

# State-Mandated Expansion of Hearing Health Care Coverage

A response to the growing prevalence  
of hearing loss in children and adults



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## INTRODUCTION

Just a few years ago, the health insurance industry was grappling with mandated hearing health care coverage under the Affordable Care Act (ACA). Starting in 2017, the ACA expanded hearing aid coverage under the concept of “essential health benefits” (EHBs), and in many states it eliminated dollar, age and/or frequency restrictions.

Since then, of course, the health care insurance landscape has shifted dramatically, stemming from much uncertainty over the future of ACA mandates. Meanwhile, the prevalence of hearing loss continues to grow, attributable to a number of factors, including exposure to damaging noise and a rapidly aging population. Yet there’s a large and widening gap between the need for hearing health care services and the number of people who actually receive it.

Exacerbating matters, a mounting body of research proves that **hearing loss affects much more than just the ability to perceive sound — it’s a risk factor for a variety of physical, emotional and developmental issues for both children and adults.**

For children, a hearing impairment can lead to a number of negative consequences, including delayed development of speech and language skills, poor academic performance and behavioral issues. In adults, untreated hearing loss significantly elevates the risk of cognitive decline, dementia, social isolation, depression and injury-causing falls.

As these hearing loss comorbidities come into sharper focus, the importance of early diagnosis and intervention of hearing loss has become equally clear. In response, at least 23 states have mandated some form of coverage by qualified health plans (QHPs) for hearing aids and ancillary services.

A majority of state mandates apply to hearing health care services for children. However, just as the ACA started to eliminate age restrictions for hearing aid coverage as an EHB, a number of states have mandated coverage regardless of age. Across the country, the lesson learned is this: **Addressing hearing loss delivers substantial benefits, whether it’s enabling healthy development and a lifetime of learning for children or preventing serious and costly health conditions in adults.**

## HOW DO YOU

**comply with mandated coverage requirements while reducing risks, controlling costs, and ensuring the long-term viability of your organization?**



The fundamental question for those who oversee health plans: “How do you comply with mandated coverage requirements while reducing risks, controlling costs, and ensuring the long-term viability of your organization?” This white paper will discuss these seemingly incongruous objectives from a number of perspectives:

- The prevalence and adverse impacts of hearing loss at every stage of life
- State mandates and the challenges for health insurance carriers, both logistical and financial
- Ensuring access to patient-centered, high-quality hearing health care services and, at the same time, containing costs through the use of narrow provider networks and product formularies
- How to find the right partner that can assume much of the burden of implementing and managing a hearing health care program

## THE ADVERSE IMPACTS OF HEARING LOSS AT EVERY STAGE OF LIFE

Today, more than 38 million Americans (about 13% of the population) have some type of hearing impairment, according to Gallaudet Research Institute.<sup>1</sup> While hearing loss is commonly associated with the aging process, the statistics paint a much broader picture.

In fact, hearing loss often starts early in life. According to the Centers for Disease Control and Prevention (CDC), nearly 15% of children 6 to 19 years old have low- or high-frequency hearing loss in one or both ears.<sup>2</sup> Causes of childhood hearing loss include exposure to excessive noise, otitis media (middle ear inflammation), prenatal infections, illnesses, and genetic factors. **Left unresolved, hearing loss in a child can result in:**





Hearing loss becomes increasingly common as people age. But, again, it's not just seniors who are at risk. In the U.S., approximately 26 million individuals between the ages of 20 and 69 experience hearing loss, according to the Hearing Health Foundation.<sup>4</sup> The incidence of hearing loss includes one in six baby boomers (ages 55 to 73) and one in 14 generation Xers (ages 35-54).<sup>5</sup>

A leading cause of hearing loss in young adults is excessive noise, resulting from both long-term, repeated exposure and a single exposure to an extremely intense sound.

