



HEARING  
HEALTH CARE

# A Hearing Health Benefit

Evaluating the opportunity, deployment strategies and prospective partners

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# Introduction

Across the country, hearing health is becoming a hot topic of conversation — and it’s grabbing the attention of the organizations that deliver healthcare benefits to millions of Americans. Driving this phenomenon are several wide-ranging factors as shown below.

## Factors driving hearing health benefit implementation:

|    |  |
|----|--|
| 1. | The increasing incidence of hearing loss, frequently attributable to years of exposure to excessive noise  |
| 2. | An awareness of the link between hearing loss and a number of other health conditions, coupled with the realization that addressing a hearing loss may contribute to a person’s overall health                   |
| 3. | Intense competition in the health insurance marketplace, fueling the growth of innovative benefits as a point of differentiation   |
| 4. | The pressure on health insurance carriers to contain costs, even while they expand and enhance their benefits packages   |
| 5. | New Affordable Care Act (ACA) Medical Loss Ratio (MLR) standards that require health insurance companies to spend at least 80% or 85% of member premiums on medical care or issue rebates to their beneficiaries |

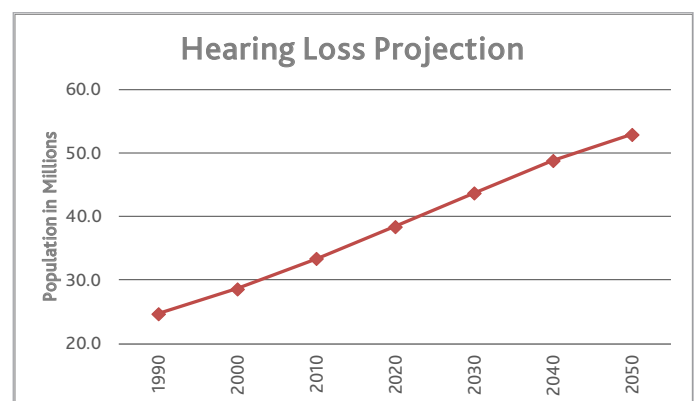
This white paper will examine how these trends are prompting a variety of organizations to implement a hearing healthcare benefit, as well as the number of ways such a benefit may be deployed.

In other cases — especially workers’ compensation programs and health plan coverage for beneficiaries under the age of 18— a hearing healthcare benefit is mandated, and it’s up to employers and third-party administrators to choose the hearing healthcare partner that helps them meet their obligations to beneficiaries and to their bottom line.

Regardless of the motivation or deployment method, the choice of a partner and program can make a critical difference for insurance companies, employers, unions, beneficiaries and other stakeholders, as this white paper will demonstrate.

## Trends, opportunities and obligations

An estimated 36 million Americans, including 17% of the adult population, are afflicted with hearing loss, according to the National Institute on Deafness and Other Communication Disorders (NIDCD). In the coming years, this number will most certainly climb as people born into the baby boom generation (1946 to 1964) suffer the cumulative consequences of exposure to excessive noise, along with other factors.



But the problem isn't limited to older citizens. At least 1.4 million Americans under the age of 18 and an estimated 6 million people between 18 and 44 are hearing-impaired, according to the Better Hearing Institute (BHI). The nonprofit organization points to loud music delivered through ear buds and earphones as one of the leading culprits.

Compounding the situation, recent years have brought a heightened awareness of the connection between hearing loss and other common, often chronic, health conditions, such as diabetes, dementia, cardiovascular disease, kidney disease and depression.

While a direct cause-and-effect relationship is not always known, hearing loss may play a significant role in the development of certain conditions. For example, studies have shown a higher rate of depression among individuals who have a hearing loss, compared with their normal-hearing counterparts. Conversely, people who receive treatment for a hearing loss report a significant improvement in their mental health, according to a study conducted by the National Council on Aging (NCOA).

A hearing impairment may provide an early indication of other potentially life-threatening health conditions, such as heart disease and diabetes. By heeding this warning and seeing a hearing health professional in the early stages of the disease, people may be able to avoid more intensive and costly medical care.

