

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 778

Finance

(Senator Gallion)

Health and Government Operations

Health Insurance - Hearing Aids for Adults - Coverage

This bill requires insurers, nonprofit health service plans, and health maintenance organizations (collectively known as carriers) to provide coverage for all medically appropriate and necessary hearing aids for an adult covered under a policy or contract if the hearing aids are prescribed, fitted, and dispensed by a licensed audiologist. Carriers may limit the benefit to \$1,400 per hearing aid for each hearing-impaired ear every 36 months. An insured or enrollee may choose a hearing aid that is priced higher than the benefit limit and pay the difference in cost without financial or contractual penalty to the hearing aid provider. The bill does not prohibit carriers from providing coverage that is greater or more favorable. **The bill takes effect January 1, 2025, and applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after that date.**

Fiscal Summary

State Effect: Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) in FY 2025 from the \$125 rate and form filing fee. Review of form filings can be handled with existing resources. No effect on the State Employee and Retiree Health and Welfare Benefits Program, which already complies with the bill's requirements.

Local Effect: The bill is not anticipated to materially affect local government finances.

Small Business Effect: Minimal.

Analysis

Current Law: Under Maryland law, there are more than 50 mandated health insurance benefits that certain carriers must provide to their enrollees, including coverage for hearing

aids for a minor child if the hearing aids are prescribed, fitted, and dispensed by a licensed audiologist. A carrier may limit the benefit to \$1,400 per hearing aid for each hearing-impaired ear every 36 months. An insured or enrollee may choose a hearing aid that is priced higher than the benefit limit and pay the difference in cost, without financial or contractual penalty to the hearing aid provider. Nothing prohibits a carrier from providing coverage that is greater or more favorable than the mandate.

The federal Patient Protection and Affordable Care Act (ACA) requires nongrandfathered health plans to cover 10 essential health benefits (EHBs), which include items and services in the following categories: (1) ambulatory patient services; (2) emergency services; (3) hospitalization; (4) maternity and newborn care; (5) mental health and substance use disorder services, including behavioral health treatment; (6) prescription drugs; (7) rehabilitative and habilitative services and devices; (8) laboratory services; (9) preventive and wellness services and chronic disease management; and (10) pediatric services, including dental and vision care.

Under § 31-116 of the Maryland Insurance Article, EHBs must be included in the State benchmark plan and, *not notwithstanding any other benefits mandated by State law*, must be the benefits required in (1) all individual health benefit plans and health benefit plans offered to small employers (except for grandfathered health plans) offered outside the Maryland Health Benefit Exchange (MHBE) and (2) all qualified health plans offered in MHBE.

The Maryland benchmark plan includes hearing aids as an EHB. Although the original service covered was “hearing aids for a minor child,” the age restriction was removed due to prohibitions on age discrimination in the ACA.

Additional Comments: MIA advises that most large group plans sold in Maryland will not be allowed to include the \$1,400 limit included under the bill. Although large group plans are not required to cover EHBs, federal regulations prohibit such plans from applying annual or lifetime dollar limits on any EHBs that are covered under the plan. Most carriers use the Maryland benchmark plan to define EHB for their large group plans offered in Maryland. Thus, the \$1,400 limit will not be permissible. MIA notes that carriers may opt to use a different definition of EHB for their Maryland large group plans if they wish to impose the benefit limit for hearing aids, but doing so may have other consequences.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced in the last three years. See SB 397 and HB 1145 of 2023 and HB 910 of 2021.

Designated Cross File: HB 1339 (Delegate Reilly, *et al.*) - Health and Government Operations.

Information Source(s): Department of Budget and Management; Maryland Insurance Administration; Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2024

km/ljm Third Reader - March 18, 2024

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