



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 449 (as introduced 9-9-15)  
Sponsor: Senator Dale W. Zorn  
Committee: Insurance

Date Completed: 9-9-15

**CONTENT**

**The bill would amend the Insurance Code to require a health insurer or a health maintenance organization (HMO) to include coverage for hearing aids for a covered individual who was 21 years old or younger for hearing loss that was not correctable by other covered procedures.**

That requirement would apply to an insurer that delivers, issues for delivery, or renews in Michigan an expense-incurred hospital, medical, or surgical policy or certificate and to an HMO that issues or renews a group or individual contract.

An insurer or HMO could limit coverage to one hearing aid in each ear every three years. An insurer or HMO could not subject the required coverage to dollar limits, deductibles, or coinsurance provisions that were not generally applicable to other coverage under the policy, certificate, or contract.

Beginning 180 days after it was enacted, the bill would apply to policies, certificates, and contracts delivered, executed, issued, amended, adjusted, or renewed in Michigan, or outside of the State if covering Michigan residents.

The bill would take effect 90 days after it was enacted.

Proposed MCL 500.3406t

Legislative Analyst: Julie Cassidy

**FISCAL IMPACT**

The bill would lead to minor cost increases to State and local governments as employers, potentially offset by longer-term savings if the use of hearing aids reduced the need for special education services.

The data appear to indicate that several hundred children are born each year with significant hearing difficulties that could be alleviated by hearing aids. While it is not clear how many State and local government employees have health insurance that does not cover hearing aids, State and local governments account for less than 10% of total employment in the State. Therefore, the maximum number of children who could be affected even if no State or local government covered children's hearing aids would be a few dozen. At a potential cost of \$2,000 every three years, the maximum ongoing cost would be less than \$50,000 per year. Given that many insurers likely already cover this service, the ongoing cost probably would be much less than \$50,000 per year.

It is likely there are a number of presently uncovered children who have unmet hearing aid needs, so there could be some initial one-time costs as those children began to receive coverage, though that cost probably would be in the \$100,000 to \$200,000 range at maximum, on a one-time basis.

The legislation would have no impact on Medicaid spending. Under the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program, state Medicaid programs must cover hearing aids for children.

Fiscal Analyst: Steve Angelotti

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.