

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2026-01
Bill No.: HB 1038
Subject: Health Care; Medicaid; Social Services Dept.
Type: Original
Date: April 24, 2009

Bill Summary: Provides MO HealthNet benefits for hearing aids.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$0 to \$526,713)	(\$0 to \$597,799)	(\$0 to \$624,700)
Total Estimated Net Effect on General Revenue Fund	(\$0 to \$526,713)	(\$0 to \$597,799)	(\$0 to \$624,700)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal	\$0*	\$0*	\$0*
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0*	\$0*	\$0*

* Income and expenditures could exceed \$1 million annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services** and **Department of Mental Health** assume the proposal will not fiscally impact their organization.

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** state it is assumed that the language in the proposal intends that prescribed medically necessary hearing aids and related services are required and not just hearing aids.

Currently, hearing aids and related covered services are offered to MO HealthNet participants who receive a full benefit package under a category of assistance for children, pregnant women, the blind or nursing facility residents. Covered services include audiological testing, hearing aids, ear molds, hearing aid fitting, hearing aid dispensing/evaluation, post-fitting evaluation, post-fitting adjustments, and hearing aid repairs. All hearing aids and related services must have prior approval except audiometric testing, post-fitting evaluation, post-fitting adjustment, and repairs to hearing aids no longer under warranty.

Costs were obtained for participants who received hearing aids and related services in FY 05 and whom would be in a limited benefit category now. Those costs were inflated by 4.5% for each fiscal year.

In addition, the proposal requires that a web-based prior authorization system is used to verify medical need. The MHD currently uses a web-based prior authorization system for other services. Algorithms will need to be developed for these services; that cost is unknown but anticipated to be under \$100,000. It will be a one-time cost that occurs in the first year.

This section is subject to appropriation so the cost is stated as a range.

FY10 (10 months): Total \$0 to \$1,443,233 (GR \$0 to \$526,713);

FY11: Total \$0 to \$1,684,415 (GR \$0 to \$597,799);

FY12: Total \$0 to \$1,760,214 (GR \$0 to \$624,700).

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Costs - DOS</u>			
Increase in program costs	<u>(\$0 to \$526,713)</u>	<u>(\$0 to \$597,799)</u>	<u>(\$0 to \$624,700)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$0 to \$526,713)</u>	<u>(\$0 to \$597,799)</u>	<u>(\$0 to \$624,700)</u>
FEDERAL FUNDS			
<u>Income - DOS</u>			
Increase in program reimbursements	\$0 to \$916,520	\$0 to \$1,086,616	\$0 to \$1,135,514
<u>Costs - DOS</u>			
Increase in program costs	<u>(\$0 to \$916,520)</u>	<u>(\$0 to \$1,086,616)</u>	<u>(\$0 to \$1,135,514)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal adds prescribed, medically necessary hearing aids to the list of covered services under the MO HealthNet Program. Coverage of hearing aids will be subject to appropriations, and medical need will be verified using an electronic web-based prior authorization system using best medical evidence and care and treatment guidelines consistent with national standards.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Mental Health
Department of Health and Senior Services
Department of Social Services

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
April 24, 2009