

2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 14 **STATUS:** Original
SUBJECT: Health benefit plan coverage of hearing aids for children
GOVERNMENT UNIT AFFECTED: Department of Consumer and Business Services and Local Government
PREPARED BY: Dawn Farr
REVIEWED BY: Robin LaMonte
DATE: April 23, 2007

EXPENDITURES: See Comments.

REVENUES: See Comments.

EFFECTIVE DATE: January 1, 2008.

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The bill requires health benefit plans to provide coverage for hearing aids for children under the age of 18.

The Department of Consumer and Business Services (DCBS) indicates that passage of the bill would require insurance companies to revise their contract language; hence, DCBS staff would experience additional review filings. This additional work load is expected to be minimal and absorbable with existing DCBS resources.

The Oregon Medical Insurance Pool (OMIP), under DCBS, estimates that 17 children would be eligible for hearing aid coverage. OMIP coverage would be 80% with the enrollee co-payment at 20%. Hearing aids cost on average approximately \$4,000 per set. The biennial expenditure impact to OMIP would be \$54,400. OMIP expenditures are funded with assessments to Oregon Health insurers and stop-loss carriers (31% of total), and through premiums paid by enrollees (69% of total.)

City County Insurance Services, which coordinates insurance coverage for 203 cities and 26 counties, indicates that a recent quote for expanding coverage for hearing aids for children identified an associated total annual premium increase of \$53,000, or approximately \$100,000 per biennium.

The Public Employee Benefits Board (PEBB) under the Department of Administrative Services indicates that there would be no fiscal impact to PEBB as their plans already cover hearing aids for children.

The Department of Medical Assistance Programs (DMAP) within the Department of Human Services (DHS) indicates that there is no impact to DHS as Medicare programs would be excluded from this requirement.