## Funded or discount plan: advantages for consumers and carriers

What are the implications of this national health dilemma for health insurance carriers, employers and unions?

“Retain existing members by adding value to their current benefit plans & attract high-quality job applicants with a robust benefits package encompassing a hearing program.”

First, it's important to understand that the vast majority of hearing loss cases are treatable. In fact, 95% of people who have sensorineural hearing loss (the most common type) can be helped with hearing aids, according to the Better Hearing Institute.

The problem is, health insurance plans typically exclude coverage for hearing aids — a major reason why many individuals do not seek the help that's so readily available.

A hearing healthcare benefit may consist of a funded plan, in which insurance covers all or part of the hearing aids and related services. This is

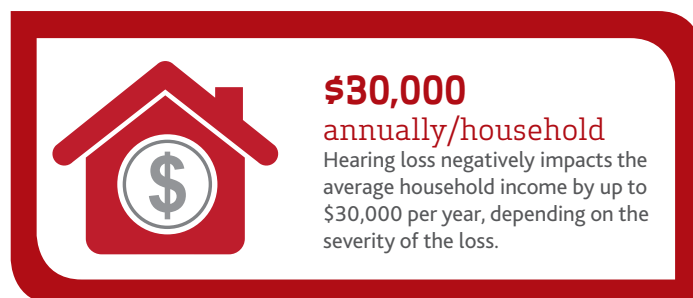
becoming increasingly common as Medicare Advantage and health insurance carriers in general look for new ways to attract and retain members. A funded plan may also be required for beneficiaries under 18 years old and those covered by workers' compensation programs.

More typically, however, the benefit takes the form of a discount program, which entitles the beneficiary to hearing healthcare at substantially reduced prices. For insurance carriers and employers, offering a hearing healthcare benefit or discount program holds a number of potential advantages:

**Competitive differentiation** — Consumers have become more adept at comparing health plans. A hearing health benefit, whether offered as a funded benefit or discount program, represents a point of differentiation from other more conventional benefits.

Besides helping to attract new members, a hearing health component may aid insurance companies in retaining existing members by adding value to their current benefit plans. In addition, employers may find that a hearing health benefit, as part of a robust benefits package, can assist them in attracting high-quality job applicants.

As an interesting side note, better hearing may equate to higher earning potential. A BHI study involving 40,000 households found that people with untreated hearing loss sacrifice as much as \$30,000 in annual income.



**Healthier plan members** — Health insurance carriers are constantly striving to minimize adverse selection. Voluntary benefits, in general, can generate incremental gains in membership without necessarily enrolling consumers who require high payouts for medical services and prescription drugs. In addition, treatment of a hearing loss may help members realize overall improved health by preventing certain health conditions or by providing early detection of other diseases.

