

**Department of Legislative Services**  
Maryland General Assembly  
2011 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 1013

(Delegate Hixson)

Ways and Means

Education, Health, and Environmental Affairs

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**State Department of Education - Permanent Hearing Aid Loan Bank Program -  
Establishment and Operation**

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This bill establishes a Hearing Aid Loan Bank Program in the Maryland State Department of Education (MSDE). Through the program, hearing aids must be loaned on a temporary basis to the parent or legal guardian of an eligible child younger than age three. The program must employ an otolaryngologist or a licensed audiologist.

MSDE must adopt regulations to implement the provisions of the bill. The State Superintendent of Schools must submit a report on the program by December 31 of each year.

The bill takes effect June 30, 2011.

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**Fiscal Summary**

**State Effect:** General fund expenditures increase by approximately \$20,500 annually for the part-time employment of a licensed audiologist and for annual replacement of a small number of hearing aids, beginning in FY 2013. This assumes that federal funds will be used to cover program expenditures in FY 2012 and that a licensed audiologist would be employed to administer the program rather than an otolaryngologist. Revenues are not affected.

(in dollars)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	20,200	20,400	20,600	20,800
Net Effect	\$0	(\$20,200)	(\$20,400)	(\$20,600)	(\$20,800)

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

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** The Hearing Aid Loan Bank Program must provide and maintain a pool of hearing aids for loan, testing and programming equipment for the hearing aids, and supplies for repairing and reconditioning the hearing aids. To be eligible for a loan under the program, a child must be a Maryland resident younger than age three who is identified by an otolaryngologist or a licensed audiologist as having a hearing loss and who has no immediate access to a hearing aid.

The program must lend a suitable hearing aid to a parent or legal guardian of an eligible child on receipt of a prescription from an otolaryngologist or a licensed audiologist and any documents required by the program to determine eligibility. The original loan can be for no longer than six months. The program may extend the loan for additional three-month periods if, prior to each extension, the program determines that:

- the child lacks immediate access to another hearing aid under Medicaid, the Maryland Children's Health Program, or private health insurance;
- the child's parent or legal guardian lacks the financial means to obtain immediate access to another hearing aid; and
- the child's parent or legal guardian is making reasonable efforts to obtain access to another hearing aid.

The parent or legal guardian borrowing the hearing aid is the custodian of the hearing aid, is responsible for its proper care and use, and is responsible for any damage to or loss of the hearing aid. The hearing aid must be returned immediately to the loan bank on the expiration of the loan period or receipt of a suitable permanent hearing aid. The parent or legal guardian must sign a written loan agreement. The program must ensure that the eligible child's otolaryngologist or licensed audiologist instructs the parent or legal guardian about proper care and use of the loaned hearing aid.

Regulations adopted by MSDE must (1) identify the types of documents that the program may require to determine eligibility; and (2) establish factors that must be considered when evaluating whether a parent or legal guardian has the financial means to, or is making reasonable efforts to, obtain immediate access to another hearing aid. The annual report submitted by the State Superintendent must include the following information about the program:

- the number and ages of children receiving hearing aids in that year;

- the number of children who received hearing aids from the program that year and who subsequently received hearing aids through Medicaid, the Maryland Children's Health Program, or private health insurance;
- the length of each original loan;
- the number and length of each loan extension;
- the frequency with which hearing aids are not properly returned; and
- any other information the State Superintendent finds relevant to evaluating program costs and benefits.

**Current Law:** All infants receive a hearing screening at birth through the Program for Hearing-Impaired Infants. This program also provides for early identification and follow-up of hearing-impaired infants and infants who are at risk of developing a hearing impairment.

**Background:** Chapters 368 and 369 of 2001 established a hearing aid loan bank program within MSDE, similar to the program under the bill. The statutory provisions establishing that program terminated June 30, 2004, but MSDE continues to operate a hearing aid loan bank program similar to the program established by Chapters 368 and 369. The program serves approximately 40 infants each year. MSDE advises it has operated the program for the past two years without a designated director and with federal funding support.

The first three years of life are a critical period for an individual's future development, including literacy and learning skills. A recent policy brief from ZERO TO THREE, a national nonprofit organization, emphasizes that "[d]uring these first 3 years, children acquire the ability to think, speak, learn, and reason. When this early development is not nurtured, the brain architecture is affected and young children begin to fall behind." Hearing deficiencies at an early age can significantly impair an individual's language development due to the inability to hear speech from others during this stage of development. The use of appropriate hearing aids as soon as possible following a diagnosis of hearing impairment can help to mitigate these developmental difficulties.

The Maryland Speech, Language, and Hearing Association estimates that close to 500 infants in Maryland are diagnosed annually with hearing impairments. About one-third will be able to access hearing aids through Medicaid. A significant portion of the other two-thirds, whether covered by private insurance or not, will likely experience delays between diagnosis and access to hearing aids.

### *Medicaid and the Maryland Children's Health Program (MCHP)*

Medicaid provides health care coverage to children, pregnant women, elderly or disabled individuals, and indigent parents who pass certain income and asset tests. Eligibility for MCHP currently extends to individuals younger than age 19 with family incomes up to 300% of the federal poverty guidelines (FPG). Children in families with incomes above 200% but at or below 300% FPG are enrolled in the MCHP Premium Plan. Children and pregnant women who have not been legal immigrants for at least five years are ineligible for federal Medicaid and MCHP benefits. The State currently provides Medicaid benefits for legal immigrant pregnant women and children who have been in the country for less than five years using general funds only. Emergency services are provided to all financially eligible individuals regardless of immigration status.

An otolaryngologist is more commonly known as an ear, nose, and throat physician and must be licensed to practice medicine.

**State Fiscal Effect:** MSDE has continued to operate a Hearing Aid Loan Bank Program beyond the June 30, 2004 termination date of the original statute, but the department indicates it will terminate the program if not reauthorized by the bill.

To maintain the program, MSDE will hire a part-time consultant to fulfill the audiologist/otolaryngologist role at approximately \$15,300 annually. The department advises that an otolaryngologist would command a much higher salary than a licensed audiologist; therefore, this estimate assumes use of a licensed audiologist. MSDE indicates that it currently possesses a pool of 821 hearing aids, which is more than sufficient to serve approximately 40 infants and toddlers annually. Digital hearing aids, which account for at least 20% of the existing pool are assumed to cost approximately \$2,500 per pair and the remaining 80% are analog hearing aids, assumed to cost approximately \$1,000 per pair. MSDE advises it would replace existing inventory at a rate of two digital pairs, or \$5,000 per year. MSDE reports that federal funds will be used to cover fiscal 2012 expenditures with or without the bill.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 754 (Senator King, *et al.*) - Education, Health, and Environmental Affairs.

**Information Source(s):** ZERO TO THREE, Maryland Association of Boards of Education, Maryland State Department of Education, Maryland Health Insurance Plan, Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

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