

FISCAL IMPACT STATEMENT ON BILL NO. **S. 65**

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TO: The Honorable Robert W. "Wes" Hayes, Jr., Chairperson, Senate Banking and Insurance Committee

FROM: State Budget Division, Budget and Control Board

ANALYSTS: Rachael Fulmer

DATE: January 8, 2013 SBD: 2013003

AUTHOR: Senator Lourie PRIMARY CODE CITE: 38-71-48

SUBJECT: Hearing aids for Insured 21 years or younger

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
\$0 (No additional expenditures or savings are expected)

BILL SUMMARY:

This Bill would add Section 38-71-48 that would require group health insurance and group benefit plans to cover hearing aids and replacement hearing aids for an insured age 21 or younger with impaired hearing.

EXPLANATION OF IMPACT:

Public Employee Benefit Authority (PEBA)

This Bill would require the State Health Plan, administered by PEBA, to cover hearing aids for hearing impaired members 21 years or younger. Coverage for an initial hearing aid and a replacement is subject to a \$1500 minimum and \$2500 maximum within a 36 month period. Currently, there are 98,480 members of the State Health Plan that are 21 years or younger. PEBA expects a projected increase of insured 21 and younger of 943 in year two and 959 in year three. PEBA estimates that 6.35% of these members would qualify for this benefit. Based on those assumptions, PEBA estimates additional expenditures to the State Health Plan to be \$9,380,220 in year one, \$1,400,937 in year two, and \$1,438,762 in year three. Any increase in costs to State Health Plan could result in an increase in employer contributions, some of which are paid through the General Fund, an increase in enrollee premiums, or a combination of both.

Department of Insurance

The Department of Insurance expects minimal costs, as it may require insurers to refile forms and possibly rates. This temporary influx could be handled with existing staff.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

According to the Department of Insurance, if this mandate is not already included in the Essential Health Benefits package that is established for South Carolina pursuant to the Affordable Care Act, then the state will have to pay for the costs of these benefits for coverage purchased through the Exchange.

Approved by:



Brenda Hart
Assistant Director, State Budget Division