REPORT OF THE SPECIAL ADVISORY COMMISSION
ON MANDATED HEALTH INSURANCE BENEFITS ON

THE MANDATED DIRECT REIMBURSEMENT OF PODIATRISTS AND CHIROPODISTS PURSUANT TO SECTIONS 38.2-3408 AND 38.2-4221 OF THE CODE OF VIRGINIA

TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA

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SENATE OF VIRGINIA

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To: The Honorable L. Douglas Wilder
Governor of Virginia
and
The General Assembly of Virginia

The report contained herein has been prepared pursuant to §§ 9-298 and 9-299 of the Code of Virginia.

This report documents a study conducted by the Special Advisory Commission on Mandated Health Insurance Benefits to assess the social and financial impact and the medical efficacy of mandated direct reimbursement of podiatrists and chiropodists by health insurers pursuant to §§ 38.2-3408 and 38.2-4221 of the Code of Virginia.

Respectfully submitted,

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Mandated Health Insurance Benefits

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INTRODUCTION

Sections 38.2-3408 and 38.2-4221 of the Code of Virginia require insurers regulated by the state to reimburse directly podiatrists and chiropodists who provide covered services within the scope of their licensure. The statutes do not extend coverage to additional services offered by podiatrists or chiropodists, but only require direct reimbursement of such providers for services already covered under the existing contract.

Chapter 69 of the 1970 Acts of Assembly amended Title 54 of the Code of Virginia to change references to the provider category of "chiropodist" to "podiatrist." As a result, the Department of Health Professions has reported that the Board of Medicine no longer issues licenses to "chiropodists." Individuals previously licensed under this professional title are now referred to as "podiatrists."

The Special Advisory Commission on Mandated Health Insurance Benefits (Advisory Commission) reviewed the podiatrist and chiropodist mandates as part of its review of Virginia's existing mandated benefit and provider requirements pursuant to §§ 9-298 and 9-299 of the Code of Virginia. The Advisory Commission held a public hearing on June 7, 1993 to receive comments on both mandated provider categories.

LICENSING REQUIREMENTS

The Commonwealth of Virginia licenses and regulates podiatrists through the Board of Medicine (the Board). In accordance with §54.1-2930 of the Code of Virginia, any candidate for licensure must be at least eighteen years of age, be of good moral character, and have successfully completed an educational course of study approved by the Board. The Board requires that the institution attended by the candidate be a school of podiatry approved by the Council on Podiatry Education of the American Podiatry Medical Association or otherwise approved by the Board. Additionally, any applicant for licensure must have completed one year of satisfactory post-graduate training as an intern or resident in a hospital or other approved health care facility. In order to qualify as an approved health care facility, the internship or residency program must be approved by an accrediting agency recognized by the Board for Internship and Residency Training.

Having met the above criteria, a candidate for licensure in podiatry may acquire a license through examination or endorsement. Applicants choosing to take the examination must provide evidence of having passed Parts I and II of the National Board of Podiatric Medical Examiners Examination in order to sit for the Podiatric Medical Licensing Examination (PMLEXIS) in

Virginia. Results of the PMLEXIS in Virginia are reported to the candidates as either pass or fail. In lieu of the PMLEXIS in Virginia, a candidate can gain licensure through endorsement if he or she has passed the same national exam as above and has also passed a clinical competence examination equivalent to the PMLEXIS in Virginia.

Every licensee who intends to continue engaging in the practice of podiatry must have his or her license renewed every two years according to § 54.1-2904 of the Code of Virginia.

Section 54.1-2900 of the Code of Virginia defines the practice of podiatry as the medical, mechanical, and surgical treatment of the ailments of the human foot and ankle. Podiatry does not include amputation proximal to the metatarsal-phalangeal joints. The Board of Medicine has the responsibility of determining if any specific treatment of the foot or ankle is within the scope of the practice of podiatry. The Department of Health Professions has reported that as of January 1, 1992 there were 446 podiatrists licensed to practice in Virginia. Of those, 251 reportedly reside in Virginia.

FINANCIAL IMPACT

Results of a study conducted in 1989 on behalf of Blue Cross and Blue Shield of Virginia (BCBSVA) by KPMG Peat Marwick indicate that the cost per contract year for podiatrists was $3.77 in 1988. This figure represents the combined experience of BCBSVA's individual and group policies for the year 1988. During that year, BCBSVA experienced claims of $3,073,889 for 50,276 visits to podiatrists at an average cost per visit of $61.14. The BCBSVA study also indicated that claim expenditures for podiatrists represented 0.47% of total claims under both individual and group contracts in 1988.

