

State Corporation Commission

2020 Fiscal Impact Statement

1. Bill Number: SB423

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron: DeSteph

3. Committee: Passed Both Houses

4. Title: Health insurance; mandated coverage for hearing aids for minors.

5. Summary: Requires health insurers, health maintenance organizations, and corporations providing health care coverage subscription contracts to provide coverage for hearing aids and related services for children 18 years of age or younger when a licensed audiologist prescribes such hearing aids and related services. The coverage includes one hearing aid per hearing-impaired ear, up to a cost of \$1,500, every 24 months. Coverage shall be available under this section only for services and equipment recommended by an otolaryngologist. The measure applies to policies, contracts, and plans delivered, issued for delivery, or renewed on and after January 1, 2021.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: No fiscal impact on the State Corporation Commission. Minimal impact on the Department of Human Resource Management's Health Insurance Fund. See Item #8.

8. Fiscal Implications: None on the State Corporation Commission. According to the Department of Human Resource Management, the proposed legislation is estimated to increase costs on the State Health Insurance Plan by \$249,000. The Fund, however, is expected to be able to cover this amount and would not require changes to the premiums or funding provided for the employer share of state health insurance premiums in 2020 House Bill/Senate Bill 30.

There is a fiscal impact on the Commonwealth since Senate Bill 423 provides for benefits which are in excess of the Essential Health Benefits. The amount of fiscal impact is unknown and should be studied by the Health Insurance Reform Commission. The HIRC considers potential cost to the Commonwealth in its deliberations pursuant to Section C of § 30-343, including any estimated additional costs that the Commonwealth may be responsible for pursuant to § 1311(d)(3)(B) of the Patient Protection and Affordable Care Act. See also the comments in Item 11.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission
Bureau of Insurance and the Department of Human Resource Management

10. Technical Amendment Necessary: No

11. Other Comments: The coverage mandate for hearing aids was last considered in the Health Insurance Reform Commission in 2019 when House Bill 2601, a variation on coverage for hearing aids, was considered via a Step One assessment. No further action was taken on the bill, so Senate Bill 423 was eligible to be referred to HIRC for review of issues such as cost in accordance with § 30-343 of the Code of Virginia.

Coverage for hearing aids is specifically excluded from the Virginia Essential Health Benefit Benchmark Plan and would be considered a new mandated benefit. Although states may require a qualified health plan to offer a benefit in addition to the Essential Health Benefits (EHBs), coverage which exceeds the scope of the EHBs required by the Affordable Care Act could result in the state defraying the cost of such a mandated benefit under health plans sold on the Exchange. The State Corporation Commission Bureau of Insurance would, therefore, characterize coverage for hearing aids as a new benefit for which costs to the Commonwealth could be incurred in the form of payment to carriers for the portion of qualified health plan premium attributable to the proposed benefit.

According to a survey of carriers by the Virginia Association of Health Plans in 2019, coverage for hearing aids among carriers varies from no coverage to varied coverage among each carrier's plan. None of the carriers covering hearing aids limited the coverage to children.

Date: 3/20/20/V.Tompkins