Chapter 5

Funding for Treatment of Hearing Impairments

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Hearing services and devices are paid for directly by hearing impaired people or by private insurance and government programs such as Medicare, Medicaid, and the Veterans Administration (VA). ' In general, medical and surgical hearing services provided by physicians are covered by Medicare, Medicaid, and private insurance. Some services provided by audiologists are also covered, especially when authorized by a physician, but evaluations for hearing aids are usually not covered. Hearing aids and assistive listening devices are not covered by Medicare and are rarely covered by private insurance. Medicaid pays for hearing aids in about half the States, but only a small percentage of the elderly population is eligible for these services. only about 15 percent of hearing aids are paid for wholly or in part by any third-party payer, including Medicaid, the VA, and private insurance (75).

The pattern of funding for hearing services reflects an underlying philosophy of government and private insurance programs that emphasizes the importance of physician care and medical and surgical treatment, while deemphasizing rehabilitative approaches such as providing assistive devices to help people function despite impairments. This philosophy is also evident in Medicare and Medicaid regulations and private insurance policies that limit reimbursement for devices and rehabilitation services related to impairments in vision and speech.

Hearing aids are the most common form of treatment for hearing impairment in elderly people, and it is often alleged that the cost of hearing aids severely restricts their use. one report points out, however, that the cost of hearing aids has risen very little in the past 25 years (41). From 1960 to 1980, while the Consumer Price Index increased more than 300 percent, the average cost of a hearing aid increased from about $350 to $450, or less than 25 percent. Sales expansion, improved manufacturing techniques, and changes in marketing have led to this relative price stability despite inflation in the economy as a whole, While the cost of a hearing aid is still too high for some low-income people, many people can afford them. In fact, the number of individuals buying hearing aids increased significantly between 1980 and 1983 despite a 25 percent decrease in third-party reimbursement (24).

Since government programs and private insurance usually do not pay for hearing aids, hearing impaired people often have to pay for these devices themselves. While many elderly people do purchase hearing aids, few are also willing and able to pay for a comprehensive audiological evaluation to help them select the hearing aid or aural rehabilitation services to help them adjust to it (138).

Assistive listening devices are not covered by Medicare, Medicaid, or private insurance. Legislation has been introduced in Congress to allow reimbursement for these devices under Medicare and Medicaid. The Handicapped Assistance Act of 1985 (H.R. 1432) would amend the Social Security Act to allow payment for sensory and communication aids for persons with visual, speech, and hearing impairments. Reimbursement would be limited to $5,000 a year and no more than $15,000 in any 5-year period (17).

Allowing tax credits for the purchase of assistive listening devices is another approach to encourage their use. This idea is not now politically viable because Congress and the Administration oppose creating new tax deductions and tax credits (56).

Aural rehabilitation services are covered by Medicare, Medicaid, and some private insurance in certain circumstances, but these services are seldom received by elderly people, as discussed in chapter 3. Government initiatives to increase the use of these services could include increased

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aring services provided and paid for by t he Veterans Administrationwere discussed in ch.4.

funding and/or simplification of the complex requirements for reimbursement for these services under Medicare and Medicaid. Increased public education about the potential benefit of aural rehabilitation for elderly people could encourage individuals to pay for these services themselves,

MEDICARE

Almost all Americans over 65 are covered by Medicare, the health insurance program authorized by Title XVIII of the Social Security Act to provide payment for specified health services. Under Part A Hospital Insurance, Medicare pays for hospital care, some posthospital extended care, and home health services. Under Part B Supplemental Medical Insurance Benefits, Medicare pays for physicians services, hospital outpatient services, diagnostic laboratory tests, some durable medical supplies, and services such as physical therapy and speech therapy when authorized by a physician (lo).

Most physician services related to the diagnosis and treatment of hearing impairment are covered by Medicare. Some hearing services provided by an audiologist are reimbursable under certain circumstances. For example, an audiological evaluation requested by a physician to help diagnose hearing disorders is reimbursable. Rehabilitative services provided by an audiologist are covered for some patients, but complex regulations, summarized below, govern which audiology services are covered, and in which settings (10).

Under Medicare Part A, rehabilitative audiology services requested by a physician and directly related to the condition for which a patient is hospitalized can be provided for hospital inpatients and residents of skilled nursing facilities (SNF). Diagnostic and therapeutic audiology services requested by a physician can be covered for hospital inpatients when provided by an audiologist who is either an employee of the hospital or who has made a contractual arrangement with the hospital. An audiologist who is employed by the hospital can also provide audiology services for patients transferred to a SNF if the SNF and the hospital have a transfer agreement (10).