In 1989, the State Corporation Commission's Bureau of Insurance also conducted a study on the impact of mandated benefits and mandated providers. Results of the initial survey indicate that 83% of the responding insurance companies reimbursed podiatrists before the mandate was enacted. In addition, two companies provided figures based solely on claims data which indicates that on average about 1% of premiums is attributable to podiatrist reimbursement for group coverage and less than 0.5% of premiums for individual coverage. These figures appear to be consistent with the BCBSVA study in 1989.

In 1992, the State Corporation Commission (SCC) issued its first annual report on the financial impact of mandated benefits and mandated providers pursuant to § 38.2-3419.1 of the Code of Virginia (1993 House Document No. 9). Insurers were only required to submit data for the fourth quarter of 1991 for this initial report. Therefore, the results reported in 1993 House

Document No. 9 may not be truly representative of insurer experience. Subsequent reports will cover full calendar years. The results presented in the SCC's report are as follows:

Portion of Premium Attributable to Podiatrists

INDIVIDUAL		*GROUP*	
Single	*Family*	*Single*	*Family*
0.22%	*0.25%*	*0.35%*	*0.33%*

These figures, representing podiatry reimbursement as less than 1% of policy premium in each instance, appear to be consistent with those reported in the 1989 studies.

The 1992 reports also provide comparisons among various providers for particular services. Two physical medicine procedures specifically are available for cost comparison:

Physical Medicine Treatment, Massage
(October 1, through December 31, 1991)

Provider Category	*Avg. Cost Per Visit*	*Median Cost Per Visit*
Chiropractor	*$19.53*	*$15.33*
Physical Therapist	*19.17*	*18.54*
Podiatrist	*23.26*	*25.71*
Physician	*22.52*	*23.29*

Physical Medicine Treatment, Ultrasound
(October 1, through December 31, 1991)

Provider Category	*Avg. Cost Per Visit*	*Median Cost Per Visit*
Chiropractor	*$14.68*	*$14.00*
Physical Therapist	*18.21*	*17.53*
Podiatrist	*20.18*	*21.73*
Physician	*17.41*	*17.36*

With respect to these services, podiatrists have claim cost per visit figures which are about the same or somewhat higher than physicians. The difference, however, may not be statistically significant considering the small size of the respondent pool used in the survey and the fact that these figures only represent the last quarter of 1991.

In addition, the 1992 reports also provide comparisons among various providers for office visits:

Office Visit, Intermediate Service to New Patient
(October 1, through December 31, 1991)

Provider Category	Avg. Cost Per Visit	Median Cost Per Visit
Chiropractor	*$24.32*	*$25.27*
Physical Therapist	*41.80*	*38.27*
Podiatrist	*25.86*	*23.16*
Physician	*31.13*	*32.16*

The claim cost per visit for podiatrists is comparable to that attributable to chiropractors and somewhat lower than those attributable to physical therapists and physicians.

LEGISLATION IN OTHER STATES

According to the National Association of Insurance Commissioners (NAIC) 37 states including Virginia currently mandate the reimbursement of podiatrists for services covered under a health insurance contract. The American Podiatric Medical Association (APMA) reports that 42 states including Virginia have a podiatrist reimbursement mandate. Twenty-four of those states define physicians to include podiatrists according to the APMA.

REVIEW CRITERIA

Social Impact

a. The extent to which the treatment or service is generally utilized by a significant portion of the population.

According to information provided by the Virginia Podiatric Medical Association (VPMA), Virginians rely heavily on podiatrists for foot care. For a variety of common services identified by the VPMA, podiatrists provide the majority of care.

b. The extent to which insurance coverage for the treatment or service is already available.

Podiatrists are mandated providers and must be reimbursed for covered services that they are licensed to provide. However, contract coverage for foot procedures in general varies by insurer. Some insurance companies limit or deny coverage for certain foot or ankle procedures no matter who provides the service.

c. If coverage is not generally available, the extent to which the lack of coverage results in persons being unable to obtain necessary health care treatments.

Podiatrists are mandated providers and must be reimbursed for covered services that they are licensed to provide. The extent to which persons would be unable to obtain necessary health care treatment in the absence of the podiatrist mandate is unknown.

d. If the coverage is not generally available, the extent to which the lack of coverage results in unreasonable financial hardship on those persons needing treatment.

