Office of Senate Floor Analyses
(916) 651-4171

UNFINISHED BUSINESS

Bill No: SB 331
Author: Menjivar (D), et al.
Amended: 8/19/26
Vote: 21

PRIOR SENATE VOTES NOT RELEVANT

SENATE HEALTH: 9-0 8/27/26
AYES: Weber Pierson, Valladares, Caballero, Gonzalez, Menjivar, Padilla, Pérez, Rubio, Smallwood-Cuevas
NO VOTE RECORDED: Durazo, Grove

ASSEMBLY FLOOR: 77-0 8/25/26 – See last page for Roll Call.

SUBJECT: Health care coverage: hearing aids

SOURCE: Children Now (co-source)
Let California Kids Hear Coalition (co-source)

DIGEST: This bill (1) requires large group health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2028, to include coverage for hearing aids and related services for enrollees and insureds under 21 years of age, if medically necessary; and, (2) requires the large group plan or insurer to cover services provided by a qualified audiologist with experience with children when medically necessary.

Assembly Amendments delete the Senate version of this bill and replace it with a mandate on state regulated health plans and health insurers with products in the large group market (over 100 employees) to provide coverage of hearing aids and related services, as medically necessary, for enrollees up to age 21 years.

ANALYSIS:

Existing federal law: Establishes, pursuant to the Patient Protection and Affordable Care Act (ACA), federal Essential Health Benefits (EHBs) requirements for individual and small group health insurance coverage, and that the Secretary of the United States Department of Health and Human Services (HHS) not make coverage decisions, determine reimbursement rates, establish incentive program, or design benefits in ways that discriminate against individuals because of their age, disability, or expected length of life. [42 U.S.C. §18022]

Existing state law:

1) Establishes the Department of Managed Health Care (DMHC) to regulate health plans, including individual, small and large group plans, under the Knox-Keene Health Care Service Plan Act of 1975 (Knox-Keene Act); California Department of Insurance (CDI) to regulate health, including individual, small and large group policies, and other insurance; and, the Department of Health Care Services (DHCS) to administer the Medi-Cal program. [Health and Safety Code (HSC) §1340, et seq., Insurance Code [INS] §106, et seq., and Welfare and Institutions Code (WIC) §14000, et seq.]

2) Requires health plans and insurers for individuals, small groups, and large groups to cover medically necessary basic health care services, which include all of the following:

   a) Physician services, including consultation and referral;

   b) Hospital inpatient services and ambulatory care services;

   c) Diagnostic laboratory and therapeutic radiologic services;

   d) Home health services;

   e) Preventive health services;

   f) Emergency health care services, including ambulance and ambulance transport services and out-of-area coverage. Basic health care services including ambulance and ambulance transport services provided through the 911 emergency response system; and,

   g) Hospice care. [HSC §1345 and INS §10112.9]

3) Requires an individual or small group health plan contract or insurance policy to include at a minimum, coverage for EHBs pursuant to the ACA, and as outlined below:

a) Health benefits within the categories identified in the ACA;

b) Ambulatory patient services;

c) Emergency services;

d) Hospitalization;

e) Maternity and newborn care;

f) Mental health and substance use disorder services;

g) Prescription drugs;

h) Rehabilitative and habilitative services and devices;

i) Laboratory services;

j) Preventive and wellness services and chronic disease management; and,

k) Pediatric services, including oral and vision care;

l) Health benefits covered by the Kaiser Foundation Health Plan Small Group HMO 30 (Kaiser Small Group HMO), as this plan was offered during the first quarter of 2014, regardless of whether the benefits are specifically referenced in the evidence of coverage or plan contract for that plan;

m) Medically necessary basic health care services, as specified;

n) Health benefits mandated to be covered by the plan pursuant to statutes enacted before December 31, 2011, as described; and,

o) Health benefits covered by the plan that are not otherwise required to be covered, as specified. [HSC §1367.005 and INS §10112.27]

4) Establishes California Children Services (CCS), administered by DHCS, under which individuals under the age of 21 who have eligible medical conditions established in regulation and meet financial requirements, are eligible to receive medically necessary services and treatments. [HSC §123800, et seq.]

This bill:

1) Requires a large group health plan contract and health insurance policy issued, amended, or renewed on or after January 1, 2028, to include coverage for hearing aids and related services for enrollees or insured under 21 years of age,

if medically necessary. Requires the large group plan or insurer to cover services provided by a qualified audiologist with experience with children when medically necessary.

2) Authorizes a plan to limit the dollar coverage for each individual hearing device to $3,000. Authorizes an enrollee/insured to choose to purchase a hearing aid that exceeds this limit.

3) Prohibits deductibles and caps coinsurance for hearing aids covered pursuant to this bill at 10%. Prohibits coverage from being subject to any other financial or treatment limitations, except as authorized under this bill. This shall not be construed to prohibit a large group plan or insurance policy from requiring use of network provider consistent with the terms and conditions of the contract or policy and law.

4) Excludes, for federally defined high deductible health plans as specified, cost-sharing described in 3) above unless there is a conflict with federal requirements for high deductible health plans.

