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Reducing Medicare Expenses with Hearing Coverage

SUMMARY

Currently, hearing care services are not covered by Medicare, so for older adults, the high out-of-pocket expenses drive people to avoid using them. Despite the consistent research observing that good hearing health reduces healthcare expenses by removing the undo excessive burden of hearing impairment on the healthcare system,[3-8] these services are still not covered under Medicare. As such, this policy brief proposes that Medicare adopt a supplemental benefits package that covers hearing services for beneficiaries,[1,5] which will reduce healthcare spending.

Points

- ☑ Hearing care is composed if excessively high out-of-pocket costs.
- ☑ Medicare beneficiaries with hearing loss put an undo burden on Medicare system.
- ☑ Covered hearing services can result in net savings of $7.2 billion to Medicare.

BACKGROUND

Medicare beneficiaries with untreated hearing loss cost Medicare millions of dollars. Beneficiaries who refuse to pay, cannot receive, or need to delay hearing services are at greater risk of preventable outcomes, such as emergency department visits, hospitalizations, falls, depression, and dementia.[3,7,8] All of which add an excessive cost burden to the healthcare system.[4,8] If we only consider hospitalizations and 30 -day readmission costs, just having hearing loss increases these specific healthcare costs for the individual by 46.5% over ten years. In dollars, this is an average cost of $22,434 per individual.[4] A large amount of this cost is covered by Medicare, and while it is complicated to calculate, the average cost of people with untreated hearing loss to Medicare part B being $667 million in 2018.[1] This cost may increase with the projected increase in the rate of hearing loss, which is estimated to double by the year 2060.[9]

Older adults have consistently identify cost as a major barrier to hearing treatment.[1,2] There is a large vulnerable population of older adults suffer hearing loss, with around 30% of adults aged 65 and older.[11] For this population, the average cost for a hearing services in 2019 was ~$3,500 and are typically not covered by any health insurance, including Medicare.[1] Medicare beneficiaries, who on average spend 39% of their total out-of-pocket health expenses on services not covered by Medicare, will spend nearly 75% of the costs of hearing services out-of-pocket.[1,5] As such, Medicare beneficiaries typically forgo treatment for hearing, such as purchasing a hearing aid (Figure 1).

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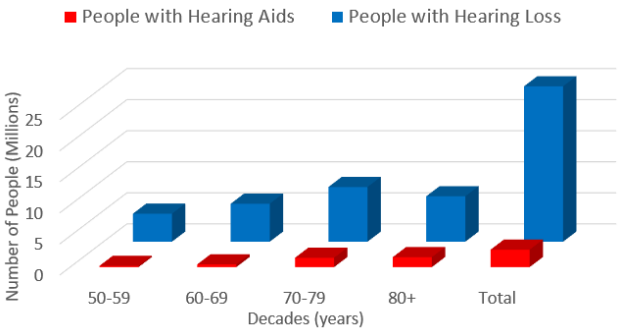

Figure 1. Number of people with hearing aids and hearing loss from the 1999 to 2006 cycles of the National Health and Nurtitrion Examination Surveys (data Pulled from Chien & Lin, 2013[10])

Progress has been made in curbing this cost by addressing the most expensive hearing care aspect. A hearing aid can only be purchased through a licensed audiologist and is only paid for out-of-pocket.[6] However, the 115th United States Congress passed the Over-the-Counter Hearing Aid Act of 2017 (OTC Hearing Aid Act), introduced in the U.S. House of Representatives by Representative Joe Kennedy III (D–MA) and in the U.S. Senate by Senator Elizabeth Warren (D–MA). This Act allowed the Food and Drug Administration to create and regulate a class of hearing aids available directly to consumers. This act is a monumental step in the right direction for hearing services but does not fully address the issue of cost. While direct-to-consumer hearing aids, once regulated, may be cheaper, they will not cover more severe levels of hearing loss that many older adults experience, and who will still require an audiologist's services. As such, this Act alone may not substantially reduce the burden of hearing loss on the healthcare system. According to the Institute for Healthcare Improvement (IHI), for a plan to effectively improve the healthcare system it needs to reduce the per capita cost of health care, address public health outcomes, and improve the care experience all at once; for which, sadly, the OTC hearing aid act does not.

CONCLUSION & POLICY CONSIDERATIONS

Medicare coverage of hearing services is the most efficient, affordable, and plausible way to bring down healthcare costs and improve public health. Having hearing services covered under Medicare could save thousands of dollars in healthcare expenses per person by preventing many of the poor health outcomes associated with hearing loss.[4,8] Altogether, the net savings to Medicare have been calculated to be around $7.2 billion if hearing loss was addressed.[1] A possible way to have Medicare cover hearing services is to develop a volantuary supplmental benefits plan that is affordable to beneficiaries in terms of premiums and collects enough finances to cover expenses. Fortunately, experts in Medicare have come together with audiologists, hearing scientists, and relevant policy experts to formulate an initial simple, cost-effective, package designed to cover hearing health services through Medicare directly.[1,6] The initially proposed plan is presented in Wilkins and Colleagues' paper,[1] "How Medicare Could Provide Dental, Vision, and Hearing Care for Beneficiaries." Briefly, the idea is to follow Part D of Medicare, which falls under section 101 of the 108th Congress Public Law 173 (U.S. Government Printing Office, 2003), and allow supplemental hearing benefits to be obtained with no federal subsidy. The proposal provides beneficiaries with a low deductible health plan that covers most of the costs for sensory services, including hearing. If implemented, Medicare coverage of hearing services addresses each of the IHI triple aims. Firstly, it addresses public health by preventing poor health outcomes like dementia and falls, both strongly associated with untreated hearing loss. Secondly, it addresses the cost per capita by removing the affordability barrier most people experience. Finally, when you consider that people with severe hearing loss will also be covered, it addresses experience of care. All while providing net savings to Medicare.

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