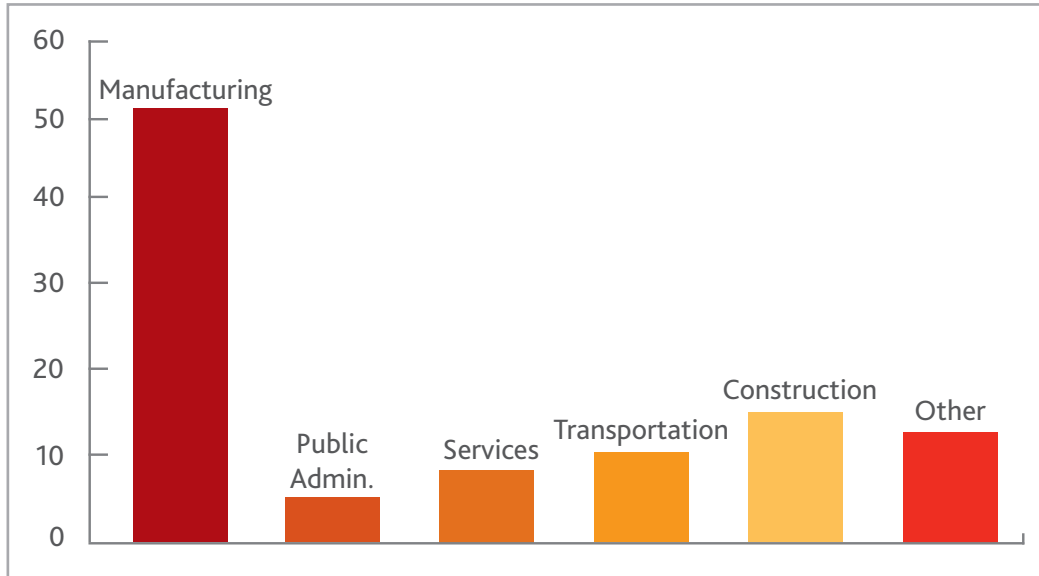
**Voluntary benefit: no impact on MLR** — Health insurance carriers must carefully monitor their spending on executive salaries, overhead, marketing and other administrative costs, as well as their profit margins. Under the Affordable Care Act, if carriers do not spend at least 80% or 85% of premium dollars on medical care, they must issue rebates to their beneficiaries. A voluntary hearing health benefit does not negatively affect the Medical Loss Ratio (MLR) because the program is not included in the MLR calculation. Also, as referenced earlier, treatment of a hearing loss may reduce claims for other health conditions, which could positively affect the MLR.

**Cost-neutral with revenue enhancement potential** — Under a voluntary benefit (discount program) beneficiaries assume 100% of their hearing healthcare costs. Ideally, the insurance carrier will not be burdened with fees or administrative costs. This is an important consideration at a time when healthcare reform, the high cost of medical care and other factors are cutting deeply into profit margins.

A health insurance carrier may even realize a positive bottom line impact if the discount program includes revenue sharing from hearing aid sales to members. Even better is a program that offers eligibility to family and friends of the beneficiary. The insurance carrier benefits from the “halo effect” of extending a free program to everyone associated with the beneficiary.

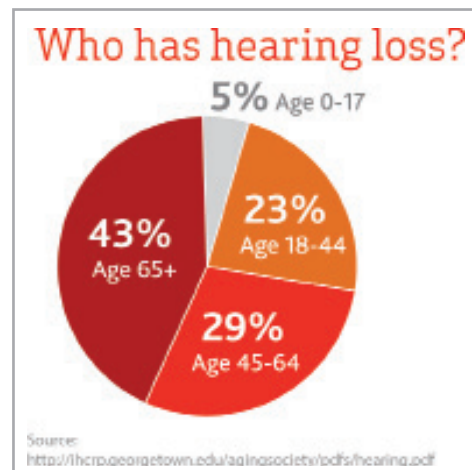
## Mandated coverage: fulfilling both quality and cost objectives

An estimated 30 million Americans are exposed to hazardous noise in the workplace, according to the Occupational Safety & Health Administration (OSHA). The Bureau of Labor Statistics reports 2.2 cases per 10,000 workers of significant, permanent hearing loss since 2004, making it one of the most widespread occupational concerns in the United States.



Employers may be obligated to fund a benefit for hearing-related workers' compensation claims. At the same time, there's enormous pressure to contain costs and obtain maximum return on investment, both for the benefit of claimants and for the organization's bottom line. Fortunately, quality and cost containment are not mutually exclusive and, in fact, can exist in harmony.

In a similar vein, many states require health insurance companies to cover the costs of hearing healthcare for family members who are under the age of 18 years old. Each year, nearly three in 1,000 U.S. babies — about 12,000 individuals — are born with a hearing loss, according to the March of Dimes. While there should be no compromises in caring for these developing and vulnerable children, insurance carriers want to make sure their hearing healthcare dollars are spent wisely to achieve optimal outcomes.



