

# 17:48-6gg

## LEGISLATIVE HISTORY CHECKLIST

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**LAWS OF:** 2008            **CHAPTER:** 126

**NJSA:** 17:48-6gg      ("Grace's Law;" requires health insurers, State Health Benefits Program and NJ FamilyCare to provide coverage for hearing aids for covered persons 15 and younger)

**BILL NO:** S467            (substituted for A1571)

**SPONSOR(S)** Buono and others

**DATE INTRODUCED:** January 8, 2008

**COMMITTEE:**            **ASSEMBLY:** ---

**SENATE:** Commerce  
  Budget and Appropriations

**AMENDED DURING PASSAGE:** Yes

**DATE OF PASSAGE:**        **ASSEMBLY:** December 15, 2008

**SENATE:** November 24, 2008

**DATE OF APPROVAL:** December 30, 2008

**FOLLOWING ARE ATTACHED IF AVAILABLE:**

[FINAL TEXT OF BILL](#) (first reprint enacted)

S467

**[SPONSOR'S STATEMENT:](#)** (Begins on page 6 of introduced bill)      [Yes](#)

**COMMITTEE STATEMENT:**    **ASSEMBLY:** No

**SENATE:** Yes      [Commerce](#) 1-28-08  
  [Budget](#) 6-9-08

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at [www.njleg.state.nj.us](http://www.njleg.state.nj.us))

**FLOOR AMENDMENT STATEMENT:** No

**[LEGISLATIVE FISCAL NOTE:](#)** Yes

A1571

**[SPONSOR'S STATEMENT:](#)** (Begins on page 6 of introduced bill)      Yes

**COMMITTEE STATEMENT:**    **ASSEMBLY:** Yes      [Financial](#) 2-25-08  
  [Approp.](#) 6-22-08

**SENATE:** No

**FLOOR AMENDMENT NOTE:** No

**[LEGISLATIVE FISCAL NOTE:](#)** Yes

**VETO MESSAGE:** No

**GOVERNOR'S PRESS RELEASE ON SIGNING:** No

**FOLLOWING WERE PRINTED:**

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>.

**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** Yes

"Law to make hearing aids easier to obtain," Asbury Park Press, 12-31-08, p. C

"Health plans in NJ now must cover kids' hearing aids," Home News Tribune, 12-31-08, p. \_\_\_

"Hearing-aid bill for kids signed into law," Courier-Post, 12-31-08, p. 1B

"N.J. insurers must cover children's hearing aids," The Philadelphia Inquirer, 12-31-08, p. B02

"Codey signs bill requiring insurers to cover kids' hearing aids, Home News Tribune, 12-31-08, p. \_\_\_

"Insurers must cover children's hearing aids," Burlington County Times, 12-31-08, p. B2

"N.J. requires insurers to cover hearing aids," The Times, 12-31-08, p. A13

"Law mandates hearing aid funds," The Record, 12-31-08, p.A04

LAW/RWH 3/23/09

§1 –  
Note to §§2-11  
§2 - C.17:48-6gg  
§3 –  
C.17:48A-7dd  
§4 –  
C.17:48E-35.31  
§5 –  
C.17B:26-2.1aa  
§6 –  
C.17B:27-46.1gg  
§7 –  
C.17B:27A-7.14  
§8 –  
C.17B:27A-19.18  
§9 - C.26:2J-4.32  
§10 –  
C.52:14-17.29n  
§11 - C.30:4J-12.2  
§12 - Note to  
§§2-11

P.L. 2008, CHAPTER 126, *approved December 30, 2008*  
Senate, No. 467 (*First Reprint*)

1 AN ACT concerning health benefits coverage for hearing aids for  
2 children and supplementing various parts of the statutory law.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. This act shall be known and may be cited as "Grace's Law."

8

9 2. A hospital service corporation contract that provides hospital  
10 and medical expense benefits and is delivered, issued, executed or  
11 renewed in this State pursuant to P.L.1938, c.366 (C.17:48-1 et  
12 seq.), or approved for issuance or renewal in this State by the  
13 Commissioner of Banking and Insurance, on or after the effective  
14 date of this act, shall provide coverage for medically necessary  
15 expenses incurred in the purchase of a hearing aid for a covered  
16 person 15 years of age or younger, as provided in this section.

17 A hospital service corporation contract shall provide coverage  
18 that includes the purchase of a hearing aid for each ear, when  
19 medically necessary and as prescribed or recommended by a  
20 licensed physician or audiologist. A hospital service corporation

**EXPLANATION** – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate SCM committee amendments adopted January 28, 2008.

1 may limit the benefit provided in this section to \$1,000 per hearing  
2 aid for each hearing-impaired ear every 24 months. A covered  
3 person may choose a hearing aid that is priced higher than the  
4 benefit payable under this section and may pay the difference  
5 between the price of the hearing aid and the benefit payable under  
6 this section, without financial or contractual penalty to the provider  
7 of the hearing aid.

8 The benefits shall be provided to the same extent as for any other  
9 condition under the contract.

10 This section shall apply to those hospital service corporation  
11 contracts in which the hospital service corporation has reserved the  
12 right to change the premium.

13

14 3. A medical service corporation contract that provides hospital  
15 and medical expense benefits and is delivered, issued, executed or  
16 renewed in this State pursuant to P.L.1940, c.74 (C.17:48A-1 et  
17 seq.), or approved for issuance or renewal in this State by the  
18 Commissioner of Banking and Insurance, on or after the effective  
19 date of this act, shall provide coverage for medically necessary  
20 expenses incurred in the purchase of a hearing aid for a covered  
21 person 15 years of age or younger, as provided in this section.

22 A medical service corporation contract shall provide coverage  
23 that includes the purchase of a hearing aid for each ear, when  
24 medically necessary and as prescribed or recommended by a  
25 licensed physician or audiologist. A medical service corporation  
26 may limit the benefit provided in this section to \$1,000 per hearing  
27 aid for each hearing-impaired ear every 24 months. A covered  
28 person may choose a hearing aid that is priced higher than the  
29 benefit payable under this section and may pay the difference  
30 between the price of the hearing aid and the benefit payable under  
31 this section, without financial or contractual penalty to the provider  
32 of the hearing aid.

33 The benefits shall be provided to the same extent as for any other  
34 condition under the contract.

35 This section shall apply to those medical service corporation  
36 contracts in which the medical service corporation has reserved the  
37 right to change the premium.

38

39 4. A health service corporation contract that provides hospital  
40 and medical expense benefits and is delivered, issued, executed or  
41 renewed in this State pursuant to P.L.1985, c.236 (C.17:48E-1 et  
42 seq.), or approved for issuance or renewal in this State by the  
43 Commissioner of Banking and Insurance, on or after the effective  
44 date of this act, shall provide coverage for medically necessary  
45 expenses incurred in the purchase of a hearing aid for a covered  
46 person 15 years of age or younger, as provided in this section.

47 A health service corporation contract shall provide coverage that  
48 includes the purchase of a hearing aid for each ear, when medically

1 necessary and as prescribed or recommended by a licensed  
2 physician or audiologist. A health service corporation may limit the  
3 benefit provided in this section to \$1,000 per hearing aid for each  
4 hearing-impaired ear every 24 months. A covered person may  
5 choose a hearing aid that is priced higher than the benefit payable  
6 under this section and may pay the difference between the price of  
7 the hearing aid and the benefit payable under this section, without  
8 financial or contractual penalty to the provider of the hearing aid.

9 The benefits shall be provided to the same extent as for any other  
10 condition under the contract.

11 This section shall apply to those health service corporation  
12 contracts in which the health service corporation has reserved the  
13 right to change the premium.

14

15 5. An individual health insurance policy that provides hospital  
16 and medical expense benefits and is delivered, issued, executed or  
17 renewed in this State pursuant to chapter 26 of Title 17B of the New  
18 Jersey Statutes, or approved for issuance or renewal in this State by  
19 the Commissioner of Banking and Insurance, on or after the  
20 effective date of this act, shall provide coverage for medically  
21 necessary expenses incurred in the purchase of a hearing aid for a  
22 covered person 15 years of age or younger, as provided in this  
23 section.