Podiatrists are mandated providers and must be reimbursed for covered services that they are licensed to provide. The extent to which persons would incur unreasonable financial hardship in the absence of the podiatrist mandate is unknown.

e. The level of public demand for the treatment or service.

The VPMA reports that a substantial portion of the Virginia population utilizes the services of podiatrists.

f. The level of public demand and the level of demand from providers for individual and group insurance coverage of the treatment or service.

The level of public demand for this coverage is difficult to assess because the requirement has been in force for over 20 years. Podiatrists support the continuance of the mandate. The position of the physician community was not voiced to the Advisory Commission during the course of its review.

g. The level of interest of collective bargaining organizations in negotiating privately for inclusion of this coverage in group contracts.

The Advisory Commission did not receive any information regarding the interest of collective bargaining organizations in negotiating privately for the reimbursement of podiatrists during the course of its review.

h. Any relevant findings of the state health planning agency or the appropriate health system agency relating to the social impact of the mandated benefit.

Proponents of the mandate cite the essential health benefit

plan produced by the Essential Health Services Panel (the Panel) pursuant to 1992 Senate Bill 506, as evidence of the importance of podiatric care. The Panel's recommendations, however, were not provider specific and by design did not address the issue of which providers should be covered.

Financial Impact

a. The extent to which the proposed insurance coverage would increase or decrease premiums or the cost of services over the next five years.

BCBSVA reports that there has actually been a decrease in podiatrist claims as a percent of total claims from 0.46% in 1986 to 0.30% in 1992. It is unlikely that premiums or the cost of services will increase or decrease significantly over the next five years as a result of maintaining the podiatrist mandate.

b. The extent to which the proposed insurance coverage might increase the appropriate or inappropriate use of the treatment or service.

Given that the podiatrist mandate has been in force for over twenty years, it is unlikely that its continuation will significantly increase either the appropriate or inappropriate use of podiatric services.

c. The extent to which the mandated treatment or service might serve as an alternative for more expensive or less expensive treatment or service.

Data collected from the federal employee health benefit program administered by Aetna Life & Casualty Company reveals that charges by podiatrists compared favorably with charges by medical doctors. In some regions of the country podiatrists charged slightly more than medical doctors, and in others podiatrists charged slightly less. As compared to orthopedic surgeons, podiatrists charged significantly less in all regions.

Basing his figures on a database of approximately 800,000 Medicare claims, Dr. Robert Cook of the E. Claiborne Robins School of Business at the University of Richmond compared the charges of surgeons and podiatrists for the ten procedures most commonly performed by podiatrists. When compared to surgeons, podiatrists appear to charge consistently less or about the same for their services. Dr. Cook ultimately concluded that on the whole, a podiatrist costs just about the same as any other medical professional who services the foot and ankle.

d. The extent to which the insurance coverage may affect the number and types of providers of the mandated treatment or service over the next five years.

As of January 1, 1992 there were 446 podiatrists licensed to practice here in Virginia. Of those, 251 reside in Virginia. Given that the podiatrist mandate has been in force for over twenty years, it is unlikely that its continuation will significantly affect the number of podiatrists practicing in Virginia.

e. The extent to which insurance coverage might be expected to increase or decrease the administrative expenses of insurance companies and the premium and administrative expenses of policyholders.

The greatest expenses associated with mandates are generally incurred when a mandate is initially enacted. The ongoing cost for the mandate of podiatrists is not expected to be substantial.

f. The impact of coverage on the total cost of health care.

Podiatric claims accounted for less than one half of one percent of total claims cost for accident and sickness coverage in 1989 studies done by the SCC's Bureau of Insurance and BCBSVA and the SCC's 1992 report issued pursuant to § 38.2-3419.1 of the Code of Virginia.

Medical Efficacy

a. The contribution of the benefit to the quality of patient care and the health status of the population, including the results of any research demonstrating the medical efficacy of the treatment or service compared to alternatives or not providing the treatment or service.

Not applicable.

b. If the legislation seeks to mandate coverage of an additional class of practitioners:

1) The results of any professionally acceptable research demonstrating the medical results achieved by the additional class of practitioners relative to those already covered.

Podiatrists are currently mandated providers and the medical efficacy of the services they provide were not called into question during the course of the Advisory Commission's review.

2) The methods of the appropriate professional organization that assure clinical proficiency.