At least 10 million, and perhaps as many as 40 million, U.S. adults show signs of noise-induced hearing loss, according to the National Institute on Deafness and Other Communication Disorders (NIDCD).<sup>6</sup>

Age-related hearing loss, also known as presbycusis, is expected to grow significantly as the country grows older. By 2050, the population segment 65-plus is projected to reach 83.7 million, according to the United States Census Bureau.<sup>7</sup> Approximately one in three people in the United States between the ages of 65 and 74 has some degree of hearing loss, and nearly half of those older than 75 have hearing loss, reports the NIDCD.<sup>8</sup>

## UNTREATED HEARING LOSS DRIVES UP HEALTH CARE COSTS

Ongoing research links untreated hearing loss in adults to an increased risk for certain health conditions, including dementia, depression and injury-causing falls. These correlations are supported by data from a 10-year study conducted at the Johns Hopkins Bloomberg School of Public Health. **The study revealed that untreated hearing loss is independently associated with an increased risk of the following conditions among older adults, compared to people with normal hearing:**



- **Estimated 50% greater risk of dementia**
- **40% greater risk of depression**
- **Nearly 30% higher risk of falling<sup>9</sup>**



Another Johns Hopkins study used the same data set to conclude that older adults with untreated hearing loss incurred, on average, 46% higher total health care costs — or \$22,434 — versus their normal-hearing peers over a 10-year period. Of that, health plans paid \$20,403, with the remainder paid out of pocket by consumers. Only about \$600 of the total amount cited in this study was attributed to the cost of hearing health care services. The study also found that, compared to those without hearing loss, participants who had untreated hearing loss:



- Experienced approximately **50%** more hospital stays
- Had about a **44%** higher risk for hospital readmission within 30 days
- Were **17%** more likely to have an emergency department visit
- Had about **52** more outpatient visits over the 10-year period<sup>10</sup>

## A PROVEN APPROACH TO IMPROVING HEARING AND OVERALL HEALTH

Fortunately, 95% of sensorineural hearing losses — the most common type — are treatable with hearing aids for both children and adults, according to the Better Hearing Institute.<sup>11</sup> The consistent use of hearing aids, in turn, may contribute to improved overall health and help drive down costs for treating other conditions.

**95%** of Americans with hearing loss could be successfully treated with hearing aids.

For a prime example of how hearing aid use can benefit overall health, consider the recent European study (SENSE-Cog Project), which found that the use of hearing aids may help protect the brain from cognitive decline.<sup>12</sup> Cognitive decline is often a precursor to dementia, affecting millions of Americans and costing the country an estimated \$277 billion in 2018.<sup>13</sup>

As reported in The Hearing Review, researchers “found compelling evidence to suggest a link between hearing aid use and slower cognitive decline” in older adults, possibly reducing the incidence of dementia.<sup>14</sup>





In summary, hearing aid use holds the potential to transform lives in a multitude of ways, whether it's allowing children to develop and learn normally or preventing common and costly health conditions, such as dementia, depression and injury-causing falls, in older adults.

It's interesting to note that health plans with a hearing benefit have realized advantages in addition to healthier members and the potential for reduced medical costs. Specifically, a hearing benefit can provide a strong point of differentiation in a competitive health insurance marketplace, particularly for Medicare Advantage plans.

## A FOCUS ON PREVENTION AND EARLY INTERVENTION

Regardless of the person's age or type of insurance plan, a couple of common themes emerge. First is the need to prevent noise-induced hearing loss, which represents a large percentage of all hearing loss cases. Insurance carriers can play a key role in this effort by educating their members about the need to protect their hearing from noise and practice other hearing conservation measures.

Second, when hearing loss does occur, early diagnosis and intervention are crucial for avoiding the negative social, emotional, and health consequences described previously. Hearing screenings should be part of every wellness check or physical exam.

In addition, people who exhibit signs of hearing loss, such as frequently asking people to repeat themselves, turning up the TV too loud or complaining that their ears are plugged or ringing, should get their hearing tested by a qualified hearing health care professional. Regular hearing evaluations should also be part of a proactive health strategy for older adults and for individuals who have certain health conditions, including diabetes and heart disease, which put them at an elevated risk for hearing loss.