## Common deployment strategies

The implementation of a hearing healthcare benefit can take many forms, depending on variables such as the type of sponsoring organization, who the beneficiary is and whether the benefit is funded, voluntary or mandatory. Following are brief descriptions of some of the common ways a hearing healthcare benefit is deployed:



**In-network provider**— Most health insurance carriers have a stable of in-network physicians and other providers. Health plan members enjoy better coverage or deeper discounts using in-network providers than they would with out-of-network providers. Adding an established network of hearing healthcare providers to a health plan's existing network allows members to access preferred providers within a desired geographical area.



**Commercial health insurance** — Health maintenance organizations (HMOs) and preferred provider organizations (PPOs) contract with doctors, hospitals, clinics and other healthcare providers. Insurance companies are adding a hearing healthcare component to their portfolios of contracted providers, either as a discount or as a funded plan.



**Medicare Advantage and Medigap** — An estimated 15.7 million Americans are enrolled in Medicare Advantage plans, offered by private companies that contract with Medicare to provide all Part A and Part B benefits. Another 9 million have a Medicare supplement (Medigap), which helps pay for some healthcare costs not covered by original Medicare. Hundreds of Medicare Advantage and Medigap carriers include some type of hearing healthcare benefit — a smart decision, given the high incidence of hearing loss in this demographic group (65 plus).



**Flex spending programs** — Medical flexible spending accounts (FSAs) are a highly attractive benefit, especially now that employees can carry up to \$500 from one year to the next without losing their funds. The costs of hearing aids and related services are qualified expenses, and hearing healthcare has become an increasingly common component of FSA programs.



**Wellness programs** — The nationwide push toward disease prevention and healthy lifestyles has resulted in an explosion of employer-sponsored wellness programs, as well as programs offered through insurance plans. Employees or members can take advantage of special savings on a large assortment of products and services, such as weight loss programs, health club memberships, smoking cessation programs and preventive health screenings. Many wellness portfolios now include a hearing healthcare component in the form of a discount program.



**Workers' compensation programs** — Despite an emphasis on hearing protection, hearing loss continues to be one of the most common occupational hazards. When employees suffer a work-related hearing loss, employers are typically compelled to fund hearing healthcare services and hearing aids for the lifetime of these individuals.



**Labor unions** — Many labor unions provide a funded hearing healthcare benefit to their members. This benefit may take the form of a set dollar amount with frequency limitations (e.g., new hearing aids once every three years). In other instances, the union may provide 100% coverage with the stipulation that members seek hearing healthcare services from a preferred provider and choose from an approved list of hearing aid models.



**Government groups** — Cities, counties and other government entities are including hearing healthcare as a value-added benefit for their employees.

# Evaluating potential hearing healthcare partners

No two hearing healthcare partners are the same. In fact, there can be wide disparities in terms of partner capabilities, quality standards, pricing, support, value-added services and other elements. All of these ingredients can play a pivotal role in the success and financial viability of the program. Following are several key elements to consider when evaluating potential hearing healthcare partners and their programs.



## Provider and facility credentialing

Rigorous, HIPAA-compliant credentialing of hearing healthcare professionals and facilities provides solid evidence of a potential partner's commitment to the highest standards of patient care. An exhaustive credentialing program will address a number of critical items, including:

- Equipment requirements and standards
- Hearing aid fitting protocols — before, during and after the fitting
- Verification of valid state licenses and certifications
- Professional liability insurance documentation
- A standardized infection-control plan in place



## Audiological review for medical necessity

When a hearing healthcare benefit is mandated or funded by an insurer, medical necessity becomes paramount, particularly in light of the need to contain costs. Similar to medical reviews for conditions such as back injuries, the partner's audiologists should carefully examine each claim to verify medical necessity and the appropriateness of provider recommendations.

The cost disparity from the entry level to the premier level of the hearing aid spectrum can be thousands of dollars per unit, and accessories can raise the costs even higher. A stringent and consistent audiological review process helps ensure an appropriate level of technology and accessories, balancing the real-world needs of the beneficiary with the financial constraints of the employer, union or insurer. Annual cost savings resulting from audiological review can reach into the tens — even hundreds — of thousands of dollars.