Under Medicare Part B, an audiological evaluation requested by a physician for diagnostic purposes is reimbursable. Other hearing services provided by an audiologist also can be reimbursed under Part B: 1) if the audiologist is employed by a physician or in a physician-directed clinic, 2) if the physician is on the premises and supervises the services, and 3) if the audiological services are an integral part of the physician's professional services. Diagnostic and therapeutic services provided by audiologists also can be reimbursed as a Part B benefit for audiologists employed in a rehabilitation agency, skilled nursing facility, hospital out-patient clinic, or home health agency (10).

Hearing services provided by hearing aid dealers are not reimbursed by Medicare. Medicare does not pay for hearing evaluations performed to help select a hearing aid and it does not pay for hearing aids or other assistive listening devices.

MEDICAID

Medicaid is a joint Federal/State program, authorized by Title XIX of the Social Security Act to provide funding for health care services for the poor. Elderly individuals with income and assets below established levels are eligible for Medicaid. People with income above these levels but with high medical expenses are also eligible in some States.

The Federal Government requires that State Medicaid programs cover certain health care services, while other services are optional. States are required to cover:

- Hearing services provided by hospitals to inpatients or outpatients. These services can inelude audiology services prescribed by a phy-

sician with a physician's recertification of the need for continuing treatment every 30 days.
- Hearing services provided in SNFs by a physician or an audiologist working under the direction of a physician.
- Hearing services provided by physicians in the community.
- Some hearing services provided by audiologists in the community. These services must be provided under the personal supervision of a physician. States are free to define the degree of personal supervision required, but many adopt the definition used by the Medicare program—that the audiologist must be employed by a physician (or group of physicians) and practice in the same office or clinic as the physician (10).

States are not required to reimburse any other hearing services under Medicaid, but Federal matching funds are available to States for a wide variety of optional services including diagnosis, screening, rehabilitative services, and hearing aids. Most States limit the optional Medicaid services they provide in order to control overall costs of the Medicaid program:. A 1979 survey of Medicaid programs in 49 States[2] and the District of Columbia conducted by the American Speech-Language-Hearing Association (ASHA) revealed the following about States' coverage of hearing services beyond the mandatory benefits:

- Twenty-nine States covered evaluative and diagnostic services provided by ASHA-certified or licensed audiologists regardless of the setting, but in seven of these States coverage was limited to children. Only 7 of the 29 States covered aural rehabilitation services for adults. Fifteen additional States covered audiology services only when provided in specific facilities or agencies, such as rehabilitation centers and home health agencies. The remaining States only covered hearing services provided by physicians.
- Prior authorization by the State Medicaid agency was required for aural rehabilitation services in all cases, but was seldom required for diagnostic services. Referral from a physician was generally required for all services.
- Twenty-eight States provided reimbursement for hearing aids for eligible adults. Prior authorization was required in nearly all States. Other requirements for reimbursement of aids varied: evaluations by audiologists or through speech and hearing centers approved by the State were mandatory in 36 States; 10 of these permitted evaluation by an otolaryngologist in lieu of an audiologist, while 14 required a physician's examination in addition to the audiologist's evaluation (7).

As a result of Medicaid cutbacks since 1979, fewer States probably pay for hearing services now. Moreover, even in those States that pay for aural rehabilitation services and hearing aids through Medicaid, the reimbursement rates are often so low that providers refuse to serve Medicaid patients.

[2]Arizona did not participate in the Medicaid program at the time of the survey.

OTHER GOVERNMENT FUNDING PROGRAMS

Funding for hearing services is available to some elderly veterans and retired military personnel through VA and military hospitals. Some elderly individuals are also served in programs sponsored by the Bureau of Indian Affairs and the Federal Bureau for Community Health Services.

State Vocational Rehabilitation Agencies provide a wide range of services to handicapped individuals, including hearing impaired people. These services can include counseling, hearing aids and other devices, and aural rehabilitation. However, only about 2 percent of all people receiving any services from State Vocational Rehabilitation Agencies are over 65 **(13). No** figures are available on the number of elderly individuals who receive hearing services.

Federal funds for the elderly are available to States through the Title XX Block Grant, the Community Development Block Grant, and Title III of the Older Americans Act. Some States use some

of these funds to provide hearing services, but these programs are very limited and the demand for services always exceeds available funds. For example, in 1984 Montgomery County, Maryland initiated a program to buy or lend assistive devices of all kinds using Community Development Block Grant funds. About 90 percent of the funds were spent for hearing aids for people of all ages and the demand for hearing aids was so great that the program ran out of money in 3 months (46).

PRIVATE INSURANCE

The private health insurance industry consists of three major components: 1) the nonprofit Blue Cross and Blue Shield plans that enroll 38 percent of the privately insured population; 2) commercial insurance companies that provide coverage to 54 percent of the privately insured population; and 3) independent prepaid and self-insured health plans including large prepaid group practice plans such as the Kaiser Foundation plans and health plans operated jointly by union and management in some industries. These prepaid plans cover only about 7 percent of the insured population, but they are more likely than other insurers to offer a comprehensive array of outpatient and preventive services (10).

