

SB 192



LINDA LINGLE
GOVERNOR
JAMES R. AIONA, JR.
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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LAWRENCE M. REIFURTH
DIRECTOR
RONALD BOYER
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON HEALTH

TWENTY-FIFTH LEGISLATURE
Regular Session of 2009

Friday, February 6, 2009
3:00 p.m.

TESTIMONY ON SENATE BILL NO. 192 – RELATING TO HEARING AID DEVICES.

TO THE HONORABLE DAVID Y. IGE, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is J.P. Schmidt, State Insurance Commissioner (“Commissioner”), testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department takes no position on this bill.

The purpose of this bill is to mandate coverage for hearing aid devices. Any mandated benefit helps some people, but also imposes increased cost burdens on the employers and individuals that pay the premiums.

We note that mandated benefits are required by law to undergo a review by the Legislative Auditor.

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

TESTIMONY
from the
Hawaii State Council on Developmental Disabilities

Testifier's Name: Waynette Cabral

Position Title: Executive Administrator

Organization: Hawaii State Council on Developmental Disabilities

Day, Date, and Time of Hearing: Friday, February 6, 2009, 3:00 pm, Rm. 016

Measure Number: SB 192 – RELATING TO HEARING AID DEVICES

Name of Committee(s): Senate Health (HTH)

Number of copies the Committee is requesting: 1 copy to Committee Clerk

Room Number: 215

E-mailed to: HTHTestimony@Capitol.hawaii.gov



STATE OF HAWAII
STATE COUNCIL
ON DEVELOPMENTAL DISABILITIES
919 ALA MOANA BOULEVARD, ROOM 113
HONOLULU, HAWAII 96814
TELEPHONE: (808) 586-8100 FAX: (808) 586-7543
February 6, 2009

The Honorable David Y. Ige, Chair
Senate Committee on Health
Twenty-Fifth Legislature
State Capitol
State of Hawaii
Honolulu, Hawaii 96813

Dear Senator Ige and Members of the Committee:

SUBJECT: SB 192 - RELATING TO HEARING AID DEVICES

The position and views expressed in this testimony do not represent nor reflect the position and views of the Departments of Health and Human Services.

The State Council on Developmental Disabilities **SUPPORTS THE INTENT OF SB 192**. The purpose of the bill is to require that hearing aid devices be included in mandatory insurance coverage by private health insurers.

We recognize the merits of this bill in providing mandated coverage for hearing aids. However, we also understand that mandated coverage for hearing aids would benefit a segment of the population but also increase premiums for other insurance policyholders. We acknowledge the benefits hearing aids provide for individuals with disabilities regarding auditory stimulation, developing and maintaining communication and language skills, and preventing further developmental delays and hearing disabilities.

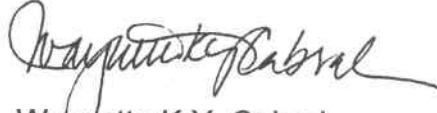
The Council brings to your attention that Section 23-51, Hawaii Revised Statutes (HRS), requires concurrent resolutions be passed by the Legislature requesting the Legislative Auditor to prepare and submit a report to the Legislature that assesses both the social and financial effects of the proposed mandated coverage (see attached Section 23-51, HRS). Therefore, we feel it would be premature to pass this bill without having the Legislative Auditor assess the impact of this measure.

The Council appreciates the Legislature's initiative to address mandated coverage of hearing aid devices by private insurers.

The Honorable David Y. Ige
Page 2
February 6, 2009

Thank you for the opportunity to present testimony supporting the intent of SB 192.

Sincerely,

A handwritten signature in black ink, appearing to read "Waynette K.Y. Cabral". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Waynette K.Y. Cabral
Executive Administrator

Attachment

**[PART IV.] SOCIAL AND FINANCIAL ASSESSMENT OF
PROPOSED MANDATORY HEALTH INSURANCE COVERAGE**

§23-51 Proposed mandatory health insurance coverage; impact assessment report. Before any legislative measure that mandates health insurance coverage for specific health services, specific diseases, or certain providers of health care services as part of individual or group health insurance policies, can be considered, there shall be concurrent resolutions passed requesting the auditor to prepare and submit to the legislature a report that assesses both the social and financial effects of the proposed mandated coverage. The concurrent resolutions shall designate a specific legislative bill that:

- (1) Has been introduced in the legislature; and
- (2) Includes, at a minimum, information identifying the:
 - (A) Specific health service, disease, or provider that would be covered;
 - (B) Extent of the coverage;
 - (C) Target groups that would be covered;
 - (D) Limits on utilization, if any; and
 - (E) Standards of care.