24 A policy shall provide coverage that includes the purchase of a  
25 hearing aid for each ear, when medically necessary and as  
26 prescribed or recommended by a licensed physician or audiologist.  
27 An insurer may limit the benefit provided in this section to \$1,000  
28 per hearing aid for each hearing-impaired ear every 24 months. A  
29 covered person may choose a hearing aid that is priced higher than  
30 the benefit payable under this section and may pay the difference  
31 between the price of the hearing aid and the benefit payable under  
32 this section, without financial or contractual penalty to the provider  
33 of the hearing aid.

34 The benefits shall be provided to the same extent as for any other  
35 condition under the policy.

36 This section shall apply to those policies in which the insurer has  
37 reserved the right to change the premium.

38

39 6. A group health insurance policy that provides hospital and  
40 medical expense benefits and is delivered, issued, executed or  
41 renewed in this State pursuant to chapter 27 of Title 17B of the New  
42 Jersey Statutes, or approved for issuance or renewal in this State by  
43 the Commissioner of Banking and Insurance, on or after the  
44 effective date of this act, shall provide coverage for medically  
45 necessary expenses incurred in the purchase of a hearing aid for a  
46 covered person 15 years of age or younger, as provided in this  
47 section.

48 A policy shall provide coverage that includes the purchase of a

1 hearing aid for each ear, when medically necessary and as  
2 prescribed or recommended by a licensed physician or audiologist.  
3 An insurer may limit the benefit provided in this section to \$1,000  
4 per hearing aid for each hearing-impaired ear every 24 months. A  
5 covered person may choose a hearing aid that is priced higher than  
6 the benefit payable under this section and may pay the difference  
7 between the price of the hearing aid and the benefit payable under  
8 this section, without financial or contractual penalty to the provider  
9 of the hearing aid.

10 The benefits shall be provided to the same extent as for any other  
11 condition under the policy.

12 This section shall apply to those policies in which the insurer has  
13 reserved the right to change the premium.

14

15 7. An individual health benefits plan that provides hospital and  
16 medical expense benefits and is delivered, issued, executed or  
17 renewed in this State pursuant to P.L.1992, c.161 (C.17B:27A-2 et  
18 seq.), on or after the effective date of this act, shall provide  
19 coverage for medically necessary expenses incurred in the purchase  
20 of a hearing aid for a covered person 15 years of age or younger, as  
21 provided in this section.

22 A health benefits plan shall provide coverage that includes the  
23 purchase of a hearing aid for each ear, when medically necessary  
24 and as prescribed or recommended by a licensed physician or  
25 audiologist. A carrier may limit the benefit provided in this section  
26 to \$1,000 per hearing aid for each hearing-impaired ear every 24  
27 months. A covered person may choose a hearing aid that is priced  
28 higher than the benefit payable under this section and may pay the  
29 difference between the price of the hearing aid and the benefit  
30 payable under this section, without financial or contractual penalty  
31 to the provider of the hearing aid.

32 The benefits shall be provided to the same extent as for any other  
33 condition under the health benefits plan.

34 This section shall apply to those health benefits plans in which  
35 the carrier has reserved the right to change the premium.

36

37 8. A small employer health benefits plan that provides hospital  
38 and medical expense benefits and is delivered, issued, executed or  
39 renewed in this State pursuant to P.L.1992, c.162 (C.17B:27A-17 et  
40 seq.), on or after the effective date of this act, shall provide  
41 coverage for medically necessary expenses incurred in the purchase  
42 of a hearing aid for a covered person 15 years of age or younger, as  
43 provided in this section.

44 A health benefits plan shall provide coverage that includes the  
45 purchase of a hearing aid for each ear, when medically necessary  
46 and as prescribed or recommended by a licensed physician or  
47 audiologist. A carrier may limit the benefit provided in this section  
48 to \$1,000 per hearing aid for each hearing-impaired ear every 24

1 months. A covered person may choose a hearing aid that is priced  
2 higher than the benefit payable under this section and may pay the  
3 difference between the price of the hearing aid and the benefit  
4 payable under this section, without financial or contractual penalty  
5 to the provider of the hearing aid.

6 The benefits shall be provided to the same extent as for any other  
7 condition under the health benefits plan.

8 This section shall apply to those health benefits plans in which  
9 the carrier has reserved the right to change the premium.

10  
11 9. A health maintenance organization contract for health care  
12 services that is delivered, issued, executed or renewed in this State  
13 pursuant to P.L.1973, c.337 (C.26:2J-1 et seq.), or approved for  
14 issuance or renewal in this State by the Commissioner of Banking  
15 and Insurance, on or after the effective date of this act, shall provide  
16 health care services for medically necessary expenses incurred in  
17 the purchase of a hearing aid for an enrollee 15 years of age or  
18 younger, as provided in this section.

19 The health care services shall include the purchase of a hearing  
20 aid for each ear, when medically necessary and as prescribed or  
21 recommended by a licensed physician or audiologist. A health  
22 maintenance organization may limit the health care services  
23 provided in this section to \$1,000 per hearing aid for each hearing-  
24 impaired ear every 24 months. An enrollee may choose a hearing  
25 aid that is priced higher than the health care services payable under  
26 this section and may pay the difference between the price of the  
27 hearing aid and the health care services payable under this section,  
28 without financial or contractual penalty to the provider of the  
29 hearing aid.

30 The health care services shall be provided to the same extent as  
31 for any other condition under the contract.

32 This section shall apply to those contracts for health care  
33 services under which the right to change the schedule of charges for  
34 enrollee coverage is reserved.

35  
36 10. The State Health Benefits Commission shall, on or after the  
37 effective date of this act, provide benefits for medically necessary  
38 expenses incurred in the purchase of a hearing aid for a covered  
39 person 15 years of age or younger, as provided in this section.

40 The benefits shall include the purchase of a hearing aid for each  
41 ear, when medically necessary and as prescribed or recommended  
42 by a licensed physician or audiologist. The commission may limit  
43 the benefit provided in this section to \$1,000 per hearing aid for  
44 each hearing-impaired ear every 24 months. A covered person may  
45 choose a hearing aid that is priced higher than the benefit payable  
46 under this section and may pay the difference between the price of  
47 the hearing aid and the benefit payable under this section, without  
48 financial or contractual penalty to the provider of the hearing aid.

1       11. The Commissioner of Human Services shall ensure that  
2 every contract for health care services under the NJ FamilyCare  
3 Program established pursuant to sections 3 through 5 of P.L.2005,  
4 c.156 (C.30:4J-10 through C.30:4J-12), entered into on or after the  
5 effective date of this act, provides benefits for medically necessary  
6 expenses incurred in the purchase of a hearing aid for a covered  
7 person 15 years of age or younger, as provided in this section.

8       The benefits shall include the purchase of a hearing aid for each  
9 ear, when medically necessary and as prescribed or recommended  
10 by a licensed physician or audiologist. The commissioner may limit  
11 the benefit provided in this section to \$1,000 per hearing aid for  
12 each hearing-impaired ear every 24 months in any of the NJ  
13 FamilyCare Program plans, and may provide, when applicable, that  
14 a covered person may choose a hearing aid that is priced higher  
15 than the benefit payable under this section and may pay the  
16 difference between the price of the hearing aid and the benefit  
17 payable under this section, without financial or contractual penalty  
18 to the provider of the hearing aid.

19

20       12. This act shall take effect on the '~~30th~~ 90th' day after  
21 enactment.

22

23

24

25

26       "Grace's Law;" requires health insurers, State Health Benefits  
27 Program and NJ FamilyCare to provide coverage for hearing aids  
28 for covered persons 15 and younger.



**SENATE, No. 467**

**STATE OF NEW JERSEY**  
**213th LEGISLATURE**

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

**Sponsored by:**

**Senator BARBARA BUONO**

**District 18 (Middlesex)**

**Co-Sponsored by:**

**Senators Lance, B.Smith and Madden**

**SYNOPSIS**

"Grace's Law;" requires health insurers, State Health Benefits Program and NJ FamilyCare to provide coverage for hearing aids for covered persons 15 and younger.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel



1 AN ACT concerning health benefits coverage for hearing aids for  
2 children and supplementing various parts of the statutory law.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. This act shall be known and may be cited as "Grace's Law."

