



AB 1157 (Ortega and Wilson) Fact Sheet

Clarify Coverage of Necessary Medical Equipment

Prohibit Discriminatory Health Plan Design

Problem:

Many Californians do not have access to the wheelchairs, hearing aids, ventilators, or other durable medical equipment (DME) that they need. Private health plans regularly exclude or severely limit coverage of this equipment, causing people to go without medically necessary devices, obtain inferior ones that put their health and safety at risk, or turn to publicly-funded health care programs for help. This gap in private coverage occurs despite the Affordable Care Act's clear mandate to cover all essential health benefits, including rehabilitative and habilitative devices, in a nondiscriminatory way.

Without adequate coverage, the lives of adults and children with disabilities are severely impacted—many are unable to attend school, work, or participate in community life. Others face institutionalization because they cannot function in their own homes without needed equipment.

Background:

The Affordable Care Act requires all individual and small group private health plans to cover essential health benefits (EHBs), including rehabilitative and habilitative services and devices. States can select an existing health plan as a "benchmark" for EHB coverage, however, it must ensure that the plan's benefit design does not discriminate based on disability or health status.

When California chose its EHB benchmark plan, it selected a Kaiser plan that excluded coverage of most DME. Following this benchmark, many plans have failed to cover essential DME items such as wheelchairs, oxygen tanks, and blood glucose monitors, or have placed strict dollar limitations and/or high cost sharing on the equipment they will cover. These practices undermine the essential health benefit guarantee and disproportionately impact people with disabilities, in violation of federal and state law.

Another key provision of the Affordable Care Act, Section 1557, prohibits discrimination based on disability in any health program or activity receiving federal financial assistance, including health insurers who offer plans on Covered California. Similarly, other state and federal laws prohibit discrimination against people with disabilities, particularly when those entities receive state or federal funds.

Solution:

This bill would:

- Clarify that durable medical equipment is a covered essential health benefit in California-regulated health plans and policies when prescribed by a doctor for rehabilitative or habilitative purposes.
- Remove limitations such as annual caps on durable medical equipment coverage.