

# Fiscal Note

**BILL #** SB 1017

**TITLE:** AHCCCS; cochlear implants

**SPONSOR:** Shope

**STATUS:** As Introduced

**PREPARED BY:** Chandler Coiner

## Description

The bill, as introduced, would add cochlear implants as an AHCCCS benefit for adults ages 21+. AHCCCS currently covers cochlear implants for children under 21 receiving Early and Periodic Screening, Diagnostic and Treatment (EPSDT) services.

## Estimated Impact

AHCCCS actuaries estimate the full-year cost of adults within AHCCCS would be \$124,600 General Fund (\$587,600 Total Funds). AHCCCS has not yet provided us with information on its assumptions and methodology for these estimates. As a result, we are unable to evaluate their reasonableness.

The increase in AHCCCS formula costs may be partially offset by potential General Fund revenue gains associated with increased earnings among AHCCCS members using cochlear implants. We are unable, however, to quantify the magnitude of such revenue impacts.

## Analysis

A cochlear implant is a surgically implanted device used to treat hearing loss. The device receives signals and transmits them to the cochlear nerve to improve the patient's hearing capabilities. AHCCCS previously covered cochlear implants for adults ages 21+, but the FY 2011 enacted budget eliminated this benefit. AHCCCS currently covers cochlear implants for children under 21 receiving EPSDT services.

Because the bill prohibits monies from the Hospital Assessment Fund from being used to fund this benefit, the state match portion of the cost would be entirely from the General Fund. In a Senate committee hearing, AHCCCS quoted a full-year implementation cost of \$124,600 General Fund (\$587,600 Total Funds), or \$93,500 General Fund (\$440,700 Total Funds) for the last 9 months of FY 2024 as it assumes an implementation date of October 1, 2023. We are still awaiting additional information regarding their methodology.

Advocates of the bill have noted that members that use cochlear implants may experience higher employment and associated earnings as a result of improvement in their hearing capabilities. Any increase in earnings could result in General Fund revenue increases as the member contributes to the tax system.

We concur that any increase in AHCCCS member earnings resulting from coverage of cochlear implants may increase General Fund revenues. We lack sufficient data, however, to estimate the potential magnitude of such impacts.

## Local Government Impact

None

2/1/23

