

SB535

Measure Title: RELATING TO HEARING AIDS.

Report Title: Hearing Aids; Health Insurance; Mandated Coverage

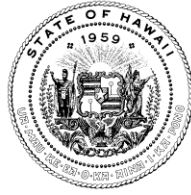
Description: Requires health insurance policies and contracts issued after 12/31/18 to provide coverage for the cost of hearing aids at a minimum of \$1,500 per hearing aid for each hearing-impaired ear every thirty-six months.

Companion: [HB613](#)

Package: Kupuna Caucus

Current Referral: CPH, WAM

Introducer(s): IHARA, ESPERO, GREEN, INOUYE, NISHIHARA, RUDERMAN, Baker, S. Chang, Galuteria, Harimoto, K. Kahele, Keith-Agaran, K. Rhoads, Riviere, Taniguchi



DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

**STATE OF HAWAII
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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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TO THE SENATE COMMITTEE ON
COMMERCE, CONSUMER PROTECTION, AND HEALTH

TWENTY-NINTH LEGISLATURE
Regular Session of 2017

Thursday, February 9, 2017
9:00 am

TESTIMONY ON SENATE BILL NO. 535 – RELATING TO HEARING AIDS.

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department takes no position on this bill, which is a companion to H.B. 613, and submits the following comments.

The purpose of this bill is to add a new mandated health insurance benefit requiring health insurers to provide coverage for hearing aids.

Proposed subsection 431:10A-____ (a), at page 3, line 20 to page 4, line 7, appears to include language that is intended to exclude limited benefit health insurance policies from coverage under this bill. If this is the intent, to improve the clarity of this exclusion, the Department respectfully recommends the following amendment to subsection (a):

"§431:10A- Coverage for hearing aids. (a) Each individual and group accident and health or sickness policy, contract, plan, or agreement issued or renewed in this State after December 31, 2018, other than [~~an accident-only, specified-disease, hospital~~

indemnity, medicare supplement, long-term care, dental, vision, or other] a limited benefit health insurance policy as provided in section 431:10A-102.5, shall provide, not as an employer option, coverage for the cost of hearing aids for the policyholder and individuals covered under the policy, contract, plan, or agreement.”

In October 2014, the State Auditor issued Report No. 14-10 (Report), which studied the effects of mandating insurance coverage for hearing aids as proposed in S.B. 309, S.D.1 of the 2014 Legislative Session (S.B. 309). The Report concluded that coverage for hearing aids was already provided, or was planned to be offered by health insurers, such that they would already be in compliance with S.B. 309.¹ The Report further concluded that such coverage may not be adequate and may leave those needing hearing aids with large co-payments.² The Report went on to recommend that S.B. 309 not be enacted as written.³

Additionally, any proposed mandated health insurance coverage requires the passage of a concurrent resolution requesting the State Auditor to prepare and submit a report assessing the social and financial impacts of the proposed mandate, pursuant to Hawaii Revised Statutes section 23-51. While the State Auditor has already prepared a report assessing mandated hearing aid coverage as proposed in S.B. 309, S.B. 535 includes a minimum benefit amount of \$1,500 per hearing-impaired ear every thirty-six months, whereas S.B. 309 did not include a minimum benefit amount. This difference may result in a significantly different analysis of the social and financial impact of S.B. 535 versus S.B. 309.

We thank the Committee for the opportunity to present testimony on this matter.

¹ Report at p. 18.

² Id.

³ Id.



An Independent Licensee of the Blue Cross and Blue Shield Association

February 9, 2017

The Honorable Rosalyn H. Baker, Chair
The Honorable Clarence K. Nishihara, Vice Chair
Senate Committee on Commerce, Consumer Protection and Health

Re: SB 535 – Relating to Hearing Aids

Dear Chair Baker, Vice Chair Nishihara, and Committee Members:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 535, which would require health insurance policies and contracts issued after 12/31/18 to provide coverage for the cost of hearing aids at a minimum of \$1500 per hearing aid for each hearing-impaired ear every thirty-six months. HMSA submits the following comments on this Bill.