8

9 2. A hospital service corporation contract that provides hospital  
10 and medical expense benefits and is delivered, issued, executed or  
11 renewed in this State pursuant to P.L.1938, c.366 (C.17:48-1 et  
12 seq.), or approved for issuance or renewal in this State by the  
13 Commissioner of Banking and Insurance, on or after the effective  
14 date of this act, shall provide coverage for medically necessary  
15 expenses incurred in the purchase of a hearing aid for a covered  
16 person 15 years of age or younger, as provided in this section.

17 A hospital service corporation contract shall provide coverage  
18 that includes the purchase of a hearing aid for each ear, when  
19 medically necessary and as prescribed or recommended by a  
20 licensed physician or audiologist. A hospital service corporation  
21 may limit the benefit provided in this section to \$1,000 per hearing  
22 aid for each hearing-impaired ear every 24 months. A covered  
23 person may choose a hearing aid that is priced higher than the  
24 benefit payable under this section and may pay the difference  
25 between the price of the hearing aid and the benefit payable under  
26 this section, without financial or contractual penalty to the provider  
27 of the hearing aid.

28 The benefits shall be provided to the same extent as for any other  
29 condition under the contract.

30 This section shall apply to those hospital service corporation  
31 contracts in which the hospital service corporation has reserved the  
32 right to change the premium.

33

34 3. A medical service corporation contract that provides hospital  
35 and medical expense benefits and is delivered, issued, executed or  
36 renewed in this State pursuant to P.L.1940, c.74 (C.17:48A-1 et  
37 seq.), or approved for issuance or renewal in this State by the  
38 Commissioner of Banking and Insurance, on or after the effective  
39 date of this act, shall provide coverage for medically necessary  
40 expenses incurred in the purchase of a hearing aid for a covered  
41 person 15 years of age or younger, as provided in this section.

42 A medical service corporation contract shall provide coverage  
43 that includes the purchase of a hearing aid for each ear, when  
44 medically necessary and as prescribed or recommended by a  
45 licensed physician or audiologist. A medical service corporation  
46 may limit the benefit provided in this section to \$1,000 per hearing  
47 aid for each hearing-impaired ear every 24 months. A covered  
48 person may choose a hearing aid that is priced higher than the

1 benefit payable under this section and may pay the difference  
2 between the price of the hearing aid and the benefit payable under  
3 this section, without financial or contractual penalty to the provider  
4 of the hearing aid.

5 The benefits shall be provided to the same extent as for any other  
6 condition under the contract.

7 This section shall apply to those medical service corporation  
8 contracts in which the medical service corporation has reserved the  
9 right to change the premium.

10

11 4. A health service corporation contract that provides hospital  
12 and medical expense benefits and is delivered, issued, executed or  
13 renewed in this State pursuant to P.L.1985, c.236 (C.17:48E-1 et  
14 seq.), or approved for issuance or renewal in this State by the  
15 Commissioner of Banking and Insurance, on or after the effective  
16 date of this act, shall provide coverage for medically necessary  
17 expenses incurred in the purchase of a hearing aid for a covered  
18 person 15 years of age or younger, as provided in this section.

19 A health service corporation contract shall provide coverage that  
20 includes the purchase of a hearing aid for each ear, when medically  
21 necessary and as prescribed or recommended by a licensed  
22 physician or audiologist. A health service corporation may limit the  
23 benefit provided in this section to \$1,000 per hearing aid for each  
24 hearing-impaired ear every 24 months. A covered person may  
25 choose a hearing aid that is priced higher than the benefit payable  
26 under this section and may pay the difference between the price of  
27 the hearing aid and the benefit payable under this section, without  
28 financial or contractual penalty to the provider of the hearing aid.

29 The benefits shall be provided to the same extent as for any other  
30 condition under the contract.

31 This section shall apply to those health service corporation  
32 contracts in which the health service corporation has reserved the  
33 right to change the premium.

34

35 5. An individual health insurance policy that provides hospital  
36 and medical expense benefits and is delivered, issued, executed or  
37 renewed in this State pursuant to chapter 26 of Title 17B of the New  
38 Jersey Statutes, or approved for issuance or renewal in this State by  
39 the Commissioner of Banking and Insurance, on or after the  
40 effective date of this act, shall provide coverage for medically  
41 necessary expenses incurred in the purchase of a hearing aid for a  
42 covered person 15 years of age or younger, as provided in this  
43 section.

44 A policy shall provide coverage that includes the purchase of a  
45 hearing aid for each ear, when medically necessary and as  
46 prescribed or recommended by a licensed physician or audiologist.  
47 An insurer may limit the benefit provided in this section to \$1,000  
48 per hearing aid for each hearing-impaired ear every 24 months. A

1 covered person may choose a hearing aid that is priced higher than  
2 the benefit payable under this section and may pay the difference  
3 between the price of the hearing aid and the benefit payable under  
4 this section, without financial or contractual penalty to the provider  
5 of the hearing aid.

6 The benefits shall be provided to the same extent as for any other  
7 condition under the policy.

8 This section shall apply to those policies in which the insurer has  
9 reserved the right to change the premium.

10

11 6. A group health insurance policy that provides hospital and  
12 medical expense benefits and is delivered, issued, executed or  
13 renewed in this State pursuant to chapter 27 of Title 17B of the New  
14 Jersey Statutes, or approved for issuance or renewal in this State by  
15 the Commissioner of Banking and Insurance, on or after the  
16 effective date of this act, shall provide coverage for medically  
17 necessary expenses incurred in the purchase of a hearing aid for a  
18 covered person 15 years of age or younger, as provided in this  
19 section.

20 A policy shall provide coverage that includes the purchase of a  
21 hearing aid for each ear, when medically necessary and as  
22 prescribed or recommended by a licensed physician or audiologist.  
23 An insurer may limit the benefit provided in this section to \$1,000  
24 per hearing aid for each hearing-impaired ear every 24 months. A  
25 covered person may choose a hearing aid that is priced higher than  
26 the benefit payable under this section and may pay the difference  
27 between the price of the hearing aid and the benefit payable under  
28 this section, without financial or contractual penalty to the provider  
29 of the hearing aid.

30 The benefits shall be provided to the same extent as for any other  
31 condition under the policy.

32 This section shall apply to those policies in which the insurer has  
33 reserved the right to change the premium.

34

35 7. An individual health benefits plan that provides hospital and  
36 medical expense benefits and is delivered, issued, executed or  
37 renewed in this State pursuant to P.L.1992, c.161 (C.17B:27A-2 et  
38 seq.), on or after the effective date of this act, shall provide  
39 coverage for medically necessary expenses incurred in the purchase  
40 of a hearing aid for a covered person 15 years of age or younger, as  
41 provided in this section.

42 A health benefits plan shall provide coverage that includes the  
43 purchase of a hearing aid for each ear, when medically necessary  
44 and as prescribed or recommended by a licensed physician or  
45 audiologist. A carrier may limit the benefit provided in this section  
46 to \$1,000 per hearing aid for each hearing-impaired ear every 24  
47 months. A covered person may choose a hearing aid that is priced  
48 higher than the benefit payable under this section and may pay the

1 difference between the price of the hearing aid and the benefit  
2 payable under this section, without financial or contractual penalty  
3 to the provider of the hearing aid.

4 The benefits shall be provided to the same extent as for any other  
5 condition under the health benefits plan.

6 This section shall apply to those health benefits plans in which  
7 the carrier has reserved the right to change the premium.

8

9 8. A small employer health benefits plan that provides hospital  
10 and medical expense benefits and is delivered, issued, executed or  
11 renewed in this State pursuant to P.L.1992, c.162 (C.17B:27A-17 et  
12 seq.), on or after the effective date of this act, shall provide  
13 coverage for medically necessary expenses incurred in the purchase  
14 of a hearing aid for a covered person 15 years of age or younger, as  
15 provided in this section.

16 A health benefits plan shall provide coverage that includes the  
17 purchase of a hearing aid for each ear, when medically necessary  
18 and as prescribed or recommended by a licensed physician or  
19 audiologist. A carrier may limit the benefit provided in this section  
20 to \$1,000 per hearing aid for each hearing-impaired ear every 24  
21 months. A covered person may choose a hearing aid that is priced  
22 higher than the benefit payable under this section and may pay the  
23 difference between the price of the hearing aid and the benefit  
24 payable under this section, without financial or contractual penalty  
25 to the provider of the hearing aid.