5) Requires coverage for hearing aids to include necessary assessments, new hearing aids at least once every three years and more frequently if the existing hearing aids are no longer working or the existing hearing aids no longer meet the medical needs of the enrollee or insured and cannot be altered or adjusted to meet the needs of the enrollee or insured, and new earmolds, fittings, adjustments, auditory training, and maintenance of the hearing aids.

6) Defines hearing aid as an electronic device designed to aid or compensate for impaired human hearing and any parts, attachments, or accessories, including earmolds, but excluding batteries and cords, including both hearing aids traditionally worn behind the ear and nonimplanted auditory osseointegrated devices.

7) Exempts a Medicare policy, specialized plans and policies, and Medi-Cal managed care plans that contract with the Department of Health Care Services, as specified.

Background

According to the author of this bill:

> Numerous experts agree that pediatric hearing loss is considered a developmental emergency requiring timely intervention to prevent permanent delays. These preventable consequences are devastating for

children and families and costly for society. California requires screening all newborns to identify those who are Deaf or Hard of Hearing (DHH). Despite identifying nearly all DHH children as newborns, access to hearing aids remains limited. Since private health insurance plans are not required to cover hearing aids for kids, only about 9% of enrollees aged 0-20 in California have some coverage. Over 35 states require coverage for children's hearing aids through commercial plans or the state exchange. California has tried to address this very issue through the Hearing Aid Coverage for Children Program (HACCP) launched by the Department of Health Care Services on July 1, 2021. However, to date, HACCP has served only 225 of the 7,000 eligible children. This bill would mandate coverage in large group health plans to ensure that children receive timely access to pediatric hearing aids. This will reduce the burden on HACCP, allowing it to focus on serving children outside the large-group health market.

Existing hearing aid coverage for children.

a) *Medi-Cal.* Children with family income up to 266% FPL (almost $80,000 annually for a family of four) are eligible for Medi-Cal. Children up to age 21 years covered through Medi-Cal have coverage for hearing aids. Medi-Cal will pay up to $1,510 per person each fiscal year (between July 1 and June 30) for hearing aid benefits, including hearing aids, except that children who are younger than age 21 and receive full-scope Medi-Cal are not subject to the hearing aid benefit cap. In addition, hearing aids that are lost, stolen, or irreparably damaged beyond the patient's control are not subject to the cap.
b) *CCS.* Children who meet certain qualifications, including a qualifying hearing loss, have coverage for hearing aids through CCS. CCS is a state program that provides coverage for children under age 21 with certain eligible medical conditions, including hearing loss. Children may also qualify for CCS by meeting certain age, residence, medical, and financial requirements. The eligibility criteria are: 1) under age 21; 2) California resident; 3) has a medical condition that is covered by CCS; and, 4) the child and family meets one of the following criteria: i) family state adjusted gross income of $40,000 or less; ii) out-of-pocket medical expenses expected to be more than 20% of family's adjusted gross income; iii) a need for an evaluation to find out whether there is a health problem covered by CCS; iv) the child was adopted with a known health problem that is covered by CCS; v) the child has a need for the Medical Therapy Program (a state program that provides services for children who have handicapping conditions, generally due to neurological or musculoskeletal disorders); or, vi) the child is eligible for Medi-Cal, with full benefits.

c) *HACCP.* HACCP is a no cost program for children in families with income below 600% of the federal poverty level ($122,640 for a family of two) that began accepting applications in 2021. HACCP covers hearing aids and related services for children under the age of 21, who have insurance that does not cover hearing aids, have coverage that covers less than $1,500 for hearings aids, are uninsured, are not eligible for Medi-Cal or hearing aid coverage through CCS. These services below are covered based on a referral from an audiologist, otolaryngologist, or physician:

   i) Hearing aid(s) and hearing aid replacement;

   ii) Hearing aid supplies/accessories;

   iii) Hearing aid-related audiology services; and,

   iv) Other related post-evaluation services.

   HACCP utilizes existing Medi-Cal and CCS policies to guide the benefit structure. According to the DHCS website, as of June 2026, 1,328 total applications have been received with 700 unique members enrolled, 189 applications have/had missing information, 288 were referred to Medi-Cal/CCS or the applicants were already enrolled in Medi-Cal/CCS and 128 were found not to be eligible.

