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Compared with the 20 other states that mandate insurance coverage for hearing aids, only Hawai'i would have no parameters on age, costs covered, or frequency at which hearing aids must be provided.

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Study of Proposed Mandatory Health Insurance for Hearing Aids

Report No. 14-10, October 2014

Mandatory health insurance for hearing aids is not recommended

In Senate Concurrent Resolution No. 34, Senate Draft 1, the 2014 Legislature asked the Auditor to assess the social and financial effects of mandating health insurance coverage for hearing aids, as proposed in Senate Bill No. 309 (SB), Senate Draft 1 (SD), of the 2014 regular session. SB No. 309, SD 1, defines hearing aids as “any wearable instrument or device and any parts, attachments, or accessories, including earmold, but excluding batteries and cords, designed or offered for the purpose of aiding or compensating impaired human hearing.” Hearing aids may be used to treat several types of hearing loss. In Hawai'i, approximately 55 infants with hearing loss are born annually.

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.

Social and financial impacts would be insignificant

Our analysis on the social and financial impacts of mandating health insurance coverage for hearing aids is based on survey responses, literature review, and interviews. In addition to the Children with Special Health Needs Branch of the Department of Health's (DOH) Family Health Services Division and the American Academy of Audiology, we sent surveys to four private health insurance companies: Hawai'i Medical Service Association (HMSA), Kaiser Permanente Hawai'i (Kaiser), University Health Alliance (UHA), and Hawai'i Medical Assurance Association (HMAA). HMSA, UHA, and HMAA now provide coverage for hearing aids, and Kaiser plans to begin covering hearing aids in January 2015.

Although coverage may be inadequate to cover the full cost of hearing aids, which may place a financial hardship on some patients needing treatment, SB No. 309, SD 1, would not require insurers to cover full costs of hearing aids. 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.

Proposed bill's lack of coverage parameters is problematic

SB No. 309, SD 1, has no limits on coverage, such as age, frequency for replacing, or costs covered by insurers, which other states have identified. Without such coverage parameters, the measure as written merely requires that insurers provide for the costs of hearing aids, subject to deductibles, co-payments and maximum payment limits set by insurers.

As of August 2014, 20 states had laws requiring that private health insurers provide coverage for hearing aids. Of those, every state had at least one coverage limitation based on at least one of three factors: the age of the beneficiary, the frequency at which insurers must provide hearing aids to beneficiaries, or the dollar cost the insurer must cover. Hawai'i would have none of these.

Agency response

On October 15, 2014, we transmitted a draft of this report to the Departments of Health and Commerce and Consumer Affairs. The departments opted not to respond.