

Department of Planning and Budget 2023 Fiscal Impact Statement

1. **Bill Number:** SB1003-ER

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:** The bill 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 an otolaryngologist recommends 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. The measure applies to policies, contracts, and plans delivered, issued for delivery, or renewed on and after January 1, 2024.

The State Corporation Commission (Commission) shall not use any special fund revenues dedicated to its other functions and duties, including revenues from utility consumer taxes or fees from licensees regulated by the Commission or fees paid to the office of the clerk of the Commission, to fund the defrayal of costs for the coverage provided pursuant to subsection B as required by 42 U.S.C § 18031 or any successor provision. The Commission shall not pay any funds beyond the moneys appropriated for the defrayal of costs related to such coverage. Appropriated funds remaining at year end shall not revert to the general fund but shall remain with the Commission for defrayal of costs related to this coverage.

6. **Budget Amendment Necessary:** Yes – Item 493.

7. **Fiscal Impact Estimates:** Final – see Item 8.

Expenditure Impact: Item 493 – State Corporation Commission

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2024	\$415,157	0.00	GF
2025	\$415,157	0.00	GF
2026	\$415,157	0.00	GF
2027	\$415,157	0.00	GF
2028	\$415,157	0.00	GF
2029	\$415,157	0.00	GF
2030	\$415,157	0.00	GF

- 8. Fiscal Implications:** According to the State Corporation Commission (SCC), the proposed legislation is expected to have an annual general fund impact of up to \$415,157 to cover the defrayal cost of the hearing aid mandate. The fiscal impact is based on a 2021 state mandated health insurance benefits study from Massachusetts, which examined the cost of a children's hearing aid mandate. The study found that the hearing aid mandate has a per member per month (PMPM) \$0.13 (0.022%) impact on the premium based on actual market experience. Using the estimate of what the total premiums would have been for individual health insurance coverage for 2023 without the waiver (\$1,911,834,299) and the PMPM impact, the fiscal impact is estimated to be \$415,157.

The Affordable Care Act (ACA) requires all non-grandfathered individual and small-group qualified health plans to cover a core set of healthcare services within ten essential health benefits categories. The ACA requires states to defray the actuarial cost of any new state-mandated benefit added on or after January 1, 2012 and requires states to make payments to either issuers or beneficiaries to negate increased premiums as a result of the increased benefit. This payment would be ongoing as long as the benefit is required.

The Department of Human Resource Management (DHRM) estimates the proposed legislation will have an annual fiscal impact of \$239,000 on the state health insurance plan. However, a budget amendment is not required for the state health insurance plan because the Health Insurance Fund can absorb the cost of the hearing aid mandate.

- 9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission and Department of Human Resource Management

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.