HMSA appreciates the intent of SB 535 as the cost of hearing aid devices can be a significant expenditure for individuals and families. HMSA's commercial plans currently provide coverage for hearing aid replacements at the rate of one hearing aid per ear every sixty months. With respect to the current Bill, HMSA has the following comments and concerns:

- Clarification is needed on Section 2(a) (page 4; line 5) with regard to what “not as an employer option” refers to in this section. Currently self-insured plans, for example, are not covered under mandates such as this; therefore clarification would be needed to understand how this would apply accordingly.
- We have concerns with including a minimum benefit of \$1500 per device. The decision on the type of device a member may require should be based on medical necessity rather than the cost of a device. The Committee may wish to consider using “medically appropriate hearing aid models (analog, digital, digitally programmable) with standard features,” instead of a fixed dollar amount.
- We also have serious concerns with Section 2(c) regarding hearing aid devices that exceed the proposed \$1500 benefit; the Bill in its current form suggests that the member may seek a device that exceeds the \$1500 benefit limit but would not be held responsible for the difference in cost; it is unclear who then would be responsible for that cost.
- Finally, with regard to notification to members, such notifications are provided to members either directly or through their sponsor. We ask that the Committee consider amending Section 2(f), (page 5, line 8 & page 7, line 4), to read as follows:

(f) Every insurer shall provide notice to its policyholders regarding the coverage required by this section. The notice shall be in writing and prominently positioned in any literature or correspondence sent or provided to policyholders and shall be transmitted to policyholders within calendar year 2019 when annual information is made available to policyholders, or in any other mailing to policyholders, but in no case later than December 31, 2019.

Thank you for the opportunity to testify and offer comments on SB 535.

Sincerely,

Mark K. Oto
Director, Government Relations

Testimony of
John M. Kirimitsu
Legal and Government Relations Consultant

Before:
Senate Committee on Commerce, Consumer Protection, and Health
The Honorable Rosalyn H. Baker, Chair
The Honorable Clarence K. Nishihara, Vice Chair

February 9, 2017
9:00 am
Conference Room 229

SB 535 Relating to Hearing Aids

Chair, Vice Chair, and committee members, thank you for this opportunity to provide testimony on bill mandating insurance coverage for hearing aid devices.

Kaiser Permanente Hawaii would like to offer comments.

In 2014, the state auditor completed its study on mandating insurance coverage for hearing aids and reported that it opposed the passing of this mandate. Notably, the auditor concluded:

- *“Because SB No. 309, SD 1, would not change the status quo concerning coverage for hearing aids, we recommend the Legislature not pass the measure.”*
- *“Based on survey responses, public demand for mandated coverage of hearing aids is low.”*
- *“Because insurers already provide coverage or plan to start providing coverage in 2015, the measure is likely to have minimal effect on insurance premium costs.”*

The complete Legislative Reference Bureau report and its findings may be viewed at <http://files.hawaii.gov/auditor/Reports/2014/14-10.pdf>

Additionally, Kaiser is concerned about the \$1,500 minimum coverage requirement which could be problematic in those instances where the actual cost is less than this minimum threshold, i.e., would any hearing aid under \$1,500 be covered? Even the auditor acknowledged in his report that there is great fluctuation between hearing aid prices: “Hearing aids can cost from \$500 to

\$4,000 per ear, depending on the type of hearing aid needed and services related to fitting, evaluating, and dispensing the device.” See Pg. 4, Auditor’s Report. Clearly, creating this \$1,500 minimum threshold requirement would divert the focus away from medical care, i.e., what is medically appropriate, and instead, prioritize financial incentives, i.e., choosing the most expensive products, to satisfy the minimum cost prerequisite for coverage. This minimum standard would also negatively target, to the disadvantage of consumers, the market of vendors who offer their products at a discounted rate of less than \$1,500, because these heavily discounted products would not be covered under the minimum cost threshold.

Currently, Kaiser already offers a base hearing aid benefit on most of its plans, i.e., standard commercial, individual plans, etc. Since most insurers, including Kaiser, already cover this benefit, we agree with the auditor’s conclusion that this bill is unnecessary.

