,000	\$19,878,000	\$39,756,000
Orthotics	15,902	\$500	\$7,951,200	\$15,902,400
<b>Total</b>	19,878	—	<b>\$27,829,200</b>	<b>\$55,658,400</b>

- **University System of Georgia** – USG notes that due to uncertainty around medical necessity and the lack of precise data, a true financial estimate cannot be accurately calculated for its health plan. However, USG noted that its 12-month rolling claims expense for these services/devices is \$1.97 million. If the number of devices covered doubles, the bill would have an impact of approximately \$2.0 million.

- **Office of the Commissioner of Insurance** – The agency would be able to implement the provisions of the bill with existing resources. OCI also stated that the potential increase in premiums could have indirect effects on current Georgia Access and Reinsurance program funding. The Reinsurance program is primarily supported by a federal passthrough grant, and a factor in the grant award amount is the state’s efforts to control premium costs of participating plans. OCI also noted that Georgia Access is supported by user fee revenue based on premiums. If premiums increase and the number of the users is not significantly impacted, user fee revenue would increase. If the number of users declines significantly, user fee revenue would decline.

Respectfully,



Greg S. Griffin  
State Auditor



Richard Dunn, Director  
Office of Planning and Budget

GSG/RD/jt