

# Fiscal Note

**BILL #** SB 1207

**TITLE:** AHCCCS; speech therapy; cochlear implants

**SPONSOR:** Leach

**STATUS:** Senate Engrossed

**PREPARED BY:** Chandler Coiner

## Description

The bill, as engrossed by the Senate, would add outpatient speech therapy and cochlear implants as AHCCCS-covered benefits for adults ages 21+. AHCCCS currently covers these services for children under 21 receiving Early and Periodic Screening, Diagnostic and Treatment (EPSDT) services.

## Estimated Impact

We estimate that the bill would raise AHCCCS costs by \$274,000 General Fund (\$1.4 million Total Funds) annually based on an actuarial analysis from the agency. AHCCCS has not yet provided us with information on its assumptions and methodology for this estimate. As a result, we are unable to evaluate its reasonableness.

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

## Analysis

Speech therapy entails treatment for problems with language, speaking, or swallowing, including such services as lip reading, non-oral language training, and articulation training. Currently, all populations within AHCCCS are eligible to receive medically necessary inpatient speech therapy ordered by a physician. Outpatient speech therapy, however, is excluded from coverage for most adults ages 21+.

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 these benefits, the state match portion of the cost would be entirely from the General Fund. In a Senate committee hearing, AHCCCS quoted an annual cost of \$274,000 General Fund (\$1.4 million Total Funds) to cover outpatient speech therapy and cochlear implants for adults ages 21+. Based on prior estimates from the agency, we estimate that of the \$274,000 in General Fund costs, \$153,300 would be for outpatient speech therapy and \$120,700 would be for cochlear implants.

Advocates of the bill have noted that members using these services may experience higher employment and associated earnings as a result of improvement in their speech and hearing capabilities. Any increase in earnings could result in General Fund revenue increases as the member contributes to the tax system. Any increase in earnings could also result in the member being disenrolled from the program if the member's income exceeds eligibility limits, reducing AHCCCS costs.



We concur that any increase in AHCCCS member earnings resulting from coverage of speech therapy and cochlear implants would increase General Fund revenues and potentially reduce AHCCCS costs. We lack sufficient data, however, to estimate the potential magnitude of such impacts.

**Local Government Impact**

None

3/20/25