Thank you for your consideration.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 3:03 PM
To: CPH Testimony
Cc: keriwlee@gmail.com
Subject: *Submitted testimony for SB535 on Feb 9, 2017 09:00AM*

SB535

Submitted on: 2/6/2017

Testimony for CPH on Feb 9, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Keri Lee	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 11:52 AM
To: CPH Testimony
Cc: lkakatsu@hawaii.rr.com
Subject: Submitted testimony for SB535 on Feb 9, 2017 09:00AM

SB535

Submitted on: 2/6/2017

Testimony for CPH on Feb 9, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Lynn Murakami-Akatsuka	Individual	Support	No

Comments: I strongly support SB 535 to require health insurance policies and contracts to provide coverage for the cost of hearing aids at a minimum of \$1,500 per hearing aid for each hearing-impaired ear every thirty-six months. Hearing is essential for living a quality of life. It impacts our health, safety, and communication with others. Currently, hearing aids are costly and limits access for all ages, in particular our senior citizens who are on a fixed income as well as hearing impaired individuals. My family elders depend on hearing aids to communicate their needs and interact with their family and friends. I strongly support the passage of this bill. Thank you for the opportunity to testify.

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 5, 2017 7:12 PM
To: CPH Testimony
Cc: CANtheCANT@gmail.com
Subject: *Submitted testimony for SB535 on Feb 9, 2017 09:00AM*

SB535

Submitted on: 2/5/2017

Testimony for CPH on Feb 9, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Darlene Ewan	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 2, 2017 5:21 PM
To: CPH Testimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for SB535 on Feb 9, 2017 09:00AM*

SB535

Submitted on: 2/2/2017

Testimony for CPH on Feb 9, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 7, 2017 9:40 AM
To: CPH Testimony
Cc: fu_dog_5@yahoo.com
Subject: *Submitted testimony for SB535 on Feb 9, 2017 09:00AM*

SB535

Submitted on: 2/7/2017

Testimony for CPH on Feb 9, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
robert	Individual	Support	No

Comments:

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PETER L. FRITZ

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E-MAIL: PLFLEGIS@FRITZHQ.COM

THE SENATE THE TWENTY-NINTH LEGISLATURE REGULAR SESSION OF 2017

COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH
Testimony on S.B. 535
Hearing: February 9, 2017

(RELATING TO HEARING AIDS)

Chair Baker, Vice Chair Nishihara, and members of the Committee. My name is Peter Fritz. I use hearing aids. I am testifying **in support** of this bill.

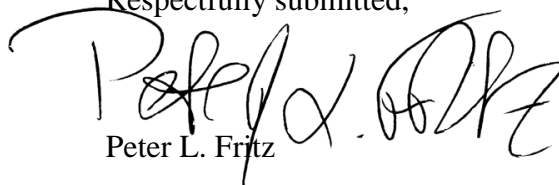
Untreated hearing loss can have a devastating impact on the social, professional and family interactions of people with hearing disabilities. Fortunately, the reverse of this statement is also true: hearing aids can have a profoundly positive effect on the quality of life. People who use hearing aids say that their hearing aids are important when taking part in social activities. However, the high cost of hearing aids is a barrier for many hearing disabled individuals.

I support this bill which requires health insurance policies and contracts issued after 12/31/18 to provide coverage for the cost of hearing aids at a minimum of \$1,500 per hearing aid for each hearing-impaired ear every thirty-six months.

- Under the terms of my current health insurance policy, coverage for the costs of hearing aids is every 60 months.
- Around thirty-six months after I purchase my hearing aids, based on my experience, I will need to send the hearing aids in for repair. This repair will last about 12 to 18 months. I believe that this is due to moisture from Hawaii's humid climate that causes the hearing aids to fail. I support a thirty-six-month period.
- Hearing aid technology is advancing like computer technology. Hearing aids with are now available with Bluetooth technology that can create a custom profile for a noisy environment such as a restaurant. The hearing aids of today would pair with my smart phone and enable me to make phone calls. My current hearing aids do not have such technology.
- I support an increased benefit. It is almost three times my current benefit. Even with this increased benefit, it may not cover the cost of replacement hearing aids.

Thank you for the opportunity to testify.

Respectfully submitted,



Peter L. Fritz

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 8, 2017 10:53 AM
To: CPH Testimony
Cc: rkailianu57@gmail.com
Subject: *Submitted testimony for SB535 on Feb 9, 2017 09:00AM*

SB535

Submitted on: 2/8/2017

Testimony for CPH on Feb 9, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Rachel L. Kailianu	Individual	Support	Yes

Comments:

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