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FISCAL IMPACT REPORT

ORIGINAL DATE 2/18/07

SPONSOR Silva LAST UPDATED _____ HB 903

SHORT TITLE Medicaid Reimbursement for Hearing Aids SB _____

ANALYST Weber

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$289.0	Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	\$716.0	Recurring	Recurring	Federal Medicaid

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Commission for the Deaf and Hard-of-Hearing
 Human Services Department (HSD)
 Governor's Commission on Disability
 Department of Health (DOH)

SUMMARY

Synopsis of Bill

House Bill 903 appropriates \$289 thousand from the general fund to the Human Services

Department to increase reimbursement for hearing aids for Medicaid-eligible individuals up to \$1,400 and to increase the dispensing fee up to \$300.

HSD is required to maintain data on the claims and report to the LFC and Medicaid Advisory Committee.

FISCAL IMPLICATIONS

The appropriation of \$289 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2008 shall revert to the general fund.

SIGNIFICANT ISSUES

HSD reports the bill would increase the maximum amount that Medicaid pays for a hearing aid from \$400 to \$1400 and would increase the maximum amount paid for hearing aid dispensing from \$239 to \$300.

The appropriation is sufficient to allow Medicaid to make payments at the amount specified in the bill. The \$289 thousand leverages an additional \$716,600 in federal matching funds.

The Department of Health offers the following background on hearing issues.

House Memorial 16 in 2006 requested extensive investigation into this issue. Significant hearing loss is one of the most common birth defects in the United States. Every day in the United States, 33 infants are born with permanent hearing loss. Approximately 1 in 1,000 newborns are profoundly deaf, and another 2 to 3 have partial hearing loss. Each year, approximately 80 New Mexico infants are born with significant hearing loss. These estimates do not include children who are born with normal hearing but have hearing loss that develops after birth and/or worsens over time, which, by age 5, is estimated to be about 3 times the newborn prevalence rate.

The consequences of hearing loss of any severity or type are profound for children, their families, and society. In 2000, the Joint Committee on Infant Hearing stated that without auditory input and the opportunity to learn language, children with hearing loss almost always fall behind their peers in language, cognition, and social-emotional development. Several studies have shown that deaf children by age 8 are already 1.5 years behind their hearing peers in reading comprehension scores, and half of deaf children graduate from high school with a 4th grade reading level or less. Hearing loss in only one ear can also have substantial negative consequences for academic achievement. Children with unilateral hearing loss are 10 times as likely to repeat at least one grade compared to children with normal hearing. The costs to society are also significant in terms of direct medical costs, special education expenditures, and lost productivity. In 2000, the annual average per student education expenditure for a child who was deaf or hard of hearing child was more than twice the expenditure for a child without a disability -- \$15,992 vs. \$6,556 (www.jcih.org).

Early identification of hearing loss, fitting of high-quality hearing aids, cochlear implants and comprehensive early intervention services can improve school performance,

communication skills, speech-language development, social skills and emotional health, decrease family stress; and improve quality of life. (www.jcih.org)

Medicaid and SCHIP cover more than half of New Mexico's children and cover hearing aids at a minimal rate. The 2006 cost for an appropriate hearing aid for a child, accessories, and related professional services is estimated at \$3000 per aid. A hearing aid and the necessary accessories account for 60% (\$1800) of this total cost, and the related professional services account for the balance. Infants and young children will require more frequent professional services than adults because of the complexity of and variation in their hearing loss over time. As young children undergo repeated diagnostic evaluations, and as more reliable and detailed information is obtained regarding their hearing loss, their hearing aids will require repeated re-programming.

MW/mt