

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1030S.03P  
 Bill No.: Perfected SS for SCS for SB 43  
 Subject: Children and Minors; Commerce and Insurance, Department of; Disabilities;  
 Health, Public; Insurance - Health; Medicaid/Mo HealthNet; Social Services,  
 Department of;  
 Type: #Updated  
 Date: April 19, 2021

#This fiscal note has been updated to include an updated estimate of potential cost and utilization provided by the Department of Commerce and Insurance.

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Bill Summary: This proposal enacts provisions relating to hearing aids covered by health benefit plans.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>           |   |   |   |
|---|---|---|---|
| FUND AFFECTED   | FY 2022                                   | FY 2023                                   | FY 2024                                   |
| General Revenue<br>Fund#                                      | (Up to \$1,200,000 to<br>Unknown)         | (Up to \$1,200,000 to<br>Unknown)         | (Up to \$1,200,000 to<br>Unknown)         |
| <b>Total Estimated Net<br/>Effect on General<br/>Revenue#</b> | <b>(Up to \$1,200,000 to<br/>Unknown)</b> | <b>(Up to \$1,200,000 to<br/>Unknown)</b> | <b>(Up to \$1,200,000 to<br/>Unknown)</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>                      |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2022    | FY 2023    | FY 2024    |
|   |            |            |            |
| <b>Total Estimated Net<br/>Effect on <u>Other</u> State<br/>Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

Numbers within parentheses: () indicate costs or losses.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2022</b> | <b>FY 2023</b> | <b>FY 2024</b> |
|   |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on <u>All</u> Federal Funds</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2022</b> | <b>FY 2023</b> | <b>FY 2024</b> |
|   |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>0</b>       | <b>0</b>       | <b>0</b>       |

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |                         |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2022</b>          | <b>FY 2023</b>          | <b>FY 2024</b>          |
|  |                         |                         |                         |
| <b>Local Government</b>                    | <b>\$0 to (Unknown)</b> | <b>\$0 to (Unknown)</b> | <b>\$0 to (Unknown)</b> |

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 376.1228 – Health coverage for hearing aids for children under 18;

Officials from the **Department of Commerce and Insurance (DCI)** state 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 10 essential health benefit (EHB) categories. In 2011, Missouri like other states adopted its core benchmark plan that defined the core benefits these plans must offer in the state. The ACA also requires that the cost of a new coverage mandate added by a state after adoption of its benchmark plan that is above and beyond the EHB benchmark will be the responsibility of the state.

45 C.F.R 155.170 requires states to defray the cost of additional required benefits mandated by a state on or after January 1, 2012.

Documentation provided by the U. S. Department of Health and Human Services, Center for Consumer Information & Insurance Oversight (CCIIO) in Oct. 2018 instructions states that:

“...although it is the state’s responsibility to identify which state required benefits require defrayal, states must make such determinations using the framework finalized at §155.170, which specifies that benefits required by state action taking place on or before December 31, 2011, may be considered EHB, whereas benefits required by state action taking place after December 31, 2011, other than for purposes of compliance with federal requirements, are in addition to EHB and must be defrayed by the state. For example, a law requiring coverage of a benefit passed by a state after December 31, 2011, is still a state mandated benefit requiring defrayal even if the text of the law says otherwise.”

This bill requires that “Each health carrier or health benefit plan that offers or issues health benefit plans that are delivered, issued for delivery, continued, or renewed in this state on or after January 1, 2022, shall, at a minimum, provide coverage to children under eighteen years of age for all hearing aids covered for children who receive MO HealthNet benefits under section 208.151.”

This provision appears to create new mandates for which the state must defray payments, as required under federal law. Specifically, this bill appears to require that health benefit plans cover hearing aids for children under the age of 18. As a result, the state may be required to defray the actuarial cost of new coverage requirement and make payments to either issuers or beneficiaries to negate increased or potentially increased premiums. DCI will research the potential impact of increased utilization and the potential future cost to general revenue. The department will revise the fiscal note if these potential costs become available.

Further, Section 1557 of the ACA prohibits health plan from discriminating in providing benefits based on race, color, national origin, sex, age and disabilities – if they are receiving federal financial assistance. In this case federal financial assistance would include Advance Premium Tax Credits or APTC.

The following is an excerpt from the November 26, 2014 federal register; “...we caution both issuers and the States that age limits are discriminatory when applied to services that have been clinically effective at all ages. For example, it would be arbitrary to limit a hearing aid to enrollees who are 6 years of age or younger, since there may be some older enrollees for whom a hearing aid is medically necessary...”

#The following is an estimate of potential costs and utilization provided by DCI.

