



Grace's Law

New Jersey's first law that requires limited insurance coverage for children's hearing aids

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NEW JERSEY HUMAN SERVICES



DDHH
DIVISION OF THE DEAF
AND HARD OF HEARING

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What are the benefits stated in Grace's Law?

Grace's Law, P.L. 2008, c. 126, effective March 30, 2009, requires health insurance carriers, including hospital, medical and health service corporations; individual and group health insurance companies; **Health Maintenance Organizations** (HMOs); health benefits plans issued pursuant to the **Individual Health Coverage** (IHC) and **Small Employer Health Benefits** (SEH) Programs; the **State Health Benefits Plan** (SHBP) and the **NJ FamilyCare Program** to provide benefits for medically necessary expenses incurred in the purchase of a hearing aid for a covered person 15 years of age or younger. Although the law states that benefits may be limited to \$1,000 per hearing aid for each ear with a hearing loss every 24 months, the \$1,000 benefit limit was eliminated as of the start of the plan year on or after January 1, 2014. The elimination of the benefit limit means a claim for a hearing aid is processed applying the applicable cost sharing (copay, deductible, and coinsurance) and the benefit paid will be the amount after application of that cost sharing and is no longer further reduced to \$1,000.

EXAMPLE

Let's say a child needs a hearing aid that costs \$5,000 and the insurance company agrees that it is medically necessary to have that \$5,000 device and \$5,000 is the allowed charge.

Suppose the plan has a \$1,000 deductible then pays 70%.

$\$5,000 - \$1,000 = \$4,000$.

$\$4,000 \times .70 = \$2,800$

The benefit would be \$2,800.

The family would pay $\$1,000 + \$1200 = \$2,200$.



How do I know if my health plan must provide coverage for hearing aids under Grace's Law?

It is important to understand your health benefits plan to determine if Grace's Law applies to it.

If your child is enrolled in the FamilyCare Program or you are enrolled in the New Jersey State Health Benefits Program, Grace's Law applies to your health benefits plan.

For other health plans, check with your insurance company to see if the purchase of your child's hearing aids are covered.

Ask them the following questions:

- Is my health plan self-funded or fully insured? (Only fully insured health plans, regulated by the state of New Jersey, are required to comply with Grace's Law.)
- If my health plan is fully insured, in what state is the insurance policy written? (Only plans written in New Jersey are required to comply with Grace's Law.)

If your insurance company is not fully insured, you should still inquire to see if they will voluntarily comply with the law.



How is it determined that my child's hearing aids are "medically necessary" for coverage under Grace's Law?

Grace's Law states that coverage for hearing aids is provided "when medically necessary and as prescribed or recommended by a licensed physician or audiologist." This means that first, the hearing aid must be prescribed or recommended by a licensed physician or audiologist; and second, the health plan determines it is medically necessary.

Does Grace's Law address other costs incurred in the purchase of a hearing aid?

The law states that coverage for "medically necessary expenses" incurred in the purchase of a hearing aid shall be provided by any health benefits plan required to comply with Grace's Law. Check with your insurance company to find out which incurred expenses are covered.

Will I be reimbursed for the cost of the hearing aid(s) from the insurance company or will the covered amount be deducted at the time of purchase?

Make the purchase and submit for reimbursement. Some providers may be willing to wait to see what the insurance pays and then bill the balance.

I have been denied coverage but I believe my health plan is required to provide benefits under Grace's Law. What should I do?

If you believe your health plan is required to provide benefits under Grace's Law but you have been denied coverage, contact the appropriate agency below according to your health plan.

For **FamilyCare**, contact the HMO in which you are enrolled.
(Check the back of your enrollment card for contact information.)

For **Fully Insured Plans** written in New Jersey contact:

**Department of Banking & Insurance (DOBI) Case Inquiry and Preparation
Unit 609-292-7272**



State of New Jersey

Phil Murphy, Governor

Tahesha L. Way, Lt. Governor

Department of Human Services

Division of the Deaf and Hard of Hearing

Sarah Adelman, Commissioner