### Signs of Hearing Loss:

- Asking people to repeat themselves
- Turning the TV or radio up too loud
- Ringing or buzzing in ears
- Social isolation

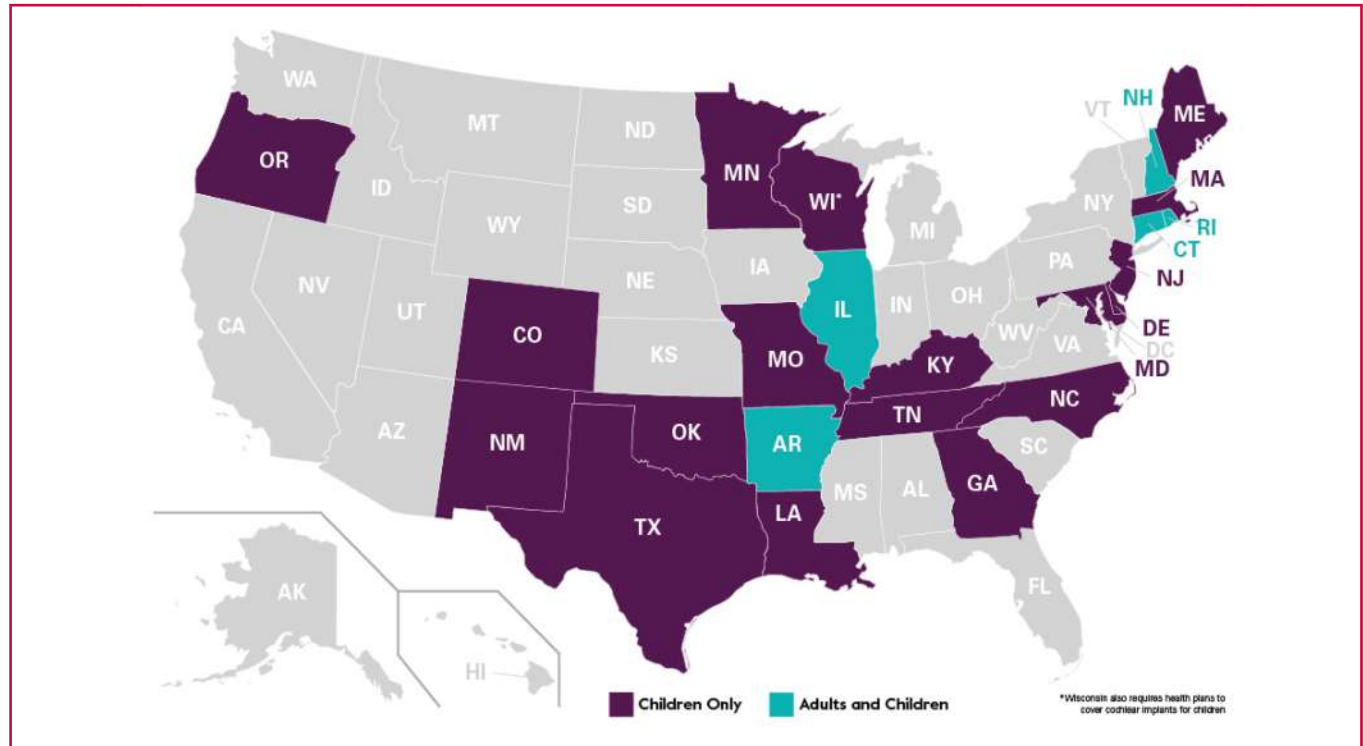
## STATE MANDATES AND THE CHALLENGES FOR HEALTH INSURERS

While hearing aids clearly could benefit millions of Americans and contribute to lower health care costs for individuals and health insurance carriers, widespread adoption has been stymied for years. Affordability and access are common barriers to treatment for people with hearing loss. The lack of hearing insurance coverage and absence of standardized screening in the primary care setting make it difficult for people to gain entry into the system where they can get comprehensive, quality hearing health care services.

