

Department of Legislative Services  
Maryland General Assembly  
2001 Session

FISCAL NOTE  
Revised

House Bill 160 (Delegate Hixson, *et al.*)

Economic Matters

Finance

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Health Insurance - Hearing Aids - Coverage for Children

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This bill requires a health insurer, nonprofit health service plan, or HMO (carrier) to provide coverage for a hearing aid (up to \$1,400 per aid) 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.

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, 2001. Any policy, contract, or health benefit plan in effect before October 1, 2001, shall comply with the bill's requirements by October 1, 2002.

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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.

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## Analysis

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

**Background:** Approximately 9% of children have some type of hearing loss. About 30% of those, or 2.7% of children, will be treated with a hearing aid. Because children are growing, they are usually fitted with a behind-the-ear hearing aid that costs between \$500 and \$750.

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 (\$500 - \$6,000 per hearing aid) depending on the type of device used.

According to the 2000 mandated health benefits report of the Maryland Health Care Commission (MHCC), insurance premiums may increase by 0.1% as a result of this bill. Since the newborn hearing screening law (Chapter 127 of 1999) has been in effect for one year, earlier detection of hearing loss may prompt hearing aid usage at an earlier age. Earlier usage may minimally increase insurance costs.

**State Fiscal Effect:** State Employee Health Benefits Plan expenditures could increase by a minimal amount beginning in fiscal 2002. The State plan currently provides coverage for hearing aids, every three years, for its enrollees. The plan covers the cost of one standard model hearing aid up to \$625, or two hearing aids up to \$1,250. The State has both self-insured and fully-insured health plans. The State is not required to cover mandated benefits under its self-insured plans, but it has generally done so in the past.

*Self-insured plans.* While the State plan provides some coverage for hearing aids, the cost of hearing aids ranges from \$500 - \$6,000 and often would not be fully reimbursed under the State plan. According to MHCC's report, the average cost of hearing aids for children is \$750 per aid. The State plan had six claims for hearing aids in calendar 2000 and projects seven claims in calendar 2001. Accordingly, State expenditures per hearing aid would increase by approximately \$125.

*Fully-insured plans.* Any increase in premiums for the State's fully-insured plans is assumed to be negligible, based on the State plan's current coverage levels for hearing aids.

The bill's requirements do not apply to Medicaid; however, Medicaid currently covers hearing aids 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, MHCC 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.

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### Additional Information

**Prior Introductions:** An identical bill, HB 393, was introduced in the 2000 session. It was reported unfavorably from the House Economic Matters Committee.

**Cross File:** SB 615 (Senator Hollinger, *et al.*) – Finance.

**Information Source(s):** *Mandated Health Insurance Services Evaluation* (December 31, 2000), Maryland Health Care Commission, 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, Boards and Commissions, Community Public Health Administration), Department of Legislative Services

**Fiscal Note History:** First Reader – February 11, 2001  
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