

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE
Revised

House Bill 452 (Delegate Kipke, *et al.*)
Health and Government Operations

Finance

Health Insurance - Coverage of Hearing Aids

This bill requires insurers, nonprofit health service plans, and health maintenance organizations (carriers) that provide coverage for hearing aids for adults to allow an adult insured or enrollee to choose a hearing aid that is priced above the benefit limit and pay the difference in cost.

The bill applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after October 1, 2011.

Fiscal Summary

State Effect: Minimal increase in special fund revenues for the Maryland Insurance Administration (MIA) from the \$125 rate and form and filing fee in FY 2012. The review of filings can be handled within existing MIA resources. No impact on the State Employee and Retiree Health and Welfare Benefits Program (State plan).

Local Effect: None.

Small Business Effect: The bill does not apply to the small group health insurance market.

Analysis

Current Law: Carriers must provide coverage for hearing aids for a minor child who is covered under a policy or contract if the hearing aids are prescribed, fitted, and dispensed by a licensed audiologist. A carrier can limit the benefit to \$1,400 per hearing aid for each hearing-impaired ear every 36 months. An insured or enrolled individual may choose a hearing aid for a minor child that is priced higher than the payable benefit and

may pay the difference in price without financial or contractual penalty to the hearing aid provider.

Under Code of Maryland Regulations 31.11.06.03, the Comprehensive Standard Health Benefit Plan (CSHBP) sold in the small group market must cover the cost of hearing aids for persons younger than age 18 up to \$1,400 per hearing aid for each hearing-impaired ear every 36 months. However, CSHBP does not provide the option to pay the difference in cost for a more expensive hearing aid.

Background: Statute includes 45 mandated health insurance benefits (including hearing aids for minor children) that certain carriers must provide to their enrollees. Every four years, the Maryland Health Care Commission (MHCC) examines the fiscal impact of mandated benefits. In 2008, MHCC found that these benefits account for 15.4% of total premium costs for group health insurance and 18.6% of total premium costs for individual policies.

The bill provides *adults* with the option to pay the additional cost of a more expensive hearing aid, a mandated benefit that is currently afforded to minor children.

State Fiscal Effect: The Department of Budget and Management advises that the State plan adheres to current hearing aid coverage mandates. All participating medical plans permit participants to “buy up” to a more expensive hearing aid model. Therefore, there is no impact on the State plan under the bill.

Additional Information

Prior Introductions: None.

Cross File: SB 702 (Senator Klausmeier) - Finance.

Information Source(s): Department of Budget and Management, Maryland Health Insurance Plan, Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - February 16, 2011
mm/mwc Revised - House Third Reader - March 22, 2011

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