Unable to access hearing health care services, a significant segment of the population simply lives with hearing loss, resulting in decreased quality of life and an increased risk for costly health conditions. This has spawned a growing nationwide push for insurance benefits that enable hearing-impaired individuals to obtain high-quality hearing health care services from qualified providers.

**At the time this paper was published, 23 states mandated hearing aid benefits for QHPs.** Five states — Arkansas, Connecticut, Illinois, New Hampshire and Rhode Island, require health plans to cover hearing aids for both children and adults. The remaining 18 states — Colorado, Delaware, Georgia, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Missouri, New Jersey, New Mexico, North Carolina, Oklahoma, Oregon, Tennessee, Texas and Wisconsin — mandate hearing aid coverage for children only. Wisconsin also requires health plans to cover cochlear implants for children.

Aside from mandating coverage for children or for residents of all ages, each of these states has varying requirements pertaining to ages covered, amount of coverage, benefit period, provider qualifications and other details. (The American Speech-Language-Hearing Association (ASHA) has published information that explains each state's mandates.<sup>15</sup>)





## SIGNIFICANT LOGISTICAL AND FINANCIAL CHALLENGES FOR HEALTH PLANS

State mandates pose significant challenges for health plans, starting with understanding and fully complying with the requirements of each state in which the plan has members. Keep in mind, too, that state laws, regulations and policies may change at any time, requiring health plan staff to constantly monitor legislation and administrative actions in all states with mandates.



**Health plan members who receive treatment for hearing loss may improve their overall health, helping to reduce their total health care spend.**

These mandates clearly benefit consumers, who have the opportunity to access affordable hearing health care services to treat their hearing loss. In addition, as discussed previously, health plan members who receive treatment for hearing loss may improve their overall health, helping to reduce their total health care spend — a big plus for health plans.

At the same time, health plans should be concerned about the costs of administering the required hearing benefit, specifically: What is the impact on per-member-per-month (PMPM) costs — and ultimately premiums and medical loss ratio?

For each insurance carrier, the financial implications will be different, depending on its geographic footprint and the distribution of health plan enrollees. It's clear that the impact will be widespread, leading to this question: What can health plans do to meet the needs of their members, maintain compliance with state requirements and keep costs at a sustainable level?



**What can health plans do to meet the needs of their members, maintain compliance with state requirements and keep costs at a sustainable level?**

## ACHIEVING COST CONTAINMENT WHILE ENSURING HIGH-QUALITY CARE

The good news is high-quality hearing health care and cost containment are not mutually exclusive. In fact, many health insurance plans include a benefit that provides access to licensed hearing health care professionals (audiologists and hearing aid dispensers), as well as premium hearing aids with the latest technologies.

So, how are insurance carriers managing the costs of a hearing benefit without compromising quality of care? For perspective, consider the cost-containment strategies used by health plans to manage medical and prescription drug spend.

One of these strategies is the narrow network plan, which generally covers in-network access to fewer providers. The trade-off is reduced health plan spend, along with lower monthly premiums and decreased out-of-pocket costs for consumers. Narrow networks gained momentum in 2014 with the inception of ACA. In 2019, 72% of plans in states with a public health insurance exchange were narrow.<sup>16</sup>

In response to escalating prescription drug spend, all health plans use a formulary, or list of approved drugs, to manage costs. Most formularies include at least two drugs in the most commonly prescribed categories and classes. This ensures that people with different medical conditions can get the prescription drugs they need. Formularies are organized by tier, each of which is typically associated with a copay or flat rate for the consumer.

The cost-containment strategies used for both medical and prescription drug spend can be applied to hearing health care. **Using a narrow network approach, health plans can manage costs and utilization while ensuring they pay the best rates for hearing health services.** In conjunction with a narrow network plan, a formulary strategy can be used to build an approved list of covered hearing devices.





