

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
REVISED FISCAL IMPACT**

(replaces fiscal note dated January 30, 2008)

Drafting Number: LLS 08-0361
Prime Sponsor(s): Sen. Kester
Rep. Marshall

Date: April 3, 2008
Bill Status: Senate Appropriations
Fiscal Analyst: Clare Pramuk (303-866-2677)

TITLE: CONCERNING INSURANCE COVERAGE FOR HEARING AIDS FOR MINORS.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue	\$0	\$0
State Expenditures*		
Total	<u>\$54,300</u>	<u>\$116,800</u>
General Fund Appropriation to the Children's Basic Health Plan Trust	19,000	40,900
Federal Funds	35,300	75,900
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: January 1, 2009		
Appropriation Summary for FY 2008-2009: See State Appropriations section of fiscal note.		
Local Government Impact: See Local Government section of fiscal note.		

*Rounded

The fiscal note is revised to reflect updated information on costs to the Children's Basic Health Plan administered by the Department of Health Care Policy and Financing and costs to state employee health plans.

Summary of Legislation

This bill requires health insurance coverage for medically appropriate hearing aids for minor children whose hearing loss is verified by a physician or audiologist. These benefits are subject to the same annual deductibles or copayments established for all health insurance covered benefits and to utilization review. Coverage includes:

- ▶ initial hearing aids and replacement hearing aids, but not more often than every five years;
- ▶ a new hearing aid when alterations to the existing appliance cannot adequately meet the needs of the child; and
- ▶ services and supplies including but not limited to the initial assessment, fitting, adjustments, and auditory training.

Background

According to the Department of Education's 2006 Survey of Educational Audiologists, about 2 percent of Colorado school children have a hearing loss. Of those, about 9 percent use hearing aids. This shows that .18 percent of Colorado school children use at least one hearing aid. The fiscal note assumes this percentage is representative of all Colorado children aged 0 to 18.

State Expenditures

This bill has a fiscal impact of approximately \$54,300 for FY 2008-09 and \$116,800 for FY 2009-10 for the Department of Health Care Policy and Financing. For FY 2008-09, costs are split between the General Fund (\$19,000) and federal funds (\$35,300).

Department of Health Care Policy and Financing — will have an increase in expenditures in the Children's Basic Health Plan which is administered as an insurance plan rather than an entitlement program. The plan currently limits annual benefits for hearing aids to \$800 when the average cost is approximately \$1,300 per child. The bill requires an increase of \$0.13 per member, per month for 62,481 children in FY 2008-09 and 65,899 in FY 2009-10. Because of the January 1, 2009, effective date, for FY 2008-09, costs of \$54,300 reflect only six months of implementation. For FY 2009-10, the first full year of implementation, costs are \$116,800. The bill has no effect on Medicaid services.

State Employee Health Plan Contributions. The bill applies to the health insurance plans offered to state employees under the state's employee benefit program. Total health plan cost increases are expected to translate into increased annual premiums of \$36,580 spread across all enrolled state employees and dependents. The increases per policy range from \$0.03 per month for employee only coverage, to \$0.18 per month for employee and family coverage beginning in FY 2009-10.

State Employer Health Plan Contributions. While premium increases are expected to be paid by state employees in the first year, this bill may influence the General Assembly to increase the state's contribution in order to meet the statutory requirement of providing benefits comparable to private sector employers. Over time, increased health insurance premiums would be incorporated into the Total Compensation Survey, and any increases to the state's contribution to maintain parity with the private sector will increase state expenditures.

Local Government Impact

An increase in premiums for health insurance at the local level is likely given the increase in benefits. The size of the increase and who will bear the expense, cannot be determined.

State Appropriations

For FY 2008-09, the following appropriations are required:

Children's Basic Health Plan Trust Fund — \$19,016 General Fund
Department of Health Care Policy and Financing —
 \$ 54,331 Total
 19,016 Children's Basic Health Plan Trust
 35,315 Federal Funds

Departments Contacted

Health Care Policy and Financing
Regulatory Agencies

Personnel and Administration
Education