

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1222 S HB	<b>Title:</b> Hearing instruments coverage
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	0	0	0	0	0	0	0	0	0

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Office of Insurance Commissioner	.2	0	0	65,322	.1	0	0	19,146	.1	0	0	19,146
<b>Total \$</b>	0.2	0	0	65,322	0.1	0	0	19,146	0.1	0	0	19,146

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Office of Insurance Commissioner	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	0.0	0	0	0.0	0	0	0.0	0	0

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Jason Brown, OFM	<b>Phone:</b> (360) 742-7277	<b>Date Published:</b> Final 2/ 6/2023
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1222 S HB	<b>Title:</b> Hearing instruments coverage	<b>Agency:</b> 107-Washington State Health Care Authority
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**Estimated Operating Expenditures from:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: David Pringle	Phone: 360-786-7310	Date: 01/31/2023
Agency Preparation: Sara Whitley	Phone: 360-725-0944	Date: 02/03/2023
Agency Approval: Tanya Deuel	Phone: 360-725-0908	Date: 02/03/2023
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 02/06/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

See attached narrative.

HCA: Indeterminate fiscal impact.

HBE: No fiscal impact.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

See attached narrative.

HCA: No cash receipts impact.

HBE: Indeterminate cash receipts impact.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

See attached narrative.

HCA: Indeterminate fiscal impact.

HBE: No fiscal impact.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

### III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

See attached narrative.

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# HCA Fiscal Note

Bill Number: SHB 1222

HCA Request #: 23-093

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

This bill differs from the previous version of HB 1222 in the following ways:

- The bill now exempts grandfathered plans and small group plans from the requirements under this legislation.
- The bill now clarifies that a health carrier can establish a benefit limit that is no less than \$2,500 per ear, every 36 months.
- The bill now clarifies language related to plans qualified for a health savings account (HSA).
- The bill adds technical clarifications.

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Section 1 of the bill adds a new section to RCW 48.43 (Insurance Reform) requiring non-grandfathered health plans issued or renewed after January 1, 2024 to include coverage for hearing instruments, including bone conduction hearing devices. This section does not require coverage for over-the-counter (OTC) hearing instruments.

Section 1(2) requires that coverage include the hearing instrument, the initial assessment, fitting, adjustment, auditory training, and ear molds for the device. Coverage shall include services for enrollees intending to obtain or who have already obtained any hearing instrument, including OTC devices.

Section 1(3) establishes a benefit limit for hearing instruments that is no less than \$2,500 per ear with hearing loss, every 36 months.

Section 1(4) requires that hearing instrument coverage and services not be subject to a member's plan deductible unless the health plan is qualified for a health savings account (HSA). For these plan types, carriers may establish a deductible for the coverage required under this bill at the minimum level necessary to preserve tax exempt contributions and withdrawals from the HSA.

Section 1(5) allows for a member to select a hearing instrument that is priced above the maximum benefit amount (\$2,500) and pay the price difference without contractual penalty to the member purchasing the instrument or the provider of the hearing instrument.

Section 1(6) allows for coverage of hearing instruments for minors under the age of eighteen (18) years after the individual has received medical clearance within the preceding six months from either a otolaryngologist for initial evaluation of hearing loss, or a licensed physician.

Section 2 amends RCW 48.43.715 (Individual and small group markets, List of state mandated benefits) modifying the state's essential health benefits to include coverage of hearing instruments.

### II. B - Cash Receipts Impact

None.

### II. C – Expenditures

## HCA Fiscal Note

Bill Number: SHB 1222

HCA Request #: 23-093

### **Public Employee Benefits Board (PEBB) and School Employee Benefits Board (SEBB) Program Impacts**

Indeterminate fiscal impact.

Section 1 adds a new section to RCW 48.43 that requires health plans renewed after January 1, 2024 to include coverage of hearing instruments to include bone conduction hearing devices, initial assessments, fitting, adjustment, auditory training, and ear molds for the device. Coverage is not required for over-the-counter (OTC) hearing instruments.

Section 1(3) establishes a minimum coverage limit of \$2,500 per ear with hearing loss, every 36 months. RCW 48.43 governs the fully-insured health plans offered by the Public Employees Benefits Board (PEBB) and School Employees Benefits Board (SEBB) programs.