#Using Current Population Survey data for 2019, published by the US Bureau of Census, it is estimate that 1,010,184 of insureds will fall under the mandate.

|                           |           |
|---------------------------|-----------|
| #Mo pop <=18              | 1,449,332 |
| #% with Private Insurance | 69.7%     |
| # w/ private insurance    | 1,010,184 |

#Of these 1,010,184, the number who may experience hearing loss are:

|                                    |       |
|------------------------------------|-------|
| #Prevalence<br>estimate: 1.7/1000* | 1,717 |
|------------------------------------|-------|

#Source:

\*CDC, Hearing Screening and Follow-up Survey Population: Screened infants. Available at <https://www.cdc.gov/ncbddd/hearingloss/data.html>

#Average cost of hearing aid; \$2,805

#Average replacement period: Every four years

#Source: Survey of audiologists, available at <https://www.hearingtracker.com/how-much-do-hearing-aids-cost>

#The average annual cost per hearing impaired individual would be cost divided by the replacement period, or  $\$2,805 / 4 = \$701$

#Total estimated annual cost;

|                                   |             |
|-----------------------------------|-------------|
| #Prevalence<br>estimate: 1.7/1000 | \$1,204,266 |
|-----------------------------------|-------------|

#If the provisions SB 43 become law, the Department of Commerce and Insurance may need a new budget decision item from General Revenue to cover the potential cost of defrayal.

**Oversight** has no information to the contrary, therefore, Oversight will reflect the updated response provided by DCI of (Up to \$1,200,000 to Unknown) cost to the General Revenue Fund to reimburse various entities to defray the additional costs resulting from the new coverage mandate as described in this proposal.

Officials from **Missouri Department of Transportation** find that that the MoDOT/Patrol medical plan provides coverage equal to those services provided to MoHealthNet recipients, therefore, MoDOT assumes the proposal will have no fiscal impact on their organization.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note to this agency.

Officials from the **Missouri Consolidated Health Care Plan**, the **Department of Social Services** and the **Missouri Department of Conservation** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to the Missouri Department of Transportation for the potential fiscal impact of this proposal.

In response to a previous version, officials from the Cities: **Claycomo, Corder, Hughesville, Kansas City, O'Fallon, Springfield and St. Louis Budget Division** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other counties were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

**Oversight** is unsure whether each local political subdivision's health benefit plan covers hearing aids for children equal to coverage provided by MoHealthNet; therefore, Oversight will reflect a \$0 to (Unknown) cost to Local Political Subdivisions.

| <u>FISCAL IMPACT – State Government</u>                   | FY 2022<br>(6 Mo.)                           | FY 2023                                      | FY 2024                                      |
|---|--|--|--|
| <b>GENERAL REVENUE FUND</b>                               |  |  |  |
| #Cost – DCI New Coverage Mandate – possible reimbursement | <u>(Up to \$1,200,000 to Unknown)</u>        | <u>(Up to \$1,200,000 to Unknown)</u>        | <u>(Up to \$1,200,000 to Unknown)</u>        |
| <b>#ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>  | <b><u>(Up to \$1,200,000 to Unknown)</u></b> | <b><u>(Up to \$1,200,000 to Unknown)</u></b> | <b><u>(Up to \$1,200,000 to Unknown)</u></b> |

| <u>FISCAL IMPACT – Local Government</u>   | FY 2022<br>(6 Mo.)             | FY 2023                        | FY 2024                        |
|---|--------------------------------|--------------------------------|--------------------------------|
| <b>LOCAL POLITICAL SUBDIVISIONS</b>   |                                |                                |                                |
| <u>Reimbursement</u> – from the state for new health insurance coverage mandate | \$0 to Unknown                 | \$0 to Unknown                 | \$0 to Unknown                 |
| <u>Cost</u> – Potential additional insurance coverage                           | <u>\$0 to (Unknown)</u>        | <u>\$0 to (Unknown)</u>        | <u>\$0 to (Unknown)</u>        |
| <b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>                     | <b><u>\$0 to (Unknown)</u></b> | <b><u>\$0 to (Unknown)</u></b> | <b><u>\$0 to (Unknown)</u></b> |

FISCAL IMPACT – Small Business

Small businesses that provide health insurance could be impacted by this proposal.

FISCAL DESCRIPTION

This act requires health benefit plans delivered, issued, continued, or renewed on or after January 1, 2022, to provide coverage to children under 18 years of age for those hearing aids which are covered for children receiving benefits under MO HealthNet.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance  
Department of Public Safety - Missouri Highway Patrol  
Department of Social Services  
Missouri Department of Conservation  
Missouri Department of Transportation  
Office of Administration  
Missouri Consolidated Health Care Plan  
Cities:  
Claycomo  
Corder  
Hughesville  
Kansas City  
O'Fallon  
Springfield  
St. Louis Budget Division



Julie Morff  
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April 19, 2021



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