26 The benefits shall be provided to the same extent as for any other  
27 condition under the health benefits plan.

28 This section shall apply to those health benefits plans in which  
29 the carrier has reserved the right to change the premium.

30

31 9. A health maintenance organization contract for health care  
32 services that is delivered, issued, executed or renewed in this State  
33 pursuant to P.L.1973, c.337 (C.26:2J-1 et seq.), or approved for  
34 issuance or renewal in this State by the Commissioner of Banking  
35 and Insurance, on or after the effective date of this act, shall provide  
36 health care services for medically necessary expenses incurred in  
37 the purchase of a hearing aid for an enrollee 15 years of age or  
38 younger, as provided in this section.

39 The health care services shall include the purchase of a hearing  
40 aid for each ear, when medically necessary and as prescribed or  
41 recommended by a licensed physician or audiologist. A health  
42 maintenance organization may limit the health care services  
43 provided in this section to \$1,000 per hearing aid for each hearing-  
44 impaired ear every 24 months. An enrollee may choose a hearing  
45 aid that is priced higher than the health care services payable under  
46 this section and may pay the difference between the price of the  
47 hearing aid and the health care services payable under this section,  
48 without financial or contractual penalty to the provider of the

1 hearing aid.

2 The health care services shall be provided to the same extent as  
3 for any other condition under the contract.

4 This section shall apply to those contracts for health care  
5 services under which the right to change the schedule of charges for  
6 enrollee coverage is reserved.

7

8 10. The State Health Benefits Commission shall, on or after the  
9 effective date of this act, provide benefits for medically necessary  
10 expenses incurred in the purchase of a hearing aid for a covered  
11 person 15 years of age or younger, as provided in this section.

12 The benefits shall include the purchase of a hearing aid for each  
13 ear, when medically necessary and as prescribed or recommended  
14 by a licensed physician or audiologist. The commission may limit  
15 the benefit provided in this section to \$1,000 per hearing aid for  
16 each hearing-impaired ear every 24 months. A covered person may  
17 choose a hearing aid that is priced higher than the benefit payable  
18 under this section and may pay the difference between the price of  
19 the hearing aid and the benefit payable under this section, without  
20 financial or contractual penalty to the provider of the hearing aid.

21

22 11. The Commissioner of Human Services shall ensure that  
23 every contract for health care services under the NJ FamilyCare  
24 Program established pursuant to sections 3 through 5 of P.L.2005,  
25 c.156 (C.30:4J-10 through C.30:4J-12), entered into on or after the  
26 effective date of this act, provides benefits for medically necessary  
27 expenses incurred in the purchase of a hearing aid for a covered  
28 person 15 years of age or younger, as provided in this section.

29 The benefits shall include the purchase of a hearing aid for each  
30 ear, when medically necessary and as prescribed or recommended  
31 by a licensed physician or audiologist. The commissioner may limit  
32 the benefit provided in this section to \$1,000 per hearing aid for  
33 each hearing-impaired ear every 24 months in any of the NJ  
34 FamilyCare Program plans, and may provide, when applicable, that  
35 a covered person may choose a hearing aid that is priced higher  
36 than the benefit payable under this section and may pay the  
37 difference between the price of the hearing aid and the benefit  
38 payable under this section, without financial or contractual penalty  
39 to the provider of the hearing aid.

40

41 12. This act shall take effect on the 30th day after enactment.

42

43

44

STATEMENT

45

46 This bill, "Grace's Law," is named for Grace Gleba, a young girl  
47 who was born with a severe hearing impairment. The bill requires  
48 hospital, medical and health service corporations, commercial

**S467 BUONO**

1 insurers, health maintenance organizations, health benefits plans  
2 issued pursuant to the New Jersey Individual Health Coverage and  
3 Small Employer Health Benefits Program, the State Health Benefits  
4 Program and the NJ FamilyCare Program to provide coverage for  
5 medically necessary expenses incurred in the purchase of a hearing  
6 aid for covered children 15 years of age or younger.

7 The bill provides that the coverage shall include the purchase of  
8 a hearing aid for each ear, when medically necessary and as  
9 prescribed or recommended by a licensed physician or audiologist.  
10 The bill provides that the insurer may limit the benefit to \$1,000 per  
11 hearing aid for each hearing-impaired ear every 24 months. The  
12 bill further provides that a covered person may choose a hearing aid  
13 that is priced higher than the benefit payable under the bill, and may  
14 pay the difference between the price of the hearing aid and the  
15 benefit payable, without financial or contractual penalty to the  
16 provider of the hearing aid.

# SENATE COMMERCE COMMITTEE

## STATEMENT TO

### **SENATE, No. 467**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JANUARY 28, 2008

The Senate Commerce Committee reports favorably and with committee amendments Senate Bill No. 467.

This bill, "Grace's Law," is named for Grace Gleba, a young girl who was born with a severe hearing impairment. The bill requires hospital, medical and health service corporations, commercial insurers, health maintenance organizations, and health benefits plans issued pursuant to the New Jersey Individual Health Coverage Program and Small Employer Health Benefits Program, the State Health Benefits Program and the NJ FamilyCare Program to provide coverage for medically necessary expenses incurred in the purchase of a hearing aid for covered children 15 years of age or younger.

The bill provides that the coverage shall include the purchase of a hearing aid for each ear, when medically necessary and as prescribed or recommended by a licensed physician or audiologist. The bill provides that the insurer may limit the benefit to \$1,000 per hearing aid for each hearing-impaired ear every 24 months. The bill further provides that a covered person may choose a hearing aid that is priced higher than the benefit payable under the bill, and may pay the difference between the price of the hearing aid and the benefit payable, without financial or contractual penalty to the provider of the hearing aid.

The committee amendments to the bill:

- Extend the effective date of the bill so that it takes effect on the 90th day after enactment. The underlying bill provided for an effective date of the 30th day after enactment. This amendment means that only insurance contracts, policies, and plans delivered, issued, executed or renewed, or approved for issuance or renewal by the Commissioner of Banking and Insurance, on or after the effective date, now 90 days after the date of enactment, would be required to provide the new hearing aid coverage mandate. The bill would not apply retroactively to alter the coverage terms of any existing contract, policy, or plan in effect prior to the effective date.



This bill was pre-filed for introduction in the 2008-2009 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

**MINORITY STATEMENT**

By Senators Cardinale and Singer

The Senate Commerce Committee minority members support the goals and purposes of this bill. However, we have chosen to abstain on the bill at this time and to go on record noting the bill's potential negative fiscal impact on the State.

A Fiscal Note prepared by the non-partisan Office of Legislative Services on the predecessor bill, Assembly Bill No. 289, from the previous legislative session, based on information provided by the Division of Pensions and Benefits in the Department of the Treasury, estimated the total cost of that bill to the State (State Health Benefits Program and NJ FamilyCare, excluding local participating employers) at \$375,086 annually. Until such time as Governor Corzine delivers his FY 2009 State budget to the Legislature, neither the members of the Legislature, nor the members of this committee, will be able to determine the State's financial ability to appropriate the necessary funds to adequately back this measure.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

**SENATE, No. 467**

# **STATE OF NEW JERSEY**

DATED: JUNE 9, 2008

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 467.

The bill, "Grace's Law," requires hospital, medical and health service corporations, commercial insurers, health maintenance organizations and health benefits plans contracted through the New Jersey Individual Health Coverage Program, New Jersey Small Employer Health Benefits Program, the State Health Benefits Program or the NJ FamilyCare Program to provide coverage for medically necessary hearing aids for children under the age of 16. The proposed law is named for Grace Gleba, a young girl who was born with a severe hearing impairment.

The bill requires coverage for hearing aid purchases for each ear that are medically necessary and are prescribed or recommended by a licensed physician or audiologist. The insurer may limit the benefit to \$1,000 per hearing aid for each ear every 24 months. The bill allows a beneficiary to choose a hearing aid that is priced higher than the benefit payable under the bill and pay the difference without financial or contractual penalty to the hearing aid provider. The bill takes effect on the 90th day after enactment and applies to insurance contracts, policies, and plans delivered, issued, executed or renewed, or approved for issuance or renewal by the Commissioner of Banking and Insurance, on or after that date.

