

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 393 (Delegate Hixson. *et al.*)

Economic Matters

Health Insurance - Hearing Aids and Related Treatment - Coverage for Children

This bill requires a health insurer, nonprofit health service plan, or HMO (carrier) to provide coverage for hearing aids for a covered child if the hearing aid is prescribed, fitted, and dispensed by a licensed audiologist. A carrier must provide coverage for replacement hearing aids for the child at least once every three years. In addition, a carrier must provide coverage for treatment by a licensed audiologist that relates to the child's hearing impairment and hearing aids.

The bill's requirements apply to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after October 1, 2000. Any policy, contract, or health benefit plan in effect before October 1, 2000, shall comply with the bill's requirements by October 1, 2001.

Fiscal Summary

State Effect: Expenditures for the State Employee Health Benefits Plan could increase by a minimal amount. Minimal general fund revenue increase from the State's 2% insurance premium tax on for-profit carriers. Minimal special fund revenue increase for the Maryland Insurance Administration from the \$125 rate and form filing fee. No effect on Medicaid.

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

Small Business Effect: Potential minimal.

Analysis

Current Law: Coverage for hearing aids or audiologist services are not mandated benefits.

Background: Hearing aids are classified by size and circuit type. Sizes range from the largest (behind-the-ear models) to the smallest (completely-in-the-canal models). Circuit types range from Class A (the first amplifier introduced in hearing aids) to the new Digital Circuit. Some newer versions of hearing aids are programmable. Price estimates vary widely (\$700 - \$3,000 per hearing aid) depending on the type of device used.

State Fiscal Effect: State expenditures for the State Employee Health Benefits Plan may increase by a minimal amount. The State plan currently provides coverage for audiologist services. It also provides coverage for hearing aids, every three years, for its enrollees. The bill requires coverage for any type of hearing aid. The State plan, however, covers a “standard model hearing aid.” It is unclear what type(s) of hearing aids fall into this category. It is assumed, for the purposes of this fiscal estimate, that standard model hearing aids include Classes A through H (excluding the Digital Circuit) circuits and are non-programmable. If audiologists prescribe a significant number of hearing aids that are not considered to be “standard model,” expenditures for the State plan could increase. Any increase is expected to be minimal.

The bill’s requirements do not apply to Medicaid; however, Medicaid currently covers hearing aids and audiologist services for children.

Small Business Effect: Small businesses (2-50 employees) purchase the Comprehensive Standard Health Benefit Plan (CSHBP), which is exempt from including mandated benefits in its coverage. All carriers participating in the small business market must sell the CSHBP to any small business that applies for it. A small business may purchase riders to expand the covered services. In addition, the Maryland Health Care Commission takes mandated benefits into consideration when reevaluating the CSHBP benefit package. Small business health insurance costs may increase if carriers increase their premiums as a result of this bill. Any increase is expected to be negligible.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Alexander Graham Bell Foundation, League for the Hard of Hearing, Coastal Hearing Aid Center, Maryland Insurance Administration, Department of Budget and Management (Employee Benefits Division), Department of Health and Mental Hygiene (Medicaid, Health Care Commission), Department of Legislative Services

Fiscal Note History: First Reader - February 14, 2000
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Analysis by: Susan D. John

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510