

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

House Bill 884 (Delegate Hixson. *et al.*)

Economic Matters

Universal Newborn Hearing Screening

This bill expands the Program for Hearing-Impaired Infants within the Department of Health and Mental Hygiene (DHMH) to include universal hearing screening for all newborns. The bill increases membership of the program's Advisory Council from 10 to 11, adding 1 member from the Alexander Graham Bell Association of Maryland. The bill also requires the physician and audiologist members to have expertise in childhood hearing loss. The Advisory Council must assist hospitals in implementing universal hearing screening of newborns and develop methods to contact parents or guardians of newborns regarding the results of the screening. The bill also requires hospitals to establish a universal newborn hearing screening program and submit the results of the screening to DHMH. It requires insurers, nonprofit health service plans, and managed care organizations (carriers) to provide coverage for the hearing loss screenings of newborns.

The bill's provisions relating to the Program for Hearing-Impaired Infants and the Advisory Council take effect October 1, 1999.

The bill's provisions relating to hospitals establishing a universal newborn hearing screening program and coverage of hearing screening by carriers take effect July 1, 2000.

The bill's provisions relating to mandatory health insurance coverage for hearing screening exams take effect July 1, 2000, notwithstanding any policy statement to the contrary.

Fiscal Summary

State Effect: Special and general fund revenues could increase by an indeterminate minimal amount beginning in FY 2000. General fund expenditures for the Program for Hearing-Impaired Infants (DHMH) could increase by \$179,400 in FY 2000. General and federal fund expenditures for the Medicaid program (DHMH) are expected to each increase by

\$85,000 in FY 2001. Expenditures for the State Employee Health Benefits Plan are expected to increase by \$17,200 in FY 2001. Future year expenditures reflect annualization and inflation. No effect on revenues.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	-	-	-	-	-
SF Revenues	-	-	-	-	-
FF Expenditures#	\$0	\$85,000	\$88,400	\$91,900	\$95,600
GF Expenditures	\$179,400	\$287,800	\$297,800	\$308,100	\$318,900
SF/GF/FF Expend*	\$0	\$17,200	\$17,900	\$18,600	\$19,400
Net Effect	(\$205,800)	(\$390,000)	(\$404,100)	(\$418,600)	(\$433,900)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

#Federal fund expenditures are reimbursable by the federal government.

**Assumes (1) a mix of 60% general funds, 20% special funds, and 20% federal funds; and (2) 20% of expenditures are reimbursable through employee contributions.*

Local Effect: Expenditures for local jurisdiction employee health benefits could increase by a negligible amount depending upon the current type of health care coverage offered and the number of enrollees. Revenues would not be affected.

Small Business Effect: Potential minimal impact. Health insurance costs for small businesses and self-employed persons could increase if carriers increase their premiums as a result of this bill. Any increase is expected to be negligible.

Fiscal Analysis

Background: Under the current program, all newborns in hospitals are assessed to identify those infants at high-risk of hearing impairment. The parents of these high-risk infants are given a handout on the benefits and need for a hearing screening. Providers are required to report the results of all hearing screenings to DHMH. Currently, 5,000 newborns are tracked by DHMH as high-risk. Of the 5,000 infants, 3% (150) are discovered to have a hearing impairment and require long-term follow-up.

According to the Maryland State Medical Society (MedChi), there are 36 birthing hospitals in Maryland, of which 5 already screen all newborns for hearing and 17 currently have the ability to proceed with universal newborn hearing screening.

The Maryland Health Care Access and Cost Commission (HCACC), in conjunction with William M. Mercer, Inc., conducted a study on mandated health benefits in 1998. According to this report (the Mandated Health Insurance Services Evaluation, December 15, 1998), requiring universal audiology screening for newborns would cost approximately \$31 per

newborn. Under group plans, the estimated annual cost per employee would be \$0.80, and would have little or no impact on premiums.

State Revenues:

Rate and Form Filing Fees: Special fund revenues may increase by an indeterminate minimal amount. Carriers who do not currently cover universal newborn hearing screening will have to file new rates and/or forms and be subject to a \$125 rate and form filing fee. The number of carriers who will file new rates and forms as a result of the bill's requirements cannot be reliably estimated at this time, because carriers often combine several rate and policy amendments at one time when filing with the Maryland Insurance Administration (MIA).

Premium Tax: If carriers increase their premiums as a result of this bill, general fund revenues could increase by an indeterminate minimal amount in fiscal 2001 as a result of the State's 2% insurance premium tax on increased premiums. The State's premium tax is applicable only to "for-profit" insurance carriers. Carriers are not expected to increase their premiums as a result of the bill, so any revenue from the State's premium tax is expected to be negligible.

State Expenditures:

Program for Hearing-Impaired Infants: The bill requires DHMH to assist hospitals in the implementation of the universal newborn hearing screening program and to compile aggregate data related to the program. DHMH currently tracks about 5,000 infants at high-risk for hearing impairment. The bill requires DHMH to track approximately 70,000 newborns annually. To carry out the bill's requirements, DHMH will require two speech pathologist positions and one computer information systems specialist position. The speech pathologists will assist hospitals in developing the screening programs, educate medical personnel, counsel parents, monitor speech language development, support the advisory council, and monitor compliance. The systems position will assist hospitals in reporting data to DHMH. General fund expenditures thus could increase by \$179,400 in fiscal 2000. This figure includes salaries, fringe benefits, one-time start-up costs, ongoing operating expenses, and indirect costs. Future year expenditures reflect annualization and inflation.

Medicaid: Medicaid covers one-third of all infants born in Maryland annually: approximately 5,000 infants in its fee-for-service program, and 20,000 infants in its managed care organizations (MCOs). Assuming an average cost of \$34 per screening, fee-for-service expenditures will increase \$170,000 in fiscal 2001, half of which are federal funds and half

of which are general funds. Future year expenditures reflect a 4% medical care inflation rate. Medicaid premiums paid to MCOs are not expected to increase.

State Employee Health Benefits Plan: Portions of the State plan are self-funded and the State will incur the cost for all hearing tests given in the self-funded plans. The State plan covered 556 live births in 1998. Assuming an average exam cost of \$31 per newborn, expenditures are expected to increase \$17,200 in fiscal 2001. This figure assumes a mix of 60% general funds, 20% special funds, and 20% federal funds. Twenty percent of expenditures are reimbursable through employee contributions. Future year expenditures reflect a 4% medical care inflation rate. State Employee Health Benefits Plan expenditures related to premiums for its insured products are not expected to increase.

Information Source(s): Maryland Insurance Administration; Department of Budget and Management (Employee Benefits Division); Department of Health and Mental Hygiene (Medicaid, Health Care Access and Cost Commission, Community Public Health Administration); Department of Legislative Services

Fiscal Note History:

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Inc/lw

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