This bill is identical to Assembly Bill No. 1571 (1R).

### FISCAL IMPACT:

The total annual cost of this legislation for the State Health Benefits Plan (SHBP) and the NJ Family Care program is estimated to be approximately \$348,000 per year for the next three fiscal years; however, costs may be somewhat lower than estimated in FY 2009, since the benefit will not be in effect for the full fiscal year. (The effective date of the bill is 90 days following enactment.)

Specifically, the Division of Pensions and Benefits in the Department of the Treasury estimated a total cost to the SHBP of \$293,374 based on the number of SHBP covered dependent children 15 years of age or younger and an assumption, called an incident rate,

of the number of children who may need hearing aids. According to the division, there are approximately 146,687 dependent children 15 years of age or younger enrolled in SHBP without medical coverage for hearing aids. The hearing aid benefit is \$1,000 per hearing aid for each hearing-impaired ear every 24 months. The analysis assumes an incident rate of two hearing aids per 1,000 children covered to yield the total cost of \$293,374. Approximately 46.6 percent of the SHBP cost would accrue to the State and the remainder to local government entities.

The Office of Legislative Services (OLS) additionally estimates annual costs of \$54,4000 to NJ FamilyCare for children enrolled in that program, based on 27,200 total children enrolled in the program without medical coverage for hearing aids and assuming the same incident rate used by the Division in its estimate.

The OLS emphasizes that this fiscal estimate is limited to the potential costs associated with the SHBP and NJ FamilyCare. The OLS is unable to estimate costs for local governments not participating in the SHBP and contracting with commercial health benefit providers due to a lack of data.

**FISCAL NOTE**  
 [First Reprint]  
**SENATE, No. 467**  
**STATE OF NEW JERSEY**  
**213th LEGISLATURE**

DATED: MAY 1, 2008

**SUMMARY**

**Synopsis:** “Grace’s Law;” requires health insurers, State Health Benefits Program and NJ FamilyCare to provide coverage for hearing aids for covered persons 15 and younger.

**Type of Impact:** Expenditure increase to the State General Fund and local government entities.

**Agencies Affected:** Department of Treasury, Division of Pensions and Benefits; Department of Human Services, NJ FamilyCare; local government entities.

**Executive Estimate**

<b>Fiscal Impact</b>	<b><u>FY2009*</u></b>	<b><u>FY2010</u></b>	<b><u>FY2011</u></b>
<b>State Cost</b>	\$120,162	\$120,162	\$120,162
<b>Local Cost</b>	<u>\$173,212</u>	<u>\$173,212</u>	<u>\$173,212</u>
<b>Total Cost</b>	\$293,374	\$293,374	\$293,374

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>FY2009*</u></b>	<b><u>FY2010</u></b>	<b><u>FY2011</u></b>
<b>State Cost</b>	\$174,562	\$174,562	\$174,562
<b>Local Cost</b>	<u>\$173,212</u>	<u>\$173,212</u>	<u>\$173,212</u>
<b>Total Cost</b>	\$347,774	\$347,774	\$347,774

\*Assumes July 1, 2008 effective date.

- The Office of Legislative Services (OLS) **concurs** with the Executive estimate, however, the OLS estimate includes the potential costs to the State Health Benefits Program (SHBP) and the NJ FamilyCare Program.

- Requires government and private sector health insurers to provide health benefits coverage for the purchase of medically necessary hearing aids for covered persons under 15 years of age.
- The Division of Pensions and Benefits estimates that approximately 293 claims at \$1,000 each would be paid annually by the SHBP.
- OLS estimates that approximately 54 claims at \$1,000 each would be paid annually by NJ FamilyCare, a federal and State-funded health insurance program.
- Approximately 46.6 percent of the SHBP cost would accrue to the State and the remainder to local government entities.
- OLS notes that the fiscal estimate reflects potential costs associated with the SHBP and NJ FamilyCare only. Thus, costs to local entities that contract with a commercial health benefit provider, for example, are not reflected in this fiscal estimate. OLS is not able to estimate the number of local agencies that contract with commercial health benefit providers and the cumulative amount of premiums paid by local governments due to a lack of data.

## **BILL DESCRIPTION**

Senate Bill No. 467 (1R) of 2008 will require health insurers to provide coverage for medically necessary expenses incurred in the purchase of a hearing aid for covered children 15 years of age or younger. This bill requires hospital, medical and health service corporations, commercial insurers, health maintenance organizations, health benefit plans issued pursuant to the New Jersey Individual Health Coverage and Small Employer Health Benefits Program, the SHBP, and the NJ FamilyCare Program to provide such coverage. The bill permits insurers, including the State Health Benefits Commission and NJ FamilyCare, to limit the benefit provided to \$1,000 per hearing aid for each hearing-impaired ear every 24 months.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

The Division of Pensions and Benefits in the Department of the Treasury estimated the total cost of the bill based on the number of SHBP covered dependent children 15 years of age or younger and an assumption, called an incident rate, of the number of children who may need hearing aids. Based on the division's estimate there are approximately 146,687 dependent children 15 years of age or younger enrolled in SHBP without medical coverage for hearing aids. The hearing aid benefit is \$1,000 per hearing aid for each hearing-impaired ear every 24 months. The analysis assumes an incident rate of two hearing aids per 1,000 children covered. Therefore, the cost to the SHBP is estimated to be \$293,374 which is equal to 146,687 children divided by 1,000, multiplied by 2, multiplied by \$1,000. Approximately 46.6 percent of the SHBP cost would accrue to the State and the remainder to local government entities.

**OFFICE OF LEGISLATIVE SERVICES**

The Office of Legislative Services (OLS) estimates the annual cost of this legislation to be \$347,774. This includes the costs to the SHBP of \$293,374 and an estimate of the increased costs to the NJ FamilyCare program totaling \$54,400. There are approximately 27,200 total children enrolled in the NJ FamilyCare Program without medical coverage for hearing aids. However, a breakout of these children 15 years of age or younger is not available. Nevertheless, OLS estimates the cost to the NJ FamilyCare Program, also assuming an incident rate of two hearing aids per 1,000 children, to be \$54,400 which is equal to 27,200 divided by 1,000, multiplied by 2, multiplied by \$1,000.

The OLS notes that this fiscal estimate reflects potential costs associated with the SHBP and NJ FamilyCare only. The OLS cannot estimate other additional costs to local governments entities that may be associated with this legislation due to a lack of data.

As of July 2006, local SHBP participation included five counties, 290 school districts, 311 municipalities, 292 authorities, commissions and State autonomous agencies, and 23 charter schools. The number of local employees and retirees enrolled in the SHBP totaled 213,830.

*Section: State Government Section*

*Analyst: Kimberly Anne McCord  
Associate Fiscal Analyst*

*Approved: David J. Rosen  
Legislative Budget and Finance Officer*

This fiscal note has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-1 et seq.).

