

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4048

STATE OF NEW JERSEY
220th LEGISLATURE

DATED: DECEMBER 26, 2023

SUMMARY

- Synopsis:** Requires health benefits coverage of hearing aids and cochlear implants for insureds aged 21 or younger.
- Type of Impact:** Annual expenditure increase to the State General Fund and local government funds.
- Agencies Affected:** Department of the Treasury, Division of Pensions and Benefits; local government entities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	\$11,247 to \$46,940
Local Cost Increase	<u>\$16,079 to \$67,108</u>
Total Cost Increase	\$27,326 to \$114,048

- The Office of Legislative Services (OLS) estimates that providing health benefits coverage for hearing aids and cochlear implants for 16 to 21 year olds would result in an annual State expenditure increase ranging from \$11,247 to \$46,940 and an annual local expenditure increase ranging from \$16,079 to \$67,108. The OLS anticipates the costs would likely fall toward the lower end of the range.
- The bill permits a limit on the benefits provided to \$2,500 per hearing aid for each hearing-impaired ear every 60 months. The OLS notes that if the State Health Benefits Commission and School Employees’ Health Benefits Commission choose the limit the health benefits, the cost will be lower. The OLS is not able to predict the benefit limitations that will be adopted.

BILL DESCRIPTION

This legislation requires government healthcare plans and private sector health insurers in New Jersey to provide health benefits coverage for the purchase of medically necessary hearing aids and cochlear implants to covered persons aged 21 and younger. The bill permits insurers,



including the State Health Benefits Commission, the School Employees’ Health Benefits Commission, and NJ FamilyCare, to limit the benefit provided to \$2,500 per hearing aid for each hearing-impaired ear every 60 months. Current law requires government healthcare plans and private sector health insurers in New Jersey to provide health benefits coverage for the purchase of medically necessary hearing aids and cochlear implants to covered persons aged 15 and younger.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that providing health benefits coverage for hearing aids and cochlear implants for 16 to 21 year olds would result in an annual State expenditure increase ranging from \$11,247 to \$46,940 and an annual local expenditure increase ranging from \$16,079 to \$67,108.

Using available information from the State Health Benefits Program and the School Employees’ Health Benefits Program, the OLS estimates there will be 57,024 newly eligible dependents under the bill. Further, the analysis assumes a severe hearing loss incident rate of two hearing aids per 1,000 children, based on information from the federal Centers for Disease Control and Prevention. For the estimated cost of the hearing aids, the OLS accessed information on the Blue365 insurance price for the low end of the cost estimate range, and information on the manufacturer’s suggested retail price for the high end of the cost estimate range.

The following table illustrates the assumptions and the estimated fiscal impact.

Estimated Fiscal Impact of A-4048 (1R)													
State or Local Fiscal Impact	Health Insurance Plan	Estimated Newly Eligible Dependents Under S-2535(2R)	CDC Estimate - Severe Hearing Loss Incidence Rate	Projected Newly Eligible 16-21 Year Olds	Assumes number of hearing aids per individual is 2	MSRP Per Aid - Lowest Cost to Upper Bound Provided in S-2535(2R) (1)		Fiscal Impact Range for MSRP		Blue365 Price - Lowest Cost to Highest Cost (2)		Fiscal Impact Range for Blue365	
State	SHBP - State Portion	23,470	0.2%	47	94	\$ 1,399	\$2,500	\$ 131,338	\$234,700	\$ 599	\$ 2,299	\$ 56,234	\$ 215,830
Local	SEHBP	18,368	0.2%	37	73	\$ 1,399	\$2,500	\$ 102,787	\$183,680	\$ 599	\$ 2,299	\$ 44,010	\$ 168,912
	SHBP - Local Portion	15,186	0.2%	30	61	\$ 1,399	\$2,500	\$ 84,981	\$151,860	\$ 599	\$ 2,299	\$ 36,386	\$ 139,650
Local Subtotal		33,554		67	134			\$ 187,768	\$ 335,540			\$ 80,395	\$ 308,563
Total		57,024		114	228			\$ 319,106	\$ 570,240			\$ 136,630	\$ 524,393
Annual State								\$ 26,268	\$ 46,940			\$ 11,247	\$ 43,166
Annual Local Subtotal								\$ 37,554	\$ 67,108			\$ 16,079	\$ 61,713
Annual Total								\$ 63,821	\$ 114,048			\$ 27,326	\$ 104,879
(1) MSRP per aid is the Manufacturer's Suggested Retail Price per aid, i.e. aid per ear													
(2) Pricing Source: Start Hearing Horizon Blue365													

The OLS assumes that many of the hearing aids will be purchased at the discounted insurance price, and therefore anticipates the costs would likely fall toward the lower end of the range.

The bill permits a limit on the benefits provided to \$2,500 per hearing aid for each hearing-impaired ear every 60 months. The OLS notes that if the State Health Benefits Commission and School Employees’ Health Benefits Commission choose the limit the health benefits, the cost will be lower. The OLS is not able to predict the benefit limitations that will be adopted.

Section: State Government

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).