

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5740S.01I  
 Bill No.: SB 1443  
 Subject: Health Care; Department of Social Services; Medicaid/MO HealthNet; Public Assistance; Disabilities  
 Type: Original  
 Date: March 6, 2024

Bill Summary: This proposal modifies MO HealthNet coverage of hearing instruments.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |                   |                            |                          |
|--|-------------------|----------------------------|--------------------------|
| FUND AFFECTED  | FY 2025           | FY 2026                    | FY 2027                  |
| General Revenue                                      | (\$12,500)        | Up to (\$2,703,184)        | Up to (\$718,371)        |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>(\$12,500)</b> | <b>Up to (\$2,703,184)</b> | <b>Up to (\$718,371)</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2025    | FY 2026    | FY 2027    |
| <b>Total Estimated Net Effect on <u>Other</u> State 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 2025</b> | <b>FY 2026</b> | <b>FY 2027</b> |
| Federal*  | \$0            | \$0            | \$0            |
| <b>Total Estimated Net Effect on <u>All</u> Federal Funds</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

\* Income and expenses are estimated at \$7.9 million in FY26 and \$2.1 in FY27 and ongoing and net to \$0.

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2025</b> | <b>FY 2026</b> | <b>FY 2027</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 2025</b> | <b>FY 2026</b> | <b>FY 2027</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

## FISCAL ANALYSIS

### ASSUMPTION

#### §208.152 - MO HealthNet coverage of hearing aids and cochlear implants

**The MO HealthNet Division (MHD)** identified 224,154 adults who are currently enrolled in MHD Fee-for-Service could be eligible for hearing aid services. MHD estimates that 7.1% (15,915) of those adults may utilize these services. The average cost of hearing aid services is \$210.73.

This legislation would also result in an impact to the Managed Care capitation rates of up to \$10 million. The cost of the actuarial study to evaluate this program change would be no more than \$25,000 in the first year.

Due to the timing of obtaining a SPA and waiver for this legislation, MHD assumes additional costs for hearing aid services will begin in FY26. MHD estimates 80% of the participants identified will obtain hearing aid services in the first year due to pent-up demand, and 20% in subsequent years. A 6.3% medical inflation rate was used for FY27.

FY25 Total: \$25,000 (GR: \$12,500; Federal: \$12,500)

FY26 Total: Up to \$10,683,003 (GR: \$2,703,184; Federal: \$7,979,820)

FY27 Total: Up to \$2,839,008 (GR: \$718,371; Federal: \$2,120,637)

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DSS.

Officials from the **Department of Mental Health** assume 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.

| <u>FISCAL IMPACT – State Government</u>  | FY 2025<br>(10 Mo.) | FY 2026                        | FY 2027                        |
|--|---------------------|--------------------------------|--------------------------------|
| <b>GENERAL REVENUE</b>   |                     |                                |                                |
| <u>Costs – DSS/MHD (§ 208.152) p. 3</u>  |                     | Up to...                       | Up to...                       |
| Actuarial study  | (\$12,500)          | \$0                            | \$0                            |
| Coverage of hearing devices  | \$0                 | (\$2,703,184)                  | (\$718,371)                    |
| <b>Total Costs - DSS/MHD</b>   | <b>(\$12,500)</b>   | <b>Up to<br/>(\$2,703,184)</b> | <b>Up to<br/>(\$718,371)</b>   |
| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>   | <b>(\$12,500)</b>   | <b>Up to<br/>(\$2,703,184)</b> | <b>Up to<br/>(\$718,371)</b>   |
| <b>FEDERAL FUNDS</b>   |                     |                                |                                |
| <u>Income – DSS/MHD (§ 208.152)</u><br>Program reimbursements for coverage of hearing devices p. 3 | \$12,500            | Up to<br>\$7,979,820           | Up to<br>\$2,120,637           |
| <u>Costs – DSS/MHD (§ 208.152) p. 3</u>  |                     | Up to...                       | Up to...                       |
| Actuarial study  | (\$12,500)          | \$0                            | \$0                            |
| Coverage of hearing devices  | \$0                 | (\$7,979,820)                  | (\$2,120,637)                  |
| <b>Total Costs - DSS/MHD</b>   | <b>(\$12,500)</b>   | <b>Up to<br/>(\$7,979,820)</b> | <b>Up to<br/>(\$2,120,637)</b> |
| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>   | <b>\$0</b>          | <b>\$0</b>                     | <b>\$0</b>                     |

| <u>FISCAL IMPACT – Local Government</u> | FY 2025<br>(10 Mo.) | FY 2026    | FY 2027    |
|---|---------------------|------------|------------|
|   |                     |            |            |
|   | <b>\$0</b>          | <b>\$0</b> | <b>\$0</b> |

FISCAL IMPACT – Small Business

Small hearing aid businesses could see an increase in customers as a result of this proposal.

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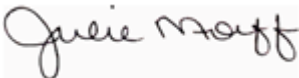
### FISCAL DESCRIPTION

This proposal provides for MO HealthNet coverage of medically necessary cochlear implants and hearing instruments. (§ 208.152)

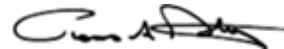
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Department of Mental Health  
Department of Social Services



Julie Morff  
Director  
March 6, 2024



Ross Strope  
Assistant Director  
March 6, 2024