For purposes of this part, mandated health insurance coverage shall not include mandated optionals. [L 1987, c 331, pt of §1; am L 1990, c 227, §1; am L 1996, c 270, §2]

Taken from Section 23-51, HRS, Volume 1, 2007 Cumulative Supplement



DISABILITY AND COMMUNICATION ACCESS BOARD

919 Ala Moana Boulevard, Room 101 • Honolulu, Hawaii 96814
Ph. (808) 586-8121 (V/TDD) • Fax (808) 586-8129

February 6, 2009

TESTIMONY TO THE SENATE COMMITTEE ON HEALTH

Senate Bill 192 - Relating to Hearing Aid Devices

The Disability and Communication Access Board (DCAB) is a statewide board with seventeen (17) members appointed by the Governor, thirteen (13) of whom are persons with disabilities or family members. The Board's mission is to advocate and promote full inclusion, independence, equal access, and quality of life for persons with disabilities in society. This testimony represents a position voted upon by the Legislative Committee of the Board.

DCAB supports the intent of Senate Bill 192 that requires the cost of hearing aid devices be covered by private health insurance base health care coverage.

Currently, private health insurance plans provide partial coverage for eyeglasses to correct vision, and some provide partial coverage for hearing aids. Hearing is an equally important sense upon which an individual depends for communication, so an individual with a hearing loss should have coverage for hearing aids through a private insurance carrier.

Although DCAB supports the intent of Senate Bill 192, we are aware that it is a requirement for a study to be conducted related to the social and financial effects of requiring health insurers to offer coverage for hearing aids per §21-51, Hawaii Revised Statutes. Due to this requirement, DCAB recommends that this measure be deferred and requests a Legislative Auditor's study be conducted to assess, evaluate and review the social and financial effects of requiring health insurers to offer coverage for hearing aids, current practices of public and private insurance plans.

Thank you for the opportunity to testify.

Respectfully submitted,

CHARLES W. FLEMING
Chairperson

FRANCINE WAI
Executive Director

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 6, 2009

The Honorable David Ige, Chair
The Honorable Josh Green M.D., Vice Chair

Senate Committee on Health

Re: SB 192 – Relating to Hearing Aid Devices

Dear Chair Ige, Vice Chair Green and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 192 which would require health plans to provide coverage for hearing aid devices.

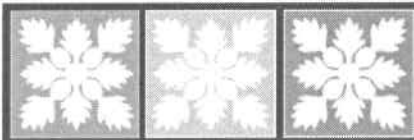
Currently HMSA's health plans do provide coverage for hearing aids including the cost of evaluations, ear molds, fittings, repairs and batteries.

Given the difficult economic times facing Hawaii and the nation, we believe that prior to passing any new legislation which would require health plans to expand benefits, the Legislature should request an Auditor's study as required under Hawaii Revised Statutes 23-51 and 23-52. This study will provide you, as policy-makers, with objective information.

Sincerely,

A handwritten signature in cursive script that reads "Jennifer Diesman".

Jennifer Diesman
Assistant Vice President
Government Relations



February 6, 2009

The Honorable David Ige, Chair
The Honorable Josh Green M.D., Vice Chair

Senate Committee on Health

Re: SB 192 – Relating to Hearing Aid Devices

Dear Chair Ige, Vice Chair Green and Members of the Committee:

My name is Rick Jackson and I am President of the Hawaii Association of Health Plans (“HAHP”). HAHP is a non-profit organization consisting of seven (7) member organizations:

AlohaCare
Hawaii Medical Assurance Association
HMSA
Hawaii-Western Management Group, Inc.

MDX Hawai‘i
University Health Alliance
UnitedHealthcare

Our mission is to promote initiatives aimed at improving the overall health of Hawaii. We are also active participants in the legislative process. Before providing any testimony at a Legislative hearing, all HAHP member organizations must be in unanimous agreement of the statement or position.

