



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0607.01: Provide for the hearing aid coverage act**

Primary Sponsor: **Paul Tuss**

Status: **As Introduced**

☐ Included in the Executive Budget

☐ Needs to be included in HB 2

☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts

☐ Technical Concerns

☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
Expenditures				
General Fund (01)	\$0	\$507,712	\$515,328	\$523,058
Other	\$276,079	\$560,439	\$577,253	\$594,571
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Net Impact	<u>\$0</u>	<u>(\$507,712)</u>	<u>(\$515,328)</u>	<u>(\$523,058)</u>
General Fund Balance				

Description of fiscal impact

HB 607 expands insurance coverage for hearing loss for all ages. This coverage was previously mandated for children 18 years and younger. The bill will increase hearing aid expenses for the State Health Benefit Plan and insurance defrayal costs paid by the State Auditor's Office.

FISCAL ANALYSIS

Assumptions

Commissioner of Higher Education

1. There is no fiscal impact to the Montana University System Group Insurance Plan since the plan currently provides coverage for hearing loss for all ages.

Department of Administration

2. The fiscal impact to the Department of Administration's State Health Benefit Plan is estimated as follows:

- Coverage expansion begins on January 1, 2026.
- Average adult members diagnosed with hearing loss is 460.
- Percentage of those adults requiring hearing aids is 25%.
- Average number of ears requiring hearing aids is 1.37.
- Average cost per hearing aid is \$5,000.
- Annual allowed charges are \$787,750 (460 x 0.25 x 1.37 x 5,000).
- Estimated member cost sharing percentage is 29.9%.
- Estimated member cost sharing amount is \$235,593 (787,750 x 0.299).
- Calendar year 2026 net cost to the state is \$552,157 (787,750 – 235,593).

- An inflationary factor of 3% year over year is added to subsequent calendar years.

State Auditor's Office

3. Per 45 CFR § 155.170 of the Affordable Care Act, the State of Montana is required to pay the costs of certain state benefit mandates (mandates) enacted after December 31, 2011, that (1) apply to Qualified Health Plans (QHPs) sold in the individual and small group markets, on and off-exchange; and (2) are in addition to the essential health benefits and which relate to specific care, treatment, or services. States are not required to defray benefit mandates that do not relate to specific care, treatment, or services. The federal government has identified six benefit mandates that would not require defrayal pertaining to (1) provider types; (2) cost-sharing; (3) reimbursement methods; (4) delivery methods; (5) dependent coverage; and (6) compliance with federal requirements.
4. HB 607 requires health insurance policies provide coverage for amplification devices and related services for adults 19 years and older with hearing loss.
5. For the purposes of the defrayal analysis, HB 607 applies to fully insured QHP individual and small group policies issued by a health insurance issuer (an insurer, a health service corporation, or a health maintenance organization), sold on- and off-exchange. Applying the framework at 45 CFR § 155.170, the State Auditor's Office (SAO) has concluded the mandate in HB 607 will require the state of Montana to defray the associated costs of the benefit.
6. The SAO will reimburse issuers with general fund dollars after having received the appropriate issuer documentation.
7. HB 607 does not outline an effective date. The SAO has assumed the requirements of this bill will apply to health insurance policies issued on or after October 1, 2025. The SAO will not begin reimbursing insurers until FY 2027.
8. The SAO can satisfy the requirements of HB 607 with existing staff.
9. Three issuers sell QHPs in the individual and/or small group markets in Montana. The SAO requested each issuer to provide a cost estimate, based on an annual calculation, associated with the coverage of amplification devices and related services for hearing loss according to the following information:
 - Precise benefit, coverage, and limitation parameters as identified in SECTION 2 in HB 607.
 - The estimated percentage of the issuer's QHP individual and small group membership that will use the benefit, identifying total membership by individual and small group lines of business and applicable percentages.
 - The cost estimate associated with the benefit, which cost estimate reflects the applicable projected deductibles, coinsurance and copayments per SECTION 2(4).
10. The SAO has not repeated each issuer's assumptions, qualifiers, limitations, exclusions, and/or methodologies that may have been included as part of their submission. Below are the cost estimates for each of the issuers:

Issuer	Total QHP Membership	Annualized Cost Estimate
Issuer #1	68,726	\$ 312,410
Issuer #2	30,749	\$ 96,000
Issuer #3	25,860	\$ 99,302
Total Annualized Cost Estimate:		\$ 507,712

11. These costs have been inflated by 1.5% for fiscal years 2028 and 2029.

Fiscal Analysis Table

Department of Administration

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Benefits	\$276,079	\$560,439	\$577,253	\$594,571
TOTAL Expenditures	\$276,079	\$560,439	\$577,253	\$594,571
<u>Funding of Expenditures</u>				
Other	\$276,079	\$560,439	\$577,253	\$594,571
TOTAL Funding of Expenditures	\$276,079	\$560,439	\$577,253	\$594,571
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
Other	(\$276,079)	(\$560,439)	(\$577,253)	(\$594,571)

State Auditor's Office

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Benefits	\$0	\$507,712	\$515,328	\$523,058
TOTAL Expenditures	\$0	\$507,712	\$515,328	\$523,058
<u>Funding of Expenditures</u>				
General Fund (01)	\$0	\$507,712	\$515,328	\$523,058
TOTAL Funding of Expenditures	\$0	\$507,712	\$515,328	\$523,058
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	\$0	(\$507,712)	(\$515,328)	(\$523,058)

STATEWIDE SUMMARY

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<u>Fiscal Impact</u>				
TOTAL Fiscal Impact	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>Expenditures</u>				
Benefits	\$276,079	\$1,068,151	\$1,092,581	\$1,117,629
TOTAL Expenditures	<u>\$276,079</u>	<u>\$1,068,151</u>	<u>\$1,092,581</u>	<u>\$1,117,629</u>
<u>Funding of Expenditures</u>				
General Fund (01)	\$0	\$507,712	\$515,328	\$523,058
Other	\$276,079	\$560,439	\$577,253	\$594,571
TOTAL Funding of Expenditures	<u>\$276,079</u>	<u>\$1,068,151</u>	<u>\$1,092,581</u>	<u>\$1,117,629</u>
<u>Revenues</u>				
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	\$0	(\$507,712)	(\$515,328)	(\$523,058)
Other	<u>(\$276,079)</u>	<u>(\$560,439)</u>	<u>(\$577,253)</u>	<u>(\$594,571)</u>

NOT SIGNED BY SPONSOR

Sponsor's Initials

Date

Budget Director's Initials

2/27/2025

Date