

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE**Revised**House Bill 282 (Delegate Hixson, *et al.*)

Environmental Matters

Economic and Environmental Affairs and
Budget and Taxation**State Department of Education - Hearing Aid Loan Bank Program -
Establishment and Operation**

This bill establishes a Hearing Aid Loan Bank Program within the Maryland State Department of Education for the purpose of ensuring that children under three years of age will be able to hear properly during the critical period of language learning.

The bill is effective June 30, 2001 and sunsets June 30, 2004.

Fiscal Summary

State Effect: The FY 2002 State budget includes \$250,000 for staffing and equipment costs associated with implementing the program contingent on the enactment of this bill or SB 281. FY 2003 and 2004 expenditures reflect annualization, salary increases, inflation, and additional equipment. No effect on revenues.

| (in dollars) | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|----------------|-------------|-------------|-------------|---------|---------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 250,000 | 555,700 | 332,000 | 0 | 0 |
| Net Effect | (\$250,000) | (\$555,700) | (\$332,000) | \$0 | \$0 |

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: The program's director, who must be a licensed audiologist, must provide and maintain a pool of hearing aids as well as equipment to test and repair the hearing aids. Upon receipt of a prescription from a licensed audiologist, the director must lend hearing aids to the parent or guardian of an eligible hearing-impaired child for up to six months. Under specified conditions, a loan period may be extended by three months. The parent or guardian of a child receiving a hearing aid through the program is responsible for the hearing aid and must sign a written agreement that states the terms and conditions of the loan. The director must ensure that the child's audiologist instructs the parent or guardian in the proper care and usage of the hearing aid. Beginning in 2002, the State Superintendent of Schools must report annually to the Governor and the General Assembly on the implementation of the program. The Governor must include funding for the program in the annual State budget, and the State Board of Education must adopt regulations to implement the program.

Current Law: All infants receive a hearing screening at birth through the Program for Hearing-Impaired Infants. The temporary loan of hearing aids to infants or children is not provided under this program or any other program in Maryland.

Background: Based on information from the Program for Hearing-Impaired Infants, the Maryland Speech, Language, and Hearing Association estimates that up to 420 infants will be diagnosed annually with hearing impairments. About one-third of these newborns are able to immediately access hearing aids through Medicaid. The other two-thirds either have private medical insurance or no medical insurance. Most private insurance companies do not provide full funding for hearing aids for children, often resulting in waiting periods between diagnoses of problems and acquisition of suitable hearing aids. Those infants not covered under any medical insurance program often have even longer waits as parents save for hearing aids or apply to charitable organizations for assistance.

State Expenditures: The fiscal 2002 State budget includes \$250,000 as start-up funds for the program. The funding reflects the cost of hiring one audiologist to administer the hearing aid loan bank and one office secretary to provide administrative support, and includes salaries, fringe benefits, one-time start-up costs, ongoing operating expenses, and the cost of special equipment for the loan bank. It is assumed that the Hearing Aid Loan Bank Program would be staffed by January 2002 and would acquire approximately 60 pairs of hearing aids and the necessary ancillary equipment to be fully operational by July 2002. In fiscal 2003 it is assumed that 190 additional pairs of hearing aids would be purchased to fully stock the loan bank, and in fiscal 2004 it is assumed that 50 new pairs of hearing aids would be purchased to serve more children and to replace damaged or lost hearing aids.

| | <u>FY 2002</u> | <u>FY 2003</u> |
|---|-----------------------|-----------------------|
| Salaries and Fringe Benefits | \$54,500 | \$113,220 |
| Hearing Aids: | | |
| • Analog (\$1,000 per pair) | 30,000 | 95,000 |
| • Digital (\$2,500 per pair) | 75,000 | 237,500 |
| Ancillary Supplies and Equipment | 53,500 | 30,375 |
| Hearing Aid Maintenance Contracts | 12,000 | 48,250 |
| Other Operating Expenses | <u>25,000</u> | <u>31,386</u> |
| Total FY 2002 State Expenditures | \$250,000 | \$555,731 |

Future year expenditures reflect: (1) full salaries with a 6.5% increase in fiscal 2003 and a 4.5% increase in fiscal 2004, with 3% employee turnover; (2) 1% annual increases in ongoing operating expenses; and (3) the addition of 50 pairs of hearing aids to the loan bank in fiscal 2004.

Additional Information

Prior Introductions: HB 658 and SB 555 of 2000 would have established a hearing aid loan bank within the Department of Health and Mental Hygiene. HB 658 received an unfavorable report from the House Environmental Matters Committee, and SB 555 passed the Senate but was not reported from the House Environmental Matters Committee.

Cross File: SB 281 (Senator Hollinger, *et al.*) – Economic and Environmental Affairs and Budget and Taxation.

Information Source(s): Maryland State Department of Education; Department of Health and Mental Hygiene; Maryland Speech, Language, and Hearing Association; Department of Legislative Services

Fiscal Note History: First Reader – February 5, 2001
mld/hlb Revised – House Third Reader – March 23, 2001
Revised – Updated Budget Information – April 4, 2001
Revised – Enrolled Bill – May 1, 2001

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