



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: S. 0119 Introduced on January 10, 2023
Author: Hembree
Subject: Hearing aids
Requestor: Senate Banking and Insurance
RFA Analyst(s): Tipton
Impact Date: February 21, 2023

Fiscal Impact Summary

This bill mandates the coverage of hearing aids for all individuals ages 26 or younger with documented hearing loss insured by a group health insurance policy or group health benefit plan, including the State Health Plan (SHP). The applicable plan must provide coverage for one hearing aid per impaired ear, not to exceed \$2,500 per hearing aid per covered individual. The bill is effective July 1, 2023, and applies to health insurance plans issued, renewed, delivered, or entered into on or after the effective date.

The cost of the coverage mandated by the bill for the SHP under the Public Employee Benefit Authority (PEBA) is estimated to be approximately \$1,020,000 in FY 2023-24. This amount may decrease in following years, as the bill allows for covered hearing aid replacement every 48 months. Further, PEBA indicates that this will increase costs for current and retired state employees under the SHP to offset this expense.

The fiscal impact of this bill for the Department of Insurance (DOI) and on insurance premium taxes is pending, contingent upon an actuarial analysis of health insurance policies in the state pursuant to §2-7-73. We will update this fiscal impact statement when the actuarial analysis is available.

Explanation of Fiscal Impact

Introduced on January 10, 2023

State Expenditure

This bill mandates the coverage of hearing aids for all individuals aged 26 or younger with documented hearing loss insured by a group health insurance policy or group health benefit plan, including the SHP. The applicable plan must provide coverage for one hearing aid per impaired ear, not to exceed \$2,500 per hearing aid per covered individual. A health insurance plan may not deny or refuse coverage or otherwise restrict coverage for a covered individual solely because of a previous hearing loss diagnosis. The coverage under the bill includes the fitting, dispensing, servicing, and repairing of hearing aids by a licensed audiologist, the replacement of one hearing aid per hearing impaired ear every 48 months, the option for a covered individual to purchase hearing aids above the \$2,500 limit, so long as the individual pays the difference over

that amount, and the option for the insured to purchase hearing aids through a licensed audiologist or hearing aid dealer or dispenser in the state.

Further, a health insurance plan must replace a hearing aid if it does not adequately meet the needs of the covered individual and the hearing aids cannot be repaired or adjusted. Coverage for replacement hearing aids must be provided within two months from the date that a licensed audiologist determined they cannot be repaired or adjusted. Additionally, a health insurance plan may not impose a financial penalty to a covered individual or an audiologist providing the hearing aid if a covered individual elects to purchase a hearing aid priced higher than the benefit amount by paying the difference between the benefit amount and the price of the hearing aid. The bill further states that the provisions of the section do not apply to any accident and sickness contract, policy, or benefit plan offered by any employer with ten or fewer employees. The bill is effective July 1, 2023, and applies to health insurance plans issued, renewed, delivered, or entered into on or after the effective date.

Public Employee Benefit Authority – State Health Plan. This bill mandates coverage of hearing aids for all individuals aged 26 or younger with documented hearing loss insured by the SHP. PEBA estimates that of the 147,016 members and dependents of the SHP ages 26 or younger, approximately 0.28 percent, or 408 individuals, have diagnosed hearing loss requiring hearing aids. Under the assumption that each individual will only require one hearing aid at the benefit limit of \$2,500, PEBA estimates this requirement will result in additional cost to the SHP of approximately \$1,020,000 in FY 2023-24. The cost of providing the required coverage may decrease in the following years, as the bill allows for covered hearing aid replacement every 48 months. Further, PEBA indicates that this will increase costs for current and retired state employees under the SHP to offset this expense.

Department of Insurance. This bill mandates coverage of hearing aids for all individuals aged 26 or younger with documented hearing loss insured by a group health insurance policy or group health benefit plan. This mandate may trigger the defrayment of coverage costs for private insurers to the state, under the Affordable Care Act (ACA) of 2010. The fiscal impact of this bill is pending, contingent upon a DOI actuarial analysis of health insurance policies in the state pursuant to §2-7-73. We will update this impact statement when more information is available.

State Revenue

The bill may impact state insurance premiums taxes due to increased premiums for the additional benefit if the cost is not defrayed by the state. The potential premium tax impact is pending, contingent upon an actuarial analysis from DOI.

Local Expenditure

N/A

Local Revenue

N/A



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