Existing state law sets a hearing aid benefit standard that is applicable to all plans offered to employees under the PEBB and SEBB Programs. Under RCW 41.05.830, hearing instruments must be covered without a member cost share every five (5) years. This bill would allow a minimum coverage amount of \$2,500 per ear, with coverage renewing every 36 months. This bill would apply to the PEBB & SEBB Programs fully-insured plans, but as drafted the bill would not apply to the self-insured Uniform Medical Plan (UMP) offerings.

Feedback from Premera, a fully-insured Carrier offered in the SEBB program, indicates the estimated increases to healthcare costs are between approximately \$800,000 to \$1.6 million annually, which could result in increased premiums for the Premera health plans. Feedback from the Kaiser Foundation Health Plan of Washington (KPWA) indicate no assumed increases to healthcare cost liability for KPWA plans offered in PEBB and SEBB. Kaiser Foundation Health Plan of the Northwest (KPNW) currently features hearing instrument coverage allowance of \$1,400 per ear, every 60 months; by increasing the minimum coverage amount to \$2,500 per ear every 36 months KPNW estimates annual plan healthcare costs to increase by approximately \$200,000. Any increases to plan healthcare cost liability could lead to increases in member premiums.

It is assumed the benefit coverage requirements under this legislation do not apply to the fully-insured Medicare Advantage (MA) plans offered to Medicare eligible PEBB retirees because state laws are pre-empted by Federal laws for MA and Part D offerings.

As drafted, this legislation does not impact the self insured Uniform Medical Plan (UMP) established and governed by RCW 41.05, which are offered in the PEBB and SEBB programs. Implementation of this bill could result in increased premiums for the fully-insured plans which may impact the state medical benefit contribution and employee contributions for health benefits.

HCA assumes that this bill does not prohibit use of cost-sharing, prior authorization processes, and other utilization management processes.

### **Medicaid**

No fiscal impact.

No impacts on the Medicaid lines of business because this legislation places the requirements under RCW 48.43.

## HCA Fiscal Note

Bill Number: SHB 1222

HCA Request #: 23-093

### **Part IV: Capital Budget Impact**

None.

### **Part V: New Rule Making Required**

None.

# HBE Fiscal Note

Bill Number: 1222 SHB

HBE Request #: 23-12-01

## **Part II: Narrative Explanation**

### **II. A - Brief Description Of What The Measure Does That Has Fiscal Impact**

This bill modifies the state's essential health benefits to include hearing instruments.

### **II. B - Cash Receipts Impact**

Indeterminate. Mandatory inclusion of hearing instruments up to \$2,500 per year every three years will be a new benefit. New mandated benefits increase premiums, but the premium increase amount attributable to this new benefit is unknown at this time.

### **II. C - Expenditures**

No fiscal impact, changes that require inclusion of this health care benefit in qualified health plans offered in the Exchange marketplace are not expected to require significant operational or Healthplanfinder system changes.

## **Part IV: Capital Budget Impact**

None.

## **Part V: New Rule Making Required**

None.



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1222 S HB	<b>Title:</b> Hearing instruments coverage	<b>Agency:</b> 160-Office of Insurance Commissioner
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.4	0.1	0.2	0.1	0.1
<b>Account</b>					
Insurance Commissioners Regulatory Account-State 138-1	55,749	9,573	65,322	19,146	19,146
<b>Total \$</b>	55,749	9,573	65,322	19,146	19,146

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: David Pringle	Phone: 360-786-7310	Date: 01/31/2023
Agency Preparation: Jane Beyer	Phone: 360-725-7043	Date: 02/03/2023
Agency Approval: Michael Wood	Phone: 360-725-7007	Date: 02/03/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/06/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 1(1) requires a health carrier, for group health plans other than small group health plans issued or renewed on or after January 1, 2024, include coverage for hearing instruments, including bone conduction hearing devices. Over-the-counter hearing instruments are not included.

Section 1(2) requires coverage to include the hearing instrument, initial assessment, instrument fitting, adjustment, auditory training, and ear molds as necessary for optimal fit of the instrument. These services will be covered for enrollees who intend to obtain or already have obtained a hearing instrument, including over-the-counter instruments.

Section 1(3) sets the maximum benefit amount for all instruments and services at \$2,500 per ear with hearing loss every 36 months.

Section 1(4) mandates that coverage for instruments and services is not subject to the enrollee's deductible unless the health plan is offered as a qualifying health plan for a health savings account. For qualifying health plans the cost sharing for the required coverage is to be set at the minimum level necessary to preserve the enrollee's ability to claim tax exempt contributions and withdrawals from their health savings account per IRS laws and regulations.

