



**Fiscal Estimate Narratives**  
**DHFS 5/23/2008**

LRB Number <b>07-4229/1</b>	Introduction Number <b>AB-0912</b>	Estimate Type <b>Original</b>
<b>Description</b> Providing coverage of hearing aids and cochlear implants under BadgerCare Plus and granting rule-making authority		

**Assumptions Used in Arriving at Fiscal Estimate**

In the 18-month period from July 1, 2006 to December 31, 2007, there were a total of four Medicaid/BadgerCare recipients under the age of 18 who received a cochlear implant under either fee-for-service or an HMO under the Medicaid/BadgerCare Programs. This utilization rate would calculate to an average of 2.67 procedures per year. The average cost for such an implant was approximately \$26,000 (\$21,000 for the device and \$5,000 for surgery costs), which implies an annual cost of approximately \$70,000. The total number of children under these programs who were eligible for these implants during this period totaled an average of 372,663. The number of children in Wisconsin who are not currently eligible for these services under BadgerCare Plus total approximately 1,015,000. If it is assumed that children not currently eligible for this coverage under BadgerCare Plus would have the same rate of hearing impairment and needs as current eligibles and that the same restrictions that currently exist under Medicaid for qualifying for this implant would apply, it might be projected that 7 to 8 children per year would become eligible for this coverage. It is assumed that the Department would set maximum reimbursement rates for this procedure equivalent to current rates in Medicaid and BadgerCare Plus. At an average cost of \$26,000 per implant, there is a potential for up to \$190,000 in annual costs prior to any cost sharing or coverage under private insurance. Since it is uncertain what cost-sharing, if any, would be required, it is not possible to estimate the impact of any cost-sharing by recipients on the overall costs. Also, it is uncertain how many children would have private insurance coverage for these devices and the corresponding impact on offsetting overall costs. Since the federal government has opposed any expansion of Medicaid/SCHIP coverage to children over 250% of the federal poverty level, the additional costs of this coverage will mostly be 100% state-funded, except for some children from 200% to 250% of FPL who participate in BadgerCare Plus (children over 200% of FPL are required to pay a monthly premium).

The state cost of hearing aids (excludes cochlear implants) for Medicaid/BadgerCare children under 18 in calendar year 2007 totaled \$186,000 AF. Using the same assumptions and logic as above, this would imply a potential of up to \$507,000 of annual costs for expansion to all children under 18. This amount would be reduced by any cost sharing and coverage under private insurance. Although it is not possible to determine these amounts, both private insurance coverage and cost sharing could substantially reduce the costs in this area. Since hearing aids are substantially less expensive than cochlear implants, any cost sharing could cover a much larger proportion of costs in this area.

**Long-Range Fiscal Implications**