Thank you for the opportunity to testify on SB 192, which would require health plans to provide coverage for hearing aid devices. HAHP recognizes that legislative health mandates are often driven by the desire for improved health care services to the community; as health plans, our member organizations are committed to the same ideal. In general, however, HAHP member organizations oppose legislative health mandates as inefficient mechanisms for health care improvement a few reasons.

- Mandates increase health care costs for employers and employees. With local businesses facing dire economic times, mandating health care plans to increase their benefits should be carefully considered.
- We believe employers should have the right to work with their health plan to define the benefit package they offer to their employees. Mandates misallocate scarce resources by requiring consumers (and their employers) to spend available funds on benefits that they might otherwise choose not to purchase.

• AlohaCare • HMAA • HMSA • HWMG • MDX Hawaii • UHA • UnitedHealthcare •
HAHP c/o Howard Lee, UHA, 700 Bishop Street, Suite 300 Honolulu 96813
www.hahp.org

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Jackson". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Rick Jackson
President

SB 192

Testimony of
Frank P. Richardson
Vice President and Regional Counsel

Before:
Senate Committee on Health
The Honorable David Y. Ige, Chair
The Honorable Josh Green, M.D., Vice Chair

February 6, 2009
3:00 pm
Conference Room 016

SB 192 RELATING TO HEARING AID DEVICES

Chair, Vice Chair, and committee members, thank you for this opportunity to provide testimony on SB192 which requires health insurance policies and contracts to provide coverage for the cost of hearing aid devices in their base plans.

Kaiser Permanente Hawaii supports the intent of this bill, but requests an impact assessment report pursuant to HRS Sections 23-51 and 23-52.

Kaiser Permanente's usual position on proposed legislative mandates of health coverage is to oppose them, on several grounds:

1. First, because they generally tend to raise the cost of delivering health care, thereby resulting in higher premiums and increased cost to the purchasers and payors of health plan coverage, whether they be employer groups or individuals;
2. Second, because they often tend to dictate how medicine should be practiced, which sometimes results in medicine that is not evidence based and usurps the role and expertise of the practicing physician and other health care professionals who provide medical treatment and services; and
3. Finally, because they often lock in statutory requirements that become outdated and do not keep pace with the ever evolving and advancing fields of medicine and medical technology.

Nevertheless, in this case, Kaiser supports the intent of this bill and the concept of making hearing aid devices available and affordable for the hearing impaired.

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Kaiser notes, however, that an impact assessment report is required pursuant to Sections 23-51 and 23-52 of the Hawaii Revised Statutes to assess, among other things:

- a) the extent to which the treatment or service is generally utilized by a significant portion of the population;
- b) the level of public demand for the treatment or service;
- c) the extent to which this mandated insurance coverage would be reasonably expected to increase the insurance premium and administrative expenses of policy holders; and
- d) the impact of this mandated coverage on the total cost of health care.

Additionally, Kaiser notes that this bill does not differentiate or consider utilization by, or impact of delivery to, different populations of hearing impaired: the under-18 population, those who are genetically impaired, or those impaired due to disease, injury, or due to aging. The needs of and utilization by these different populations is likely to vary according to the nature or extent of hearing loss, type of hearing aid needed, frequency of replacement of the hearing aids, effectiveness of the hearing aids, cost of the hearing aids, and other factors. The bill also does not adequately define "hearing aids" or "hearing aid devices", whether to mean only external hearing aids or to include devices such as cochlear implants. Accordingly, Kaiser recommends that the bill be amended to address these considerations.

Thank you for your consideration.

MCCORRISTON MILLER MUKAI MACKINNON LLP

ATTORNEYS AT LAW

February 4, 2009

Honorable David Y. Ige, Chair
Honorable Josh Green, M.D., Vice Chair
Committee on Health
Senate
State Capitol
415 South King Street
Honolulu, Hawaii 96813

Re: S.B. No. 192 RELATING TO HEARING AID DEVICES

Dear Chair Ige, Vice Chair Green, and Committee Members:

On behalf of the American Family Life Assurance Company of Columbus (AFLAC), we respectfully submit the following written testimony with respect to Senate Bill No. 192, relating to hearing aid devices, which is to be heard by your Committee on Health on February 6, 2009.

