



OFFICE OF THE GOVERNOR

OCT 07 2023

To the Members of the California State Senate:

I am returning Senate Bill 635 without my signature.

This bill would require health plans to cover medically necessary hearing aids for individuals under 21 years of age, up to \$3,000 per individual hearing aid without any cost sharing, beginning January 1, 2025.

I am committed to ensuring that hearing impaired children have access to the services and supports they need, including hearing aids. Today, children can receive hearing aids and related services through the California Children's Services (CCS) program or through Medi-Cal. In July 2021 we launched the Hearing Aid Coverage for Children Program (HACCP) within the Department of Health Care Services (DHCS) for those who do not qualify for hearing aids through CCS or Medi-Cal.

HACCP was created to improve access and coverage for children's hearing aids, a shared goal of this proposed bill. Unlike HACCP, however, SB 635 would exceed the state's set of essential health benefits, which are established by the state's benchmark plan under the provisions of the federal Affordable Care Act (ACA). As such, this bill's mandate would require the state to defray the costs of coverage in Covered California. This would not only increase ongoing state General Fund costs, but it would set a new precedent by adding requirements that exceed the benchmark plan. A pattern of new coverage mandate bills like this could open the state to millions to billions of dollars in new costs to cover services relating to other health conditions. This creates uncertainty for our healthcare system's affordability, particularly when we have developed an alternative program that can serve the target population.



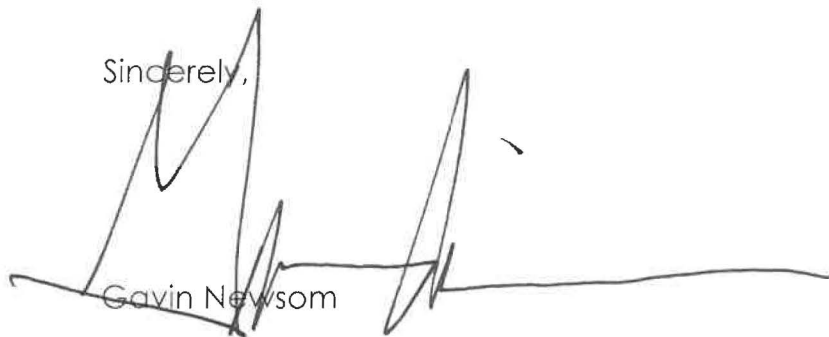
That said, improving access to hearing aids for children is a priority for my Administration. We can, and we must, do better for these children and their families as we implement HACCP. To this end, I am directing my Administration to explore increases to Medi-Cal provider payments with the goal of incentivizing additional provider participation in HACCP, increasing access for youth in need of hearing aids.

In addition, DHCS has developed a comprehensive plan to increase provider participation and program enrollment. These improvements will enable HACCP to reach and serve more children, which is our shared goal.

Specifically, in the next six months, DHCS will take a variety of steps to help patients maximize benefits, including: (1) partnering with other state entities to promote participation and awareness of HACCP, (2) completing translations for HACCP related materials into 18 languages, (3) implementing a streamlined annual eligibility renewal process to simplify provider enrollment, (4) conducting outreach to Medi-Cal providers not yet participating in HACCP to support their participation, (5) hosting quarterly webinars with providers and stakeholders, and (6) continuing to identify potential service improvements and strategies to increase program success.

Given the structural concerns this bill presents to our healthcare system and the opportunity to improve the existing HACCP to accomplish the same objectives, I cannot sign this bill.

Sincerely,

A handwritten signature in black ink, appearing to be "Gavin Newsom", written over a horizontal line. The signature is stylized and somewhat abstract, with a large initial 'G' and 'N'.

Gavin Newsom