**ASSEMBLY, No. 1571**

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**STATE OF NEW JERSEY**

**213th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

**Sponsored by:**

**Assemblyman NEIL M. COHEN**

**District 20 (Union)**

**Assemblyman JOSEPH J. ROBERTS, JR.**

**District 5 (Camden and Gloucester)**

**Co-Sponsored by:**

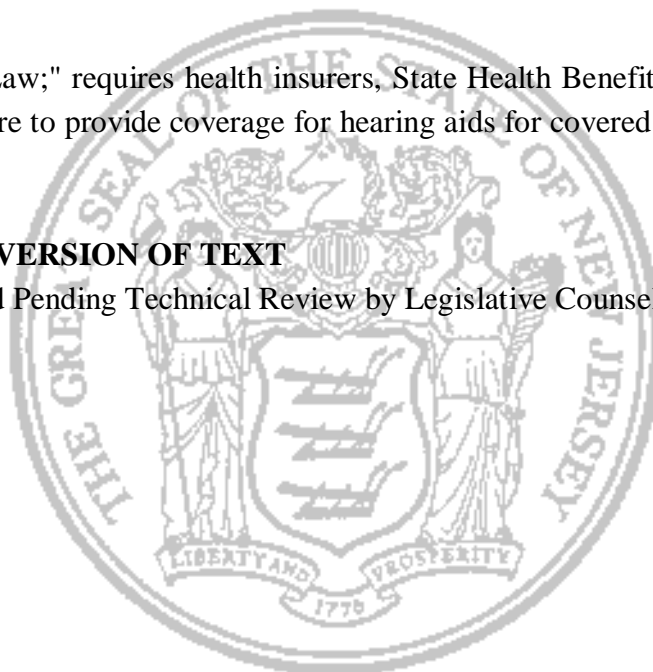
**Assemblyman Gusciora, Assemblywoman Watson Coleman, Assemblyman Johnson, Assemblywoman Quigley, Assemblymen Fisher, Burzichelli, Assemblywoman Greenstein, Assemblymen Cryan, Green, Assemblywoman Stender, Assemblymen Wisniewski, Chivukula, Assemblywomen Voss, Vainieri Huttel, Assemblymen Connors, Diegnan, Dancer, Assemblywoman Jasey and Assemblyman Vas**

**SYNOPSIS**

"Grace's Law;" requires health insurers, State Health Benefits Program, and NJ FamilyCare to provide coverage for hearing aids for covered persons 15 and younger.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel



**(Sponsorship Updated As Of: 2/26/2008)**

1 AN ACT concerning health benefits coverage for hearing aids for  
2 children and supplementing various parts of the statutory law.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. This act shall be known and may be cited as "Grace's Law."

8

9 2. A hospital service corporation contract that provides hospital  
10 and medical expense benefits and is delivered, issued, executed or  
11 renewed in this State pursuant to P.L.1938, c.366 (C.17:48-1 et  
12 seq.), or approved for issuance or renewal in this State by the  
13 Commissioner of Banking and Insurance, on or after the effective  
14 date of this act, shall provide coverage for medically necessary  
15 expenses incurred in the purchase of a hearing aid for a covered  
16 person 15 years of age or younger, as provided in this section.

17 A hospital service corporation contract shall provide coverage  
18 that includes the purchase of a hearing aid for each ear, when  
19 medically necessary and as prescribed or recommended by a  
20 licensed physician or audiologist. A hospital service corporation  
21 may limit the benefit provided in this section to \$1,000 per hearing  
22 aid for each hearing-impaired ear every 24 months. A covered  
23 person may choose a hearing aid that is priced higher than the  
24 benefit payable under this section and may pay the difference  
25 between the price of the hearing aid and the benefit payable under  
26 this section, without financial or contractual penalty to the provider  
27 of the hearing aid.

28 The benefits shall be provided to the same extent as for any other  
29 condition under the contract.

30 This section shall apply to those hospital service corporation  
31 contracts in which the hospital service corporation has reserved the  
32 right to change the premium.

33

34 3. A medical service corporation contract that provides hospital  
35 and medical expense benefits and is delivered, issued, executed or  
36 renewed in this State pursuant to P.L.1940, c.74 (C.17:48A-1 et  
37 seq.), or approved for issuance or renewal in this State by the  
38 Commissioner of Banking and Insurance, on or after the effective  
39 date of this act, shall provide coverage for medically necessary  
40 expenses incurred in the purchase of a hearing aid for a covered  
41 person 15 years of age or younger, as provided in this section.

42 A medical service corporation contract shall provide coverage  
43 that includes the purchase of a hearing aid for each ear, when  
44 medically necessary and as prescribed or recommended by a  
45 licensed physician or audiologist. A medical service corporation  
46 may limit the benefit provided in this section to \$1,000 per hearing  
47 aid for each hearing-impaired ear every 24 months. A covered  
48 person may choose a hearing aid that is priced higher than the



1 benefit payable under this section and may pay the difference  
2 between the price of the hearing aid and the benefit payable under  
3 this section, without financial or contractual penalty to the provider  
4 of the hearing aid.

5 The benefits shall be provided to the same extent as for any other  
6 condition under the contract.

7 This section shall apply to those medical service corporation  
8 contracts in which the medical service corporation has reserved the  
9 right to change the premium.

10

11 4. A health service corporation contract that provides hospital  
12 and medical expense benefits and is delivered, issued, executed or  
13 renewed in this State pursuant to P.L.1985, c.236 (C.17:48E-1 et  
14 seq.), or approved for issuance or renewal in this State by the  
15 Commissioner of Banking and Insurance, on or after the effective  
16 date of this act, shall provide coverage for medically necessary  
17 expenses incurred in the purchase of a hearing aid for a covered  
18 person 15 years of age or younger, as provided in this section.

19 A health service corporation contract shall provide coverage that  
20 includes the purchase of a hearing aid for each ear, when medically  
21 necessary and as prescribed or recommended by a licensed  
22 physician or audiologist. A health service corporation may limit the  
23 benefit provided in this section to \$1,000 per hearing aid for each  
24 hearing-impaired ear every 24 months. A covered person may  
25 choose a hearing aid that is priced higher than the benefit payable  
26 under this section and may pay the difference between the price of  
27 the hearing aid and the benefit payable under this section, without  
28 financial or contractual penalty to the provider of the hearing aid.

29 The benefits shall be provided to the same extent as for any other  
30 condition under the contract.

31 This section shall apply to those health service corporation  
32 contracts in which the health service corporation has reserved the  
33 right to change the premium.

34

35 5. An individual health insurance policy that provides hospital  
36 and medical expense benefits and is delivered, issued, executed or  
37 renewed in this State pursuant to chapter 26 of Title 17B of the New  
38 Jersey Statutes, or approved for issuance or renewal in this State by  
39 the Commissioner of Banking and Insurance, on or after the  
40 effective date of this act, shall provide coverage for medically  
41 necessary expenses incurred in the purchase of a hearing aid for a  
42 covered person 15 years of age or younger, as provided in this  
43 section.

44 A policy shall provide coverage that includes the purchase of a  
45 hearing aid for each ear, when medically necessary and as  
46 prescribed or recommended by a licensed physician or audiologist.  
47 An insurer may limit the benefit provided in this section to \$1,000  
48 per hearing aid for each hearing-impaired ear every 24 months. A

1 covered person may choose a hearing aid that is priced higher than  
2 the benefit payable under this section and may pay the difference  
3 between the price of the hearing aid and the benefit payable under  
4 this section, without financial or contractual penalty to the provider  
5 of the hearing aid.

6 The benefits shall be provided to the same extent as for any other  
7 condition under the policy.

8 This section shall apply to those policies in which the insurer has  
9 reserved the right to change the premium.

10

11 6. A group health insurance policy that provides hospital and  
12 medical expense benefits and is delivered, issued, executed or  
13 renewed in this State pursuant to chapter 27 of Title 17B of the New  
14 Jersey Statutes, or approved for issuance or renewal in this State by  
15 the Commissioner of Banking and Insurance, on or after the  
16 effective date of this act, shall provide coverage for medically  
17 necessary expenses incurred in the purchase of a hearing aid for a  
18 covered person 15 years of age or younger, as provided in this  
19 section.

20 A policy shall provide coverage that includes the purchase of a  
21 hearing aid for each ear, when medically necessary and as  
22 prescribed or recommended by a licensed physician or audiologist.  
23 An insurer may limit the benefit provided in this section to \$1,000  
24 per hearing aid for each hearing-impaired ear every 24 months. A  
25 covered person may choose a hearing aid that is priced higher than  
26 the benefit payable under this section and may pay the difference  
27 between the price of the hearing aid and the benefit payable under  
28 this section, without financial or contractual penalty to the provider  
29 of the hearing aid.

30 The benefits shall be provided to the same extent as for any other  
31 condition under the policy.

32 This section shall apply to those policies in which the insurer has  
33 reserved the right to change the premium.

34

35 7. An individual health benefits plan that provides hospital and  
36 medical expense benefits and is delivered, issued, executed or  
37 renewed in this State pursuant to P.L.1992, c.161 (C.17B:27A-2 et  
38 seq.), on or after the effective date of this act, shall provide  
39 coverage for medically necessary expenses incurred in the purchase  
40 of a hearing aid for a covered person 15 years of age or younger, as  
41 provided in this section.