## 10 BENCHMARKS FOR FINDING THE RIGHT HEARING HEALTH CARE PARTNER

The combination of a narrow provider network and hearing aid formulary appears to be an effective solution for controlling costs associated with expanded hearing health care coverage, while complying with state requirements. But this doesn't solve the issue of how a health insurance carrier tackles the logistics of implementing and managing the benefit, along with the challenge of complying (and staying current) with each state's requirements. For these and other reasons, it makes sense that a growing number of health insurance carriers are opting to partner with an established company that specializes in the design, implementation and management of hearing health care programs in all 50 states. The right partnership not only removes a huge logistical burden associated with such a program, but it can be accomplished with little or no cost to the health plan.

**Following are 10 benchmarks to consider when evaluating potential hearing health care partners:**



### **Benchmark 1: Geographic footprint and provider network**

The larger the number of hearing health care providers in the network, the more likely it is that the hearing partner's program will cover the health plan's service area. A larger network also provides greater buying power and the potential to negotiate lower prices for the brands in a hearing aid formulary. In addition, consider the variety of health plan products and networks offered by the partner to meet each health plan's needs. For example, certain plans require an audiology-only network.



### **Benchmark 2: Scope of the hearing aid formulary**

How many hearing aid brands and models are represented in the hearing partner's formulary? Does it address a broad range of consumer needs, from relatively simple early-stage hearing loss to more advanced and complex cases? If the formulary is unduly small, a state may view it as restricting access to an essential health benefit, not unlike having an insufficient number of hospitals in a health plan's network or failing to cover all therapeutic categories of drugs in a formulary.

Note that the scope of the formulary correlates directly to ownership of the hearing health care partner. Many companies in this sector are owned by hearing aid manufacturers, significantly limiting the products available to health plan members.



### **Benchmark 3: All-inclusive pricing**

When evaluating price, the first question should be: "What's included?" A low price may be deceptive because it doesn't include additional, sometimes hidden, charges that substantially increase the cost of a hearing aid. By contrast, all-inclusive pricing means the benefit will cover essential elements beyond the hearing aids, such as follow-up care, hearing aid batteries and an extended warranty.



### **Benchmark 4: Cost controls for services and products**

The purchase of hearing aids requires professional testing, fitting and follow-up services. However, the cost for these services can vary widely from provider to provider. By joining a provider network, hearing health care providers would be required to conform to a fee schedule, which is limited to medically necessary tests for diagnosing hearing loss. Prior authorization should be required for additional testing.

To further protect your bottom line, the partner should possess strong capabilities, working with outlier performance data and industry subject matter experts, to prevent fraud, waste and abuse.



### **Benchmark 5: Tight limits on the use of V codes**

Another component of controlling costs involves the use of HCPCS V codes. A hearing health program should restrict the use of V codes for product billing to the most specific code that describes the style of hearing aids dispensed. In addition, the program should give the insurer full visibility into the hearing aid brand, technology level and model name. Even within the same style and technology level, product pricing can differ substantially.



### **Benchmark 6: Audiological oversight of provider decisions**

The partner should employ an audiologist who's responsible for clinical oversight and coaching, as well as for ensuring that proper clinical pathways are followed. This professional can make a number of critical determinations, such as whether the hearing aids and technology level are appropriate for the individual's degree and type of hearing loss. In short, audiological oversight is a key component of balancing the real-world needs of consumers with the financial constraints of health plans.



### **Benchmark 7: Support for reporting and transparency requirements**

Ideally, a partner will work with the health insurance carrier to meet a broad range of reporting and transparency requirements. State mandates may require a significant amount of reporting in support of quality improvement objectives; these reports may encompass a number of criteria, such as improving health outcomes, ensuring patient safety, reducing medical errors, implementing wellness activities and reducing disparities in the delivery of health care. Moreover, a hearing health plan should feature full transparency throughout the process of purchasing hearing aids and obtaining services.



### **Benchmark 8: Emphasis on hearing loss prevention**

As discussed previously, hearing conservation measures — especially the use of hearing protection in high-noise situations — could significantly reduce the incidence of hearing loss. How much does the potential hearing health care partner emphasize hearing loss prevention? And is this commitment to prevention reflected in the availability of tools and programs that insurance carriers can use to educate their members?