Section 1(5) allows an enrollee to choose a higher priced hearing instrument and pay the difference between the price of the hearing instrument and companion services with the covered amount without financial or contractual penalty to the enrollee or provider.

Section 1(6) requires coverage for minors under age 18 to be made available only after receiving medical clearance within the preceding six months from an otolaryngologist for an initial evaluation of hearing loss or a licensed physician, indicating there has not been a substantial change in clinical status since the initial evaluation by an otolaryngologist.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

Section 1(1) requires a health carrier, for group health plans other than small group health plans issued or renewed on or after January 1, 2024, include coverage for hearing instruments, including bone conduction hearing devices. Over-the-counter hearing instruments are not included.

Section 1(2) requires coverage to include the hearing instrument, initial assessment, instrument fitting, adjustment, auditory training, and ear molds as necessary for optimal fit of the instrument. These services will be covered for enrollees who intend to obtain or already have obtained a hearing instrument, including over-the-counter instruments.

Section 1(3) sets the maximum benefit amount for all instruments and services at \$2,500 per ear with hearing loss every 36 months.

Section 1(4) mandates that coverage for instruments and services is not subject to the enrollee's deductible unless the health plan is offered as a qualifying health plan for a health savings account. For qualifying health plans the cost sharing for

the required coverage is to be set at the minimum level necessary to preserve the enrollee’s ability to claim tax exempt contributions and withdrawals from their health savings account per IRS laws and regulations.

Section 1(5) allows an enrollee to choose a higher priced hearing instrument and pay the difference between the price of the hearing instrument and companion services with the covered amount without financial or contractual penalty to the enrollee or provider.

Section 1(6) requires coverage for minors under age 18 to be made available only after receiving medical clearance within the preceding six months from an otolaryngologist for an initial evaluation of hearing loss or a licensed physician, indicating there has not been a substantial change in clinical status since the initial evaluation by an otolaryngologist.

Section 1(1) through 1(6) will require additional review of large group health plan form filings to ensure the hearing instrument benefit is accurately disclosed to enrollees in the forms. The Office of Insurance Commissioner (OIC) will require one-time costs, in FY2024, of 14 hours of a Functional Program Analyst 4 to update filing review standards and speed-to-market tools, update checklist documents and filing instructions, train staff, and educate issuers. The OIC receives approximately 913 large group health plan form filings each year and assumes the new review standards will result in an additional 15 minutes of review per form filing in FY2024 and an additional 5 minutes of review per form filing in FY2025 and thereafter requiring 228 hours (913 form filings x 15 minutes) of a Functional Program Analyst 3 (FPA3) in FY2024 and 76 hours (913 form filings x 5 minutes) of a FPA3 in FY2025 and thereafter.

The provisions in Sections 1 will lead to an increase in enforcement actions. The OIC anticipates an average of an additional 1 enforcement action per year to address allegations specific to coverage for hearing instruments. Enforcement actions will require the equivalent of approximately 30 hours per case requiring 30 hours (1 case x 30 hours) of an Insurance Enforcement Specialist beginning in FY2024.

Section 1 will require ‘normal’ rulemaking, in FY2024, to align current WACs with the new law.

**Ongoing Costs:**

Salary, benefits and associated costs for .05 FTE Functional Program Analyst 3 and .02 FTE Insurance Enforcement Specialist.

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
138-1	Insurance Commissioners Regulatory Account	State	55,749	9,573	65,322	19,146	19,146
<b>Total \$</b>			55,749	9,573	65,322	19,146	19,146

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.4	0.1	0.2	0.1	0.1
A-Salaries and Wages	33,369	5,653	39,022	11,306	11,306
B-Employee Benefits	11,230	2,005	13,235	4,010	4,010
C-Professional Service Contracts					
E-Goods and Other Services	11,150	1,915	13,065	3,830	3,830
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	55,749	9,573	65,322	19,146	19,146

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Functional Program Analyst 3	73,260	0.1	0.1	0.1	0.1	0.1
Functional Program Analyst 4	80,952	0.1		0.0		
Insurance Enforcement Specialist	99,516	0.0	0.0	0.0	0.0	0.0
Senior Policy Analyst	108,432	0.2		0.1		
<b>Total FTEs</b>		0.4	0.1	0.2	0.1	0.1

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Section 1 will require ‘normal’ rulemaking, in FY2024, to align current WACs with the new law.