

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE
 Revised

House Bill 658 (Delegate Hixson. *et al.*)

Environmental Matters

Hearing Aid Assistance Program - Establishment and Operation

This bill establishes the Hearing Aid Assistance Program within the Department of Health and Mental Hygiene (DHMH) which consists of the Hearing Aid Loaner Bank and the Hearing Aid Loan Fund. The State is required to appropriate sufficient funds for the Hearing Aid Assistance Program.

This bill takes effect July 1, 2000.

Fiscal Summary

State Effect: General fund expenditures would increase by at least \$1 million in FY 2001 to implement the Hearing Aid Assistance Program.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	1,007,111	885,500	905,400	926,000	947,400
Net Effect	(\$1,007,111)	(\$885,500)	(\$905,400)	(\$926,000)	(\$947,400)

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: The program consists of the Hearing Aid Loaner Bank and the Hearing Aid Loan Fund. The Secretary of Health and Mental Hygiene must appoint a licensed audiologist as the program director who may employ staff as provided in the State budget. The bill requires that the Hearing Aid Assistance Program provide hearing aids through the Hearing

Aid Loaner Bank to individuals under the age of four who have been identified as having hearing loss or other impairment and for which an audiologist has prescribed a hearing aid.

The Hearing Aid Loan Fund is a continuing non-lapsing fund managed by the program director which makes direct loans and subsidies of loan interest to expedite the purchase of hearing aids and related audiology services for a dependent child of a qualified borrower. The loan is made to cover those costs which exceed insurance coverage. The fund consists of premiums and fees from loans, income from investment earnings, proceeds from loan collateral, and moneys appropriated by the State. The State is required to appropriate sufficient funds to establish and maintain the fund.

The bill requires DHMH to adopt appropriate regulations and to enter into a memorandum of understanding with the Maryland Department of Education to maximize communication and efficiencies among the offices and programs involved. The program director is to report to the Governor and the General Assembly on or before January 1 of each year on the status of hearing aid loans through the Hearing Aid Loaner Bank, and the number and amount of direct loans, subsidies, and interest provided through the Hearing Aid Loan Fund.

Current Law: None applicable.

State Fiscal Effect: General fund expenditures will increase by approximately \$1 million in fiscal 2001 to establish the Hearing Aid Assistance Program. This estimate reflects the cost of seven positions (one speech pathologist, two fiscal clerks, one fiscal specialist, one program administrator, one database specialist, and one office secretary) to handle the requirements of the bill and a 90-day start-up delay. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below.

- one speech pathologist/audiologist to select, maintain, purchase, and recondition the hearing aids needed;
- two fiscal clerks and one fiscal specialist to track the loans and the reimbursement of loans;
- one administrator, one database specialist, and one office secretary to handle program administration and support;
- the Hearing Aid Loaner Bank would require DHMH to buy 800 hearing aids, two per child. Ear molds, batteries, and reconditioning costs are also included; and

- two hearing aids are required for each child at a cost of \$1,000 per hearing aid for approximately 400 children.

Salaries and fringe benefits	\$211,798
Contractual services	1,688
Medical supplies	728,816
Other operating expenses	<u>64,809</u>
Total FY 2001 DHMH expenditures	\$1,007,111

Future year expenditures reflect full salaries, inflation, and reduced purchase costs for hearing aids after the first year.

In addition, general fund expenditures will increase to capitalize the loan fund. The amount required to capitalize the loan fund is dependent upon the number of families that apply for loans to pay for audiologist services and hearing aids. While approximately 16% of the Maryland population does not have health insurance, it is unknown at this time how many additional children are underinsured with policies that do not sufficiently cover audiologist services or hearing aids and replacements. Accordingly, there are insufficient data at this time to reliably estimate the number of children who would require loans.

Additional Information

Prior Introductions: None.

Cross File: SB 555 (Senator Hollinger, *et al.*) - Finance and Economic and Environmental Affairs.

Information Source(s): Department of Health and Mental Hygiene, Department of Education, Department of Legislative Services

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