

Date: April 21, 2021

To: Chair Lyons and Members of the Senate Health and Welfare Committee

From: Sara Teachout, Director of Government Relations

RE: S.120 health insurance coverage of hearing aids

Legislation to expand coverage to hearing aids needs to balance the impact both access and the affordability of health insurance premiums. A thorough actuarial analysis specific to the population and coverage parameters is absolutely necessary to evaluate the financial impact.

The effective date of January 1, 2022 for including hearing aids in the large group fully insured plans is not possible. The rates were submitted in February and are being reviewed by the GMCB now. We anticipate a final rate decision for the 2022 plan year by May 11th.

Blue Cross actuaries did some preliminary analysis on the impact of hearing aid coverage on premiums in late 2020 prior to the introduction of this legislation. None of Blue Cross's groups elected to include hearing air coverage, therefore these estimates are based on external data, and are not specific to the draft proposal the Senate Health and Welfare Committee is considering.

- Using national data on the incidence of hearing loss and adoption of hearing aids, our team estimated the number of hearing aid devices that may require coverage.
- Using a pricing survey, our actuarial team assigned a portion of the covered purchases to top-end, middle-range, and low-cost hearing aids (between \$1,600 - \$2,600 per hearing aid). The final adjusted cost was just over \$2,000 for all users. Some people need only one hearing aid, but most require two.
- This estimate does not include cochlear implants.
- Cost-sharing between the member and the plan is assumed to be the same as for other Durable Medical Equipment (DME).
- Estimated total costs were over a three-year benefit period, which is the guidance set by most states limit hearing aid replacement to a defined benefit period. This is not included in the current draft.
- **Over a three-year period, the increase to cover hearing aids for fully insured members is estimated to be \$7.52 PMPM (or \$90.24 per year). This is equivalent to a 0.8 percent increase premium increase. Due to pent-up demand, it is possible that a majority of hearing aid claims may be made in the first year of the benefit period.**
- The chart on the next pages shows the limits, both dollar caps and benefit periods, for hearing aid coverage in surrounding states. It is important to note that almost all of these states have age rating.

If you are not already aware, the FDA is sitting on authority to approve broader technology for hearing aids, and the market is waiting in the wings to step into this space with affordable alternatives (see NYT article: [Hearing Aids for the Masses](#)). This is a classic example of a

federal mandate that is artificially limiting competition and inflating costs for consumers. Rather than just adding these costs to health insurance premiums, Vermont should work with our Congressional Delegation to push the FDA to approve new technologies, driving down costs for everyone. The question all too often in health care is who pays, when it should be, why does it cost so much?

Comparison of Hearing Aid Coverage in Nearby States:

State	Hearing Aid Coverage	Frequency	Age Limit*
Connecticut	\$1,000 cap	Every 2 Years	12 and under
Maine	\$3,000 cap per aid	Every 3 Years	N/A
Massachusetts	\$2,000 cap per aid	Every 3 Years	21 and under
New Hampshire	\$1,500 cap per aid	Every 5 Years	21 and under
New Jersey	\$1,000 cap per aid	Every 2 Years	15 and under
New York	\$1,500 cap (excludes bone anchored hearing aids except in certain circumstances)	Every 3 Years	
Pennsylvania	N	N/A	
Rhode Island ¹	\$1,500 per hearing aid <19 \$700 per hearing aid >19	Every 3 Years	19 and under Over 19
Vermont	N	N/A	N/A

*Affordable Care Act prohibits discriminatory benefit design based on age

Sources: [American Speech-Language Hearing Association](#) and [Hearing Loss Association of America](#)