## Centralized billing system

One of the most complex and time-consuming tasks in administering a hearing healthcare benefit is billing for services and products rendered. The hearing healthcare partner can alleviate much of this burden by providing a centralized billing system. This frees the employer or insurance carrier from a mountain of details, such as acquiring a tax identification number for each provider, managing multiple contracts and selecting the appropriate medical codes for hearing evaluations and hearing aids.

In the case of a funded benefit, a partner's centralized billing system may also save the insurance carrier significant dollars by maintaining a limited set of CPT codes (for testing) and V codes (for hearing aids) and by requiring providers to seek prior authorization for services that fall outside the established code set.



The evaluation process should also look at the partner's electronic billing capabilities — specifically whether they can accommodate increasingly used electronic funds transfer (EFT) and electronic data interchange (EDI) transactions.



## Compliance with privacy laws

This may seem obvious, but lapses do occur, and the potential hearing healthcare partner should provide detailed information about its information technology systems and the security of patient information, in compliance with requirements of the Health Information Portability and Accountability Act (HIPAA) and individual organizations.



## Professional call center

The success of a hearing healthcare benefit hinges on the ability to connect beneficiaries with providers as efficiently as possible. By including the services of a robust professional call center, the hearing healthcare partner can substantially streamline the referral process and make certain individuals are receiving the services they need. Such a call center must be able to process a high volume of calls, and its capabilities should include both inbound and outbound calling, as well as web chat, emails and callbacks.



## Comprehensive reporting

Timely access to critical metrics allows the insurer, employer or union to gain a clear understanding of how well the hearing healthcare partner is living up to expectations — particularly interactions between the call center and beneficiaries. How many incoming calls is the center handling? What's the call abandon rate? Average talk time? How many calls result in referrals to providers and actual appointments? How many hearing aid units are sold? What's the average selling price? And, most telling of all, what's the impact at the bottom line?

Reporting may encompass other important areas. For example, a listing of hearing aid serial numbers specific to each patient helps protect against fraudulent warranty or loss/damage claims.



## Extensive manufacturer and product choices

A limited product formulary can severely restrict a beneficiary's hearing healthcare provider options, since most providers work with a specific set of hearing aid manufacturers (typically two or three) and models. Moreover, a smaller product formulary diminishes the provider's ability to tailor a hearing solution to each consumer's unique hearing needs, lifestyle and preferences. Quite simply, the more brands and models available through the program, the better the experience and the more precise the solution for beneficiaries.

For workers' compensation claims and funded insurance plans, a large variety of hearing aid manufacturers and product choices allows providers to precisely match a hearing solution to each beneficiary's needs and avoid costly over-fittings.



## All-inclusive hearing aid pricing

When evaluating hearing aid prices, the first question should be: “What’s included in the price?” More often than not, “bargain” pricing translates to a la carte pricing, with a multitude of extra or hidden charges — some quite unpredictable — adding substantially to the true cost of the hearing aid.

In addition to popular product options, all-inclusive (or package) pricing should encompass essential items that may be treated as “extras” under a la carte pricing. Examples include two to three years of warranty, loss-and-damage coverage and free batteries, as well as a generous trial period (30 to 60 days) and follow-up visits.



## Size of provider network

The larger the number of participating hearing healthcare providers, the more likely it is that the hearing healthcare benefit will cover an insurance carrier’s members in specific states or even on a nationwide basis. A larger network also means potentially greater buying power and lower prices negotiated with the hearing aid manufacturers.



## No fees for participation

A voluntary hearing healthcare benefit should not come with participation or set-up fees for the health insurance carrier, employer or union, nor should it extract premiums from members. Participating organizations should beware of fees for services such as inbound toll-free numbers, marketing support or website development.



## Comprehensive marketing support

Consumer awareness of a hearing healthcare benefit is only as good as the marketing behind it. The problem is, most health insurance companies and employers are not able or willing to make a commitment of sufficient magnitude. The hearing healthcare partner should provide comprehensive marketing support, which may include newsletters, direct mail, email marketing and website development. Ideally, the partner will absorb the full cost of all marketing support.