42 A health benefits plan shall provide coverage that includes the  
43 purchase of a hearing aid for each ear, when medically necessary  
44 and as prescribed or recommended by a licensed physician or  
45 audiologist. A carrier may limit the benefit provided in this section  
46 to \$1,000 per hearing aid for each hearing-impaired ear every 24  
47 months. A covered person may choose a hearing aid that is priced  
48 higher than the benefit payable under this section and may pay the

1 difference between the price of the hearing aid and the benefit  
2 payable under this section, without financial or contractual penalty  
3 to the provider of the hearing aid.

4 The benefits shall be provided to the same extent as for any other  
5 condition under the health benefits plan.

6 This section shall apply to those health benefits plans in which  
7 the carrier has reserved the right to change the premium.

8

9 8. A small employer health benefits plan that provides hospital  
10 and medical expense benefits and is delivered, issued, executed or  
11 renewed in this State pursuant to P.L.1992, c.162 (C.17B:27A-17 et  
12 seq.), on or after the effective date of this act, shall provide  
13 coverage for medically necessary expenses incurred in the purchase  
14 of a hearing aid for a covered person 15 years of age or younger, as  
15 provided in this section.

16 A health benefits plan shall provide coverage that includes the  
17 purchase of a hearing aid for each ear, when medically necessary  
18 and as prescribed or recommended by a licensed physician or  
19 audiologist. A carrier may limit the benefit provided in this section  
20 to \$1,000 per hearing aid for each hearing-impaired ear every 24  
21 months. A covered person may choose a hearing aid that is priced  
22 higher than the benefit payable under this section and may pay the  
23 difference between the price of the hearing aid and the benefit  
24 payable under this section, without financial or contractual penalty  
25 to the provider of the hearing aid.

26 The benefits shall be provided to the same extent as for any other  
27 condition under the health benefits plan.

28 This section shall apply to those health benefits plans in which  
29 the carrier has reserved the right to change the premium.

30

31 9. A health maintenance organization contract for health care  
32 services that is delivered, issued, executed or renewed in this State  
33 pursuant to P.L.1973, c.337 (C.26:2J-1 et seq.), or approved for  
34 issuance or renewal in this State by the Commissioner of Banking  
35 and Insurance, on or after the effective date of this act, shall provide  
36 health care services for medically necessary expenses incurred in  
37 the purchase of a hearing aid for an enrollee 15 years of age or  
38 younger, as provided in this section.

39 The health care services shall include the purchase of a hearing  
40 aid for each ear, when medically necessary and as prescribed or  
41 recommended by a licensed physician or audiologist. A health  
42 maintenance organization may limit the health care services  
43 provided in this section to \$1,000 per hearing aid for each hearing-  
44 impaired ear every 24 months. An enrollee may choose a hearing  
45 aid that is priced higher than the health care services payable under  
46 this section and may pay the difference between the price of the  
47 hearing aid and the health care services payable under this section,  
48 without financial or contractual penalty to the provider of the

1 hearing aid.

2 The health care services shall be provided to the same extent as  
3 for any other condition under the contract.

4 This section shall apply to those contracts for health care  
5 services under which the right to change the schedule of charges for  
6 enrollee coverage is reserved.

7

8 10. The State Health Benefits Commission shall, on or after the  
9 effective date of this act, provide benefits for medically necessary  
10 expenses incurred in the purchase of a hearing aid for a covered  
11 person 15 years of age or younger, as provided in this section.

12 The benefits shall include the purchase of a hearing aid for each  
13 ear, when medically necessary and as prescribed or recommended  
14 by a licensed physician or audiologist. The commission may limit  
15 the benefit provided in this section to \$1,000 per hearing aid for  
16 each hearing-impaired ear every 24 months. A covered person may  
17 choose a hearing aid that is priced higher than the benefit payable  
18 under this section and may pay the difference between the price of  
19 the hearing aid and the benefit payable under this section, without  
20 financial or contractual penalty to the provider of the hearing aid.

21

22 11. The Commissioner of Human Services shall ensure that  
23 every contract for health care services under the NJ FamilyCare  
24 Program, P.L. 2005, c.156 (C.30:4J-8 et seq.), entered into on or  
25 after the effective date of this act, provides benefits for medically  
26 necessary expenses incurred in the purchase of a hearing aid for a  
27 covered person 15 years of age or younger, as provided in this  
28 section.

29 The benefits shall include the purchase of a hearing aid for each  
30 ear, when medically necessary and as prescribed or recommended  
31 by a licensed physician or audiologist. The commissioner may limit  
32 the benefit provided in this section to \$1,000 per hearing aid for  
33 each hearing-impaired ear every 24 months in any of the NJ  
34 FamilyCare plans, and may provide, when applicable, that a  
35 covered person may choose a hearing aid that is priced higher than  
36 the benefit payable under this section and may pay the difference  
37 between the price of the hearing aid and the benefit payable under  
38 this section, without financial or contractual penalty to the provider  
39 of the hearing aid.

40

41 12. This act shall take effect on the 30th day after enactment.

42

43

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#### STATEMENT

45

46 This bill, "Grace's Law," is named for Grace Gleba, a young girl  
47 who was born with a severe hearing impairment. The bill requires  
48 hospital, medical and health service corporations, commercial

**A1571 COHEN, ROBERTS**

7

1 insurers, health maintenance organizations, health benefits plans  
2 issued pursuant to the New Jersey Individual Health Coverage and  
3 Small Employer Health Benefits Program, the State Health Benefits  
4 Program, and the NJ FamilyCare Program to provide coverage for  
5 medically necessary expenses incurred in the purchase of a hearing  
6 aid for covered children 15 years of age or younger.

7 The bill provides that the coverage shall include the purchase of  
8 a hearing aid for each ear, when medically necessary and as  
9 prescribed or recommended by a licensed physician or audiologist.  
10 The bill provides that the insurer may limit the benefit to \$1,000 per  
11 hearing aid for each hearing-impaired ear every 24 months. The  
12 bill further provides that a covered person may choose a hearing aid  
13 that is priced higher than the benefit payable under this bill and may  
14 pay the difference between the price of the hearing aid and the  
15 benefit payable, without financial or contractual penalty to the  
16 provider of the hearing aid.

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 1571**

with committee amendments

**STATE OF NEW JERSEY**

DATED: FEBRUARY 25, 2008

The Assembly Financial Institutions and Insurance Committee reports favorably and with committee amendments Assembly Bill No. 1571.

This bill, "Grace's Law," is named for Grace Gleba, a young girl who was born with a severe hearing impairment. The bill requires hospital, medical and health service corporations, commercial insurers, health maintenance organizations, health benefits plans issued pursuant to the New Jersey Individual Health Coverage Program and Small Employer Health Benefits Program, the State Health Benefits Program, and the NJ FamilyCare Program to provide coverage for medically necessary expenses incurred in the purchase of a hearing aid for covered children 15 years of age or younger.

The bill provides that the coverage shall include the purchase of a hearing aid for each ear, when medically necessary and as prescribed or recommended by a licensed physician or audiologist. The bill provides that the insurer may limit the benefit to \$1,000 per hearing aid for each hearing-impaired ear every 24 months. The bill further provides that a covered person may choose a hearing aid that is priced higher than the benefit payable under this bill and may pay the difference between the price of the hearing aid and the benefit payable, without financial or contractual penalty to the provider of the hearing aid.

As amended, the bill takes effect on the 90th day after enactment. As amended, this bill is identical to Senate Bill No. 467 (1R).

This bill was pre-filed for introduction in the 2008-2009 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENT

The committee amended the effective date of the bill so that it takes effect on the 90th day after enactment. The underlying bill provided for an effective date of the 30th day after enactment. This amendment means that only insurance contracts, policies, and plans

delivered, issued, executed or renewed, or approved for issuance or renewal by the Commissioner of Banking and Insurance, on or after the effective date, now 90 days after the date of enactment, would be required to provide the new hearing aid coverage mandate. The bill would not apply retroactively to alter the coverage terms of any existing contract, policy, or plan in effect prior to the effective date.