California Health Benefits Review Program (CHBRP) report. AB 1996 (Thomson, Chapter 795, Statutes of 2002) requests the University of California to assess legislation proposing a mandated benefit or service and prepare a written analysis with relevant data on the medical, economic, and public health impacts of proposed health plan and health insurance benefit mandate legislation. CHBRP was created in response to AB 1996 and reviewed this bill. With the August amendments, CHBRP indicates that the amendments likely reduce their previously estimated decrease in enrollee out-of-pocket expenses and also reduce the magnitude of the premium increase due to their price sensitivity assumptions. Key findings include:

a) *Medical effectiveness.* Hearing aids are effective in improving speech outcomes in children. Evidence suggests that earlier fitting with hearing aids is associated with greater gains in speech outcomes. Hearing aids are effective in improving language development outcomes in children. The risk of language delays among children with hearing loss may be mitigated by early fitting and consistent use of hearing aids. Conversely, there is insufficient evidence (not enough research to determine) that hearing aids are effective in improving nonverbal outcomes (e.g., motor behavior) in

children. There is conflicting evidence that hearing aids are effective in improving personal and social development outcomes in children.

b) *EHBs.* Because this bill applies only to large group insurance there would not be an impact on EHBs. EHB's are benefits that are mandated to be included in health coverage that is sold in California for individuals and small businesses pursuant to the federal ACA (individual and small group markets). Historically, states could only expand EHBs without having to defray costs if they were granted federal approval. Pursuant to SB 62 (Menjivar, Chapter 739, Statutes of 2025), and SB 224 (Bonta, Chapter 680, Statutes of 2025), California requested approval to expand California's EHBs for the 2027 plan year to include hearing aids for any age, infertility treatment, and specified durable medical equipment. However, federal policy on this matter is in flux and the state's request has been put on hold at the federal level. If the state were to mandate hearing aid coverage in the individual and small group market without federal approval it could be required to pay plans to cover those costs depending upon federal policy requirements. In CHBRP's 2023 report for SB 635, CHBRP estimates the state-responsibility for defrayal of EHB costs for hearing aids for children was approximately $11 million.

Budget Actions. According to the Senate Budget Subcommittee #3, Let California Kids Hear and Children Now requested trailer bill language to shift pediatric hearing aid coverage to the large group insurance market, indicating that since the proposal is limited to the large group market, it would avoid defrayal costs for Covered California plans. The Senate Budget Subcommittee #3 approved "the transition of benefit to large group insurance mandate and assume reduction of expenditures in HACCP, contingent on adoption of legislation approving the mandate." The May 2026 Medi-Cal estimate indicates approximately $2.6 million is estimated for HACCP. On August 12, 2026, the Senate Budget Subcommittee #3 agenda included an item described as "a net-zero technical adjustment attributing to the correct items of appropriation the assumed $2.6 million General Fund savings from adoption of a large group mandate for hearing aid coverage."

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Assembly Appropriations Committee:

- Minor and absorbable costs to DMHC and the CDI.
- The CHBRP and the California Public Employees Retirement System (CalPERS) anticipate zero to minimal effect on premiums for DMHC-regulated health plans in CalPERS. Effects on premiums for CDI-regulated insurance policies would likely also be negligible.

- CHBRP estimates this bill will increase premiums in the state-regulated large group market by $17.3 million across all employers ($14.2 million or 0.02%) and enrollees ($3.1 million or 0.01%), while decreasing enrollee out-of-pocket costs by $12.0 million. These costs are not borne by the state.

SUPPORT: (Verified 8/25/26)

Children Now (co-source)
Let California Kids Hear Coalition (co-source)
Alexander Graham Bell Association for the Deaf and Hard of Hearing
American Academy of Pediatrics, California
Association of Regional Center Agencies
California Children's Hospital Assn
California Hands & Voices
California Medical Association
California School-Based Health Alliance
California Teachers Association
Center for Early Intervention on Deafness
Children's Choice for Hearing & Talking Center
Children's Hospital Los Angeles
Children's Specialty Care Coalition
Disability Rights California
Family Voices of California
First 5 Orange County
First 5 San Mateo County
Foundation for Hearing Research, Inc.
Health Access California
Healthier Kids Foundation
HearAid Foundation, INC
Hearing Loss Association of America - Los Angeles
John Tracy Clinic
National Health Law Program
No Limits for Deaf Children
NorCal Services for Deaf & Hard of Hearing
Pacific Neuroscience Institute
Rady Children's Hospital
UCSF Benioff Children's Hospital Oakland Audiology
Several individuals

OPPOSITION: (Verified 8/25/26)

None received

ARGUMENTS IN SUPPORT: Children Now and Let California Kids Hear have cosponsored this bill. They write that today approximately 90% of California health plans still do not cover pediatric hearing aids, telling parents that hearing is "elective" for their children. According to the cosponsors, hearing aids cost families approximately $6,000 per pair every three years, forcing many parents into debt, delaying treatment, or causing kids to go without care altogether. Additionally, supporters report for every child with untreated hearing loss, the societal cost has been estimated at more than $1.9 million over a lifetime when adjusted for inflation due to impacts on language development, literacy, education, employment, and long-term dependence. Cosponsors indicate that HACCP has proven administratively complex and has limited reach. They write that since 2021, California has allocated more than $30 million to the program while serving fewer than 300 children, and a significant share of expenditures has been directed toward fixed administration rather than services for children. On EHBs, supporters indicate evolving federal rules released in January have expanded defrayal cost exposure, making that pathway financially unviable for the state.

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NO VOTE RECORDED: Elhawary, McKinnor

Prepared by: Teri Boughton / HEALTH / (916) 651-4111
8/27/26 10:52:14

****** END ******