Private insurance coverage of hearing services is important for elderly people because Medicare covers only part of the health care expenses of elderly people, currently less than 50 percent. Many older people purchase supplemental insurance from private insurers. In addition, a small segment of the elderly population is not eligible for or not enrolled in Medicare and many of these people have private insurance (10).

Determining whether an insurer will reimburse for hearing services is not simple. Each insurance policy is independently negotiated, so that a single company may issue policies with many variations in the provisions affecting hearing services. In fact, few policies directly address hearing services; instead, coverage is determined by the provisions for broad categories of services such as '(miscellaneous medical," "physiotherapy)" or "other medically necessary services. " Whether hearing services are reimbursable depends on if a given service meets the general **conditions in** these broad categories (10).

The principal variables that affect coverage are:

- In what setting is the service provided? (Hospital inpatient unit, hospital outpatient department, physician's office, audiologist's office, hearing aid dealer's office, speech and hearing clinic?)
- Who is providing the service? (A physician, a licensed or ASHA certified audiologist, a hearing aid dealer?)
- What kind of service is provided? (Diagnosis, evaluation for a hearing aid, aural rehabilitation?)
- Why is the service needed? (Injury, illness, congenital or acquired disease, organic or nonorganic disorder?)
- What is the role of the beneficiary's physician? (Prescription, supervision, referral?)

Because conditions in the policies of private insurers vary so greatly, it is not possible to document exactly which hearing services are covered by which insurers for which groups of beneficiaries. However, some general statements can be made about predominant patterns and limitations of coverage.[3]

Where Services Are Provided and By Whom

Health insurance primarily covers the cost of hospitalization and physicians' services and most

[3]This information is derived from three sources: 1) collection of various existing surveys undertaken by ASHA members and others of major insurers doing business in their areas (.5, 16, 20, 40); 2) a survey conducted by ASHA's Task Force on Private Insurance of 15 major national insurers (7); and 3) a study conducted by the Blue Cross Association of Blue Shield plan reimbursement of nonphysician providers (78).

policies reimburse for hearing services provided by physicians in hospitals and in the community. In addition, certain hearing services are covered when provided by a qualified practitioner. In one survey, a licensed audiologist was deemed qualified by nine companies and six companies accepted ASHA certification in lieu of licensure (7). Four insurers left the choice of a qualified practitioner up to the physician prescribing and supervising the services. Blue Cross/Blue Shield plans tend to be less flexible about whom they will reimburse. A study of all 70 Blue Shield plans nationally reported that only 9 would reimburse for covered services provided by audiologists (78).

Type and Purpose of Services

Nearly all policies specify that they cover only "medically necessary" services, but none defines the term. In effect, a service is medically necessary when a physician says it is and the insurer agrees. This requirement mandates the involvement of physicians for all reimbursable services (lo).

Coverage of specific hearing services by the companies surveyed was virtually uniform. Audiologic testing needed by a physician to establish a diagnosis was covered in all cases. Routine ***evaluations to detect hearing loss and services related to degenerative hearing loss were never covered. Sev***eral companies would cover audiologic services and hearing aids when a hearing loss resulted from an accident or injury, but ***most policies specifically exclude hearing aid evaluations and hearing aids.*** A survey by Hewitt Associates, a nationwide consulting firm specializing in employee benefits and compensation, found that only 6 percent of U.S. firms offer hearing-care plans (28). The United Automobile Workers Union has recently negotiated the first major labor contract to include coverage of hearing aids (104).

Hearing services provided to maintain rather than improve hearing are generally excluded. If a beneficiary had a communicative handicap before an injury or illness that is covered by a policy, then hearing services would be covered only to the extent that they were needed to restore the beneficiary to his or her previous level of functioning.

Role of the Physician

Physicians must be involved in health insurance claims for hearing services at least enough to document "medical necessity" to the insurer. Physician referral and supervision is the most common requirement. Supervision generally means that the physician must cosign claims and accept responsibility for the services (10).

Among the insurers surveyed by ASHA, six required only physician referral for hearing services. Two required physician approval of such services, while three required physician supervision (7). Two companies did not specify the role of the physician, while one required physician direction of diagnostic audiologic services, The distinctions between "approval, ""recommendation ," and "supervision" are fuzzy, but the insurers' intent in all cases is to ensure that a physician's statement of the initial and continuing need for services is submitted before claims will be paid.

Thus private insurance coverage of hearing services appears to mirror Medicare and Medicaid coverage, allowing reimbursement for medical and surgical services and for services provided by physicians for medical problems. In contrast, rehabilitative services, and particularly the cost of hearing aids and assistive listening devices, are not covered. Thus elderly people must pay for these services and devices themselves or do without.