#### MINORITY STATEMENT

By Assemblyman Chiusano and Assemblywoman Coyle

The sponsors of this bill should be commended for seeking ways to improve the quality of life for young children with hearing impairments. However, the bill does create an additional fiscal burden on both the State and local governments, as well as private individuals and the businesses that in many cases provide some form of health insurance to their employees.

At this time, the State is facing very serious financial difficulties. The Governor has ordered his cabinet officers to recommend reductions in departmental spending, and has directed the Treasurer to work with the Legislature to identify additional savings. The Legislature will hear what is expected to be an austere budget address from the Governor in just over 24 hours. Measures such as this should be considered within the context of the budget deliberations.

Additionally, the Pension and Health Benefits Review Commission voted on December 7, 2007 to recommend not enacting this measure since it continues what the commission described as the unfavorable practice of mandating health benefits coverage. The commission also expressed the concern that enactment of this bill would encourage the introduction of future legislation to expand this coverage to the State Health Benefits Program population over the age of 15, with a potentially significant cost.

Until such time as Governor Corzine delivers his Fiscal Year 2009 State budget to the Legislature, neither the members of this committee, nor the Legislature generally, should endorse any additional spending initiatives. We are therefore compelled to withhold support from this particular legislation at this time.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

**ASSEMBLY, No. 1571**

# **STATE OF NEW JERSEY**

DATED: MAY 22, 2008

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1571 (1R).

The bill, "Grace's Law," requires hospital, medical and health service corporations, commercial insurers, health maintenance organizations and health benefits plans contracted through the New Jersey Individual Health Coverage Program, New Jersey Small Employer Health Benefits Program, the State Health Benefits Program or the NJ FamilyCare Program to provide coverage for medically necessary hearing aids for children under the age of 16. The proposed law is named for Grace Gleba, a young girl who was born with a severe hearing impairment.

The bill requires coverage for hearing aid purchases for each ear that are medically necessary and are prescribed or recommended by a licensed physician or audiologist. The insurer may limit the benefit to \$1,000 per hearing aid for each ear every 24 months. The bill allows a beneficiary to choose a hearing aid that is priced higher the benefit payable under the bill and pay the difference without financial or contractual penalty to the hearing aid provider. The bill takes effect on the 90th day after enactment and applies to insurance contracts, policies, and plans delivered, issued, executed or renewed, or approved for issuance or renewal by the Commissioner of Banking and Insurance, on or after that date.

### FISCAL IMPACT:

The Division of Pension and Benefits, Department of the Treasury, estimates that the bill will increase State Health Benefits Plan (SHBP) costs by \$120,162 to State Government and \$173,212 to Local Governments in each of the following three fiscal years (FY09-FY11). The Office of Legislative Services (OLS) estimates additional annual costs to the NJ FamilyCare Program for children enrolled in that program of \$54,400 for each of those three fiscal years, for a total annual estimated cost of \$347,774.

The OLS notes that it is unable to estimate costs for local governments not participating in the SHBP and contracting with commercial health benefit providers due to a lack of data.



**FISCAL NOTE**  
 [First Reprint]  
**ASSEMBLY, No. 1571**  
**STATE OF NEW JERSEY**  
**213th LEGISLATURE**

DATED: MAY 1, 2008

**SUMMARY**

- Synopsis:** “Grace’s Law;” requires health insurers, State Health Benefits Program and NJ FamilyCare to provide coverage for hearing aids for covered persons 15 and younger.
- Type of Impact:** Expenditure increase to the State General Fund and local government entities.
- Agencies Affected:** Department of Treasury, Division of Pensions and Benefits; Department of Human Services, NJ FamilyCare; local government entities.

**Executive Estimate**

<b>Fiscal Impact</b>	<b><u>FY2009*</u></b>	<b><u>FY2010</u></b>	<b><u>FY2011</u></b>
<b>State Cost</b>	\$120,162	\$120,162	\$120,162
<b>Local Cost</b>	<u>\$173,212</u>	<u>\$173,212</u>	<u>\$173,212</u>
<b>Total Cost</b>	\$293,374	\$293,374	\$293,374

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>FY2009*</u></b>	<b><u>FY2010</u></b>	<b><u>FY2011</u></b>
<b>State Cost</b>	\$174,562	\$174,562	\$174,562
<b>Local Cost</b>	<u>\$173,212</u>	<u>\$173,212</u>	<u>\$173,212</u>
<b>Total Cost</b>	\$347,774	\$347,774	\$347,774

\*Assumes July 1, 2008 effective date.

- The Office of Legislative Services (OLS) **concur**s with the Executive estimate, however, the OLS estimate includes the potential costs to the State Health Benefits Program (SHBP) and the NJ FamilyCare Program.

- Requires government and private sector health insurers to provide health benefits coverage for the purchase of medically necessary hearing aids for covered persons under 15 years of age.
- The Division of Pensions and Benefits estimates that approximately 293 claims at \$1,000 each would be paid annually by the SHBP.
- OLS estimates that approximately 54 claims at \$1,000 each would be paid annually by NJ FamilyCare, a federal and State-funded health insurance program.
- Approximately 46.6 percent of the SHBP cost would accrue to the State and the remainder to local government entities.
- OLS notes that the fiscal estimate reflects potential costs associated with the SHBP and NJ FamilyCare only. Thus, costs to local entities that contract with a commercial health benefit provider, for example, are not reflected in this fiscal estimate. OLS is not able to estimate the number of local agencies that contract with commercial health benefit providers and the cumulative amount of premiums paid by local governments due to a lack of data.

## **BILL DESCRIPTION**

Assembly Bill No. 1571(1R) of 2008 will require health insurers to provide coverage for medically necessary expenses incurred in the purchase of a hearing aid for covered children 15 years of age or younger. This bill requires hospital, medical and health service corporations, commercial insurers, health maintenance organizations, health benefit plans issued pursuant to the New Jersey Individual Health Coverage and Small Employer Health Benefits Program, the SHBP, and the NJ FamilyCare Program to provide such coverage. The bill permits insurers, including the State Health Benefits Commission and NJ FamilyCare, to limit the benefit provided to \$1,000 per hearing aid for each hearing-impaired ear every 24 months.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

The Division of Pensions and Benefits in the Department of the Treasury estimated the total cost of the bill based on the number of SHBP covered dependent children 15 years of age or younger and an assumption, called an incident rate, of the number of children who may need hearing aids. Based on the division's estimate there are approximately 146,687 dependent children 15 years of age or younger enrolled in SHBP without medical coverage for hearing aids. The hearing aid benefit is \$1,000 per hearing aid for each hearing-impaired ear every 24 months. The analysis assumes an incident rate of two hearing aids per 1,000 children covered. Therefore, the cost to the SHBP is estimated to be \$293,374 which is equal to 146,687 children divided by 1,000, multiplied by 2, multiplied by \$1,000. Approximately 46.6 percent of the SHBP cost would accrue to the State and the remainder to local government entities.

***OFFICE OF LEGISLATIVE SERVICES***

The Office of Legislative Services (OLS) estimates the annual cost of this legislation to be \$347,774. This includes the costs to the SHBP of \$293,374 and an estimate of the increased costs to the NJ FamilyCare program totaling \$54,400. There are approximately 27,200 total children enrolled in the NJ FamilyCare Program without medical coverage for hearing aids. However, a breakout of these children 15 years of age or younger is not available. Nevertheless, OLS estimates the cost to the NJ FamilyCare Program, also assuming an incident rate of two hearing aids per 1,000 children, to be \$54,400 which is equal to 27,200 divided by 1,000, multiplied by 2, multiplied by \$1,000.

The OLS notes that this fiscal estimate reflects potential costs associated with the SHBP and NJ FamilyCare only. The OLS cannot estimate other additional costs to local governments entities that may be associated with this legislation due to a lack of data.

As of July 2006, local SHBP participation included five counties, 290 school districts, 311 municipalities, 292 authorities, commissions and State autonomous agencies, and 23 charter schools. The number of local employees and retirees enrolled in the SHBP totaled 213,830.

*Section: State Government Section*

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*Approved: David J. Rosen  
Legislative Budget and Finance Officer*

This fiscal note has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-1 et seq.).