## Flexible program configuration

Every health insurance carrier, union or employer has a unique set of requirements and preferences when it comes to beneficiary access, branding and other key considerations. The partner should be able to configure the hearing healthcare benefit to meet each client’s needs. For example, does the company want a program that’s co-branded with the partner? Or one that’s entirely under the umbrella of the sponsoring organization with the partner working behind the scenes? Either preference should be readily accommodated.



## Objective customer satisfaction measures

Companies often make glowing claims about the satisfaction of their customers. But what are the customers really saying about their experiences? Independent, customer satisfaction information from independent, unbiased sources carries more weight than company-issued statements about themselves.

The evaluation process might include an examination of the partner's Net Promoter Score (if available), one of today's most respected customer satisfaction metrics, which measures the degree of loyalty that exists between a company and its customers. NPS® scores can range from -100 to +100; any score above 50 is considered excellent and indicates a large number of customers who would recommend the company to others.



## A proactive approach to hearing healthcare

Does the potential partner's scope extend beyond merely managing a hearing healthcare benefit? Or does it extend to education, hearing loss prevention and early intervention? The potential partner may demonstrate their leadership and proactive approach to hearing healthcare in a number of important ways, such as participating in health fairs, distributing consumer education materials and holding open houses with free hearing screenings and video ear inspections.

## Key Takeaways

Clearly, the time has never been better for health insurance companies, employers and unions to take a close look at implementing a hearing healthcare benefit. The trends support it: a high incidence of hearing loss, due to the aging population and exposure to noise, coupled with a pent-up demand for hearing healthcare services.

Offering a hearing healthcare benefit is good for consumers, many of whom have resisted treatment for a hearing loss due to price concerns. It's also good for insurance companies, unions and employers, giving them a competitive advantage in attracting and retaining members or employees — among many other desirable outcomes.

Before rushing headlong into a hearing healthcare benefit, however, organizations need to carefully consider their deployment options, whether it's through in-network providers, traditional health insurance, Medicare Advantage/Medigap plans, flex spending accounts and/or wellness programs.

The choice of a hearing healthcare partner deserves rigorous scrutiny, too. There are many points of differentiation. Specifically, does the potential partner:

- Manage the accreditation of providers and facilities — How exhaustive is it?
- Conduct audiological reviews to ensure medical necessity?
- Offer centralized billing, including EDI and EFT capabilities?
- Offer the services of a state-of-the-art professional call center?
- Provide reporting on call center performance and other important metrics?
- Maintain a large formulary of hearing aid manufacturers and product choices?
- Use an all-inclusive hearing aid pricing model that contains no unpleasant surprises?
- Have a large, truly nationwide network of hearing healthcare providers?
- Charge set-up or participation fees for a voluntary benefit program?
- Provide comprehensive marketing support?
- Allow for flexible configuration of the program?
- Consistently earn high marks for customer satisfaction from objective sources?
- Take a proactive approach to hearing health?

# About Amplifon Hearing Health Care

Amplifon Hearing Health Care is the largest provider of hearing healthcare benefits in the United States, offering discounted hearing aids and hearing healthcare services as part of an overall benefits package. In addition, Amplifon Hearing Health Care was the first company to administer workers' compensation benefits nationally.

Amplifon programs cover more than 175 million lives through a variety of organizations, including several health insurance companies.

Amplifon serves hearing-impaired individuals through a nationwide provider network of clinics. All Amplifon professionals must meet and maintain comprehensive credentialing requirements to be included in the network. On top of that, Amplifon has consistently earned high customer satisfaction ratings, as indicated by a 2013 Net Promoter Score of 72.5 — on par with Apple and other companies known for their strong customer loyalty.

Amplifon partners with leading hearing aid manufacturers, including GN ReSound, Miracle-Ear, Oticon, Phonak, Rexton, Siemens, Sonic Innovations, Starkey, Unitron and Widex. The Amplifon product formulary contains more than 2,000 models of hearing aids.

Amplifon Hearing Health Care is a division of Amplifon SpA, the largest distributor of hearing aids and hearing services in the world.

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