The Department of Health Professions regulates podiatrists. Standards and requirements are imposed to obtain and maintain licensure. Proponents of the mandate emphasize the fact that podiatrists attend four years of medical studies following college and that the first two years are identical to medical school. Proponents also mention that the VPMA improves upon the one year residency requirement of the Department of Health Professions by administering one of the most concentrated courses of study in the country. Surgical residents should be involved in over two thousand procedures over the course of the residency which lasts between two and three years.

Effects of Balancing the Social, Financial and Medical Efficacy Considerations

a. The extent to which the benefit addresses a medical or a broader social need and whether it is consistent with the role of health insurance.

Mandating reimbursement for podiatrists appears to address a medical need and to be consistent with the role of health insurance.

b. The extent to which the need for coverage outweighs the costs of mandating the benefit for all policyholders.

Opponents note that most of the policies subject to the mandates service individuals and small businesses who are least able to absorb the additional premium increases which are normally associated with mandates. Opponents fear that these groups could be forced out of the insurance market because they cannot afford rising premiums. Proponents argue that any premium increases due to the podiatrist mandate are negligible. The costs of mandating reimbursement for podiatrists has been shown to be small.

c. The extent to which the need for coverage may be solved by mandating the availability of the coverage as an option for policyholders.

Mandating optional coverage has not proven effective in the past. Options are generally selected by those individuals who anticipate that it is very likely that they will need the offered coverage. Such adverse selection leads to higher costs for optional coverages which discourages their purchase.

RECOMMENDATIONS

It is the recommendation of the Special Advisory Commission on Mandated Health Insurance Benefits that the mandated provider category of podiatrist contained in §§ 38.2-3408 and 38.2-4221 of the Code of Virginia be maintained in its current form. The Advisory Commission adopted this position at its September 13, 1993 meeting (10-Yes, 0-No).

It is also recommended that the mandated provider category of chiropodist contained in §§ 38.2-3408 and 38.2-4221 of the Code of Virginia be repealed. The Advisory Commission adopted this position at its June 7, 1993 meeting (11-Yes, 0-No).

CONCLUSION

In reviewing the issue of mandated reimbursement for podiatrists, the Advisory Commission examined information concerning the social and financial impact of such requirements and the medical efficacy of the services provided by this provider type. During the course of its review, no interested party recommended to the Advisory Commission, either orally or in writing, that the mandate be repealed. Evidence and testimony provided to the Advisory Commission during the course of its review supported the continuation of the current requirements of §§ 38.2-3408 and 38.2-4221 of the Code of Virginia with respect to podiatrists and have led the Advisory Commission to conclude that no change is necessary at this time.

The Advisory Commission has concluded that repeal of the mandated provider category of chiropodist is warranted because the Commonwealth of Virginia no longer issues such licenses.

APPENDIX

§ 38.2-3408. Policy providing for reimbursement for services that may be performed by certain practitioners other than physicians. --- A. If an accident and sickness insurance policy provides reimbursement for any service that may be legally performed by a person licensed in this Commonwealth as a chiropractor, optometrist, optician, professional counselor, psychologist, clinical social worker, podiatrist, physical therapist, chiropodist, clinical nurse specialist who renders mental health services, audiologist or speech pathologist, reimbursement under the policy shall not be denied because the service is rendered by the licensed practitioner.

B. This section shall not apply to Medicaid, or any state fund. (1968, c. 588, § 38.1-347.1; 1973, c. 428; 1979, c. 13; 1986, c. 562; 1987, cc. 549, 551, 557; 1989, cc. 7, 201.)

§ 38.2-4221. Services of certain practitioners other than physicians to be covered. --- A nonstock corporation shall not fail or refuse, either directly or indirectly, to allow or to pay to a subscriber for all or any part of the health services rendered by any doctor of podiatry, doctor of chiropody, optometrist, optician, chiropractor, professional counselor, psychologist, physical therapist, clinical social worker, clinical nurse specialist who renders mental health services, audiologist or speech pathologist licensed to practice in Virginia, if the services rendered (i) are services provided for by the subscription contract, and (ii) are services which the doctor of podiatry, doctor of chiropody, optometrist, optician, chiropractor, professional counselor, psychologist, physical therapist, clinical social worker, clinical nurse specialist who renders mental health services, audiologist or speech pathologist is licensed to render in this Commonwealth. (Code 1950, § 32.195.10:1; 1966, c. 276, § 38.1-824; 1973, c. 428; 1979, cc. 13,721; 1980, c. 682; 1986, c. 562; 1987, cc. 549, 551, 557; 1988, c. 522; 1989, cc. 7, 201.)