

## Department of Planning and Budget 2004 Fiscal Impact Statement

**1. Bill Number** SB641

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed

**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron**    Ticer

**3. Committee**    Commerce and Labor

**4. Title**    Heath insurance; coverage for hearing aids for minors.

**5. Summary/Purpose:**

Requires the state health plan, health insurers, health maintenance organizations, corporations providing health care coverage subscription contracts, and Medicaid to provide coverage for hearing aids and related services for children from birth to age five when a licensed audiologist prescribes such hearing aids and related services. Such coverage shall include one hearing aid per hearing-impaired ear, up to a cost of \$1,400, every 36 months. The insured may choose a higher priced hearing aid and pay the difference in cost above \$1,400. No copayment will apply. Hearing aids are not to be considered durable medical equipment.

**6. Fiscal Impact Estimates are:**

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04	0	0	N/A
2003-04	0	0	N/A
2003-04	0	0	N/A
2004-05	\$75,200	0	GF
2004-05	\$65,600	0	NGF
2004-05	\$19,200	0	Employee
2005-06	\$82,720	0	GF
2005-06	\$72,160	0	NGF
2005-06	\$21,120	0	Employee
2006-07	\$90,992	0	GF
2006-07	\$79,376	0	NGF
2006-07	\$23,232	0	Employee
2007-08	\$100,091	0	GF
2007-08	\$87,314	0	NGF
2007-08	\$25,555	0	Employee
2008-09	\$110,100	0	GF
2008-09	\$96,045	0	NGF
2008-09	\$28,111	0	Employee
2009-10	\$121,110	0	GF
2009-10	\$105,649	0	NGF
2009-10	\$30,922	0	Employee

**6b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04	\$0	0	State employee health insurance fund
2004-05	\$160,000	0	State employee health insurance fund
2005-06	\$176,000	0	State employee health insurance fund
2006-07	\$193,600	0	State employee health insurance fund
2007-08	\$212,960	0	State employee health insurance fund
2008-09	\$234,256	0	State employee health insurance fund
2009-10	\$257,682	0	State employee health insurance fund

**7. Budget amendment necessary:** Yes, Item 500 of HB/SB 30 would require an additional \$75,200 (general fund) in FY 2005 and \$82,720 (general fund) in FY 2006.

**8. Fiscal implications:** The Department of Human Resource Management indicates that the bill would add approximately \$160,000 in total costs in the first year. Out of the total \$160,000 cost, approximately 47 percent will be covered by state agencies funded from the general fund, 41 percent will be covered by agencies funded through nongeneral fund sources (such as VDOT), and 12 percent will be paid directly by the employee. This results in a GF cost of \$75,200, an NGF cost of \$65,600 and a cost to the employees of \$19,200 in the first year of the 2005-06 biennium. It is anticipated that health insurance costs will continue to increase and therefore, the costs for the fiscal years beyond FY 2005 (shown above and on the previous page) are calculated by inflating the previous year by 10 percent.

The Department of Medical Assistance Services has indicated that the coverage mandated by this bill is already included in Medicaid as the result of a Federal requirement.

**9. Specific agency or political subdivisions affected:** Department of Human Resource Management

**10. Technical amendment necessary:** No

**11. Other comments:** None

**Date:** 2/9/2004

**Document:** JDH G:\2004Session\EFIS\SB641 Hearing Aids\SB641.DOC

cc: Secretary of Administration