

January 26, 2017

The Honorable Jene Vickrey, Chairperson
House Committee on Insurance
Statehouse, Room 276-W
Topeka, Kansas 66612

Dear Representative Vickrey:

SUBJECT: Fiscal Note for HB 2021 by Representative Kiegerl

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2021 is respectfully submitted to your committee.

HB 2021 would require every insurer that issues individual or group policies of accident and sickness insurance providing medical, surgical or hospital expenses that are delivered, amended or renewed on or after July 1, 2017, to provide coverage for hearing instruments. Coverage would include batteries and repairs and would be subject to the same annual deductibles, copayments, or coinsurance limits as all other benefits. The bill specifies that the additional coverage for hearing instruments would be applicable to the state health care benefits program and municipal self-funded pools.

According to the Kansas Department of Health and Environment (KDHE), enactment of HB 2021 would require additional expenditures from the State Employee Health Plan (SEHP), as these services are not currently covered and would be additional costs for state and covered non-state public employers covered with the SEHP. The Department estimates that additional expenditures from the SEHP would total \$19,250,800 in FY 2018, and \$40,801,696 in FY 2019. KDHE notes that the cost assumption for FY 2018 is for six months of expenditures, as the health plan renewal is January 1, 2018.

HB 2021 would have a fiscal effect on local governments, depending on current coverage of hearing aids and batteries. For municipal self-funded plans, additional costs would be borne by the local government. For insured plans, additional costs would be part of future premium increases. However, the fiscal effect for local governments cannot be estimated.

KDHE also indicates that Medicaid and the Children's Health Insurance Program (CHIP) currently cover hearing instruments. Both programs are currently compliant with federal

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requirements to cover cochlear implants and bone-anchored hearing aids for Medicaid and CHIP beneficiaries ages 20 and under. KDHE indicates that HB 2021 would expand coverage of cochlear implants and bone-anchored hearing aids to eligible Medicaid and CHIP beneficiaries over the age of 20 for those deemed medically necessary. For FY 2018, additional costs totaling \$800,000 are estimated, including \$360,000 from the State General Fund. For FY 2019, additional costs totaling \$816,000 are estimated, including \$367,200 from the State General Fund. Any fiscal effect associated with HB 2014 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Dan Thimmesch, Health & Environment
Glenda Haverkamp, Insurance