### **Benchmark 9: A proven track record with insurers**

The optimal hearing health care partner will possess extensive experience working with health insurance carriers, having a firm grasp on their challenges, the complexities of coverage requirements across the country, and how to tailor a program to each carrier and health plan. In the best-case scenario, this partner will have successfully implemented hearing health programs for other prominent insurance carriers.



### **Benchmark 10: Ongoing measurement of member experience**

Has the hearing partner commissioned a standardized national survey, such as Consumer Assessment of Healthcare Providers and Systems (CAHPS), to assess the member's experience using their services? Do they use the survey as a tool to continuously improve performance and track progress over time? This survey should align with how health plans measure their member experience. It should also provide visibility to performance and quantitative data, enabling comparisons with similar organizations.



## KEY TAKEAWAYS

The expansion of state-mandated hearing aid coverage by health insurance carriers raises a number of concerns, not the least of which is the huge and largely unmet need for hearing health care services. In addition, carriers must comply with the varying requirements of each state with a mandate.

**To minimize the costs of expanded coverage, while meeting the obligations to regulators and members, health plans should consider the narrow network and formulary strategies that control their medical and prescription drug spend.** Most carriers do not undertake such a program on their own; rather, they partner with a company that specializes in the design, implementation and administration of hearing health care benefits.

To be clear, all potential hearing health care partners are not created equally, and insurers should ask these questions during the evaluation process:

- What is their geographic footprint and the size of their provider network? What types of health plans and networks do they offer? Can they meet the needs of health plan members in all areas of the country?
- How extensive is their hearing aid product list? Do they offer a sufficient number of brands and models to meet individual needs and to satisfy state requirements?
- What's included in the hearing aid pricing? Are there additional services bundled into the pricing, or is everything unbundled?
- What are their cost-containment measures for audiological testing?
- How effectively do they ensure the appropriate use of V codes when billing for products?
- Do they offer audiological oversight to verify medical necessity for each fitting, as well as the appropriateness of the product selection?
- Will they support quality improvement strategy reporting and transparency requirements?
- Do they emphasize hearing loss prevention and offer tools and programs for educating health plan members about hearing conservation?
- How much experience do they have working with health insurance carriers and tailoring hearing healthcare programs on a state-by-state basis?
- Do they have a standardized national survey tool to measure the member experience?
- Are they an independently-owned organization? If not, who is their parent company — another health plan or a manufacturer?

## ABOUT AMPLIFON HEARING HEALTH CARE

Amplifon Hearing Health Care was the first company to offer hearing benefits in the United States and today is one of the country's few remaining independent distributors of hearing aids.

Guided by the belief that being able to hear the sounds of life enriches the human experience, our mission is to make hearing health care accessible to all individuals with hearing loss. This means making high-quality hearing care personalized, affordable, convenient and simple. Consumers who have a benefit through Amplifon enjoy several advantages, including:

- The largest nationwide network of credentialed audiologists and hearing aid dispensers, with locations near 92% of all U.S. neighborhoods
- Audiologist-only networks for Medicare Advantage and other health plans that require their members to see licensed audiologists
- Access to the broadest selection of hearing aids, encompassing nearly 2,000 high-quality hearing devices from all major brands, including Miracle-Ear, Oticon, Phonak, ReSound, Rexton, Signia, Sonic Innovations, Starkey, Unitron and Widex
- Pricing that averages 62% less than MSRP, based on 2018 data
- Bundled pricing with a comprehensive service package, including a three-year warranty, one year of follow-up care, two years of batteries and other “value adds” at no extra charge

### **The Amplifon value proposition extends to our partners, as well, and includes:**

- Extensive managed care experience, including special expertise in navigating government regulations and requirements
- Turnkey products and services — simple for our partners to implement and administer
- Customizable hearing health care programs designed to meet the unique needs of each partner and its members
- Independence in our ownership and operations, meaning we are uniquely positioned to serve as trusted advocate for our partners and health plan members, and we always act in their best interests
- A strong commitment to controlling costs through a number of measures, such as the availability of an audiological review process to verify medical necessity and to validate product selection, as well as strict limitations on the use of V codes



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