S.B. No. 192 is intended to require that health insurance policies and contracts provide coverage for the cost of hearing aid devices in their base plans. However, there are certain types of supplementary health insurance for which such mandated coverage of hearing aid devices would not be appropriate. Specifically, there are certain types of limited benefit insurance, for example, supplemental insurance covering only accidental injuries, hospital stays or specific diseases, for which it would not be appropriate to mandate coverage of hearing aid devices. For example, a person purchasing a supplemental insurance plan covering a specified disease such as cancer, is not seeking, and should not be required to pay for, coverage of hearing aid devices. Forcing a consumer of limited benefit insurance to purchase hearing aid devices coverage with such supplemental policies imposes unnecessary cost upon the consumer with no resultant benefit.

At present, limited benefit insurance policies allow consumers to acquire supplemental insurance coverage, for example for specific diseases, at a low cost. Requiring that such limited benefit insurance policies (*e.g.*, accidental injury, hospital confinement or specified disease) also include hearing aid devices is not appropriate and is unnecessary because such policies are intended to be supplemental and limited in nature. Requiring limited benefit insurance to cover hearing aid devices will not result in additional protection for the consumer, as such coverage will be provided in the primary insurance, and will likely harm the consumer by unnecessarily increasing the cost of limited benefit insurance and/or causing such insurance to become unavailable.

Honorable David Y. Ige, Chair
Honorable Josh Green, M.D., Vice Chair
Committee on Health
February 4, 2009
Page 2 of 2

For the foregoing reasons, we support the amendment of Section 2 of S.B. No. 192, to delete from subsection (a) of the new section to be added to Hawaii Revised chapter 431:10A "limited benefit insurance" by adding the following, which is based upon the language currently contained in Hawaii Revised Statutes section 431:10A-121:

"§431:10A- Hearing aid devices; notice. (a) Any other law to the contrary notwithstanding, each health policy, contract, plan, or agreement issued or renewed in this State after December 31, 2009, other than an accident-only, specified disease, hospital indemnity, medicare supplement, long-term care, dental, vision or other limited benefit health insurance policy, shall provide, not as an employer option, coverage for the cost of hearing aid devices for the policyholder and individuals covered under the policy, contract, plan, or agreement."

(Additional language underscored.)

The proposed exception is based upon similar exceptions in mandated coverage for limited benefit health insurance policies. *See, e.g.,* HRS § 431:10A-121 ("Each policy of accident and health or sickness insurance providing coverage for health care, other than an accident-only, specified disease, hospital indemnity, medicare supplement, long-term care, or other limited benefit health insurance policy, that is issued or renewed in this State, shall provide coverage for outpatient diabetes self-management training, education, equipment, and supplies . . .").

Thank you for your consideration of the foregoing.

Very truly yours,

MCCORRISTON MILLER MUKAI MACKINNON LLP



Peter J. Hamasaki



A non-profit organization run by and for persons with disabilities

Hawaii Centers for Independent Living
414 Kuwili Street, Suite 102
Honolulu, Hawaii 96817

Phone: (808) 522-5400
Fax: (808) 522-5427
TTY/TDD: (808) 536-3739
Website: <http://www.hawaii-cil.org>

Senator David Y. Ige, Chair
Senator Josh Green, M.D., Vice-chair
Committee on Health

Hawaii Centers for Independent Living
Friday, February 6, 2009, 9:00 AM

Strongly supporting SB 192, Relating to Hearing Aid Devices.

Hawaii Centers for Independent Living is a non-profit organization operated by and for people with disabilities to ensure their rights to live independently and fully integrated in the community of their choice, outside of institutional care settings. As a non-profit, statewide resource, HCIL serves people of any age with any type of disability. HCIL was founded on the historical constitutional beliefs of civil rights and the empowerment of people with disabilities to have equal access, opportunities, and choices in life, no matter how severe their disability.

We strongly support SB192, Relating to Hearing Aid Devices.

At present, insurance coverage for hearing aid devices ranges from minimal to nonexistent. Some plans impose an unrealistic cap of a few hundred dollars per device, when hearing aids can cost two to three thousand dollars apiece. Others will only cover the cost of the device to the doctor, leaving the patient to pay the difference out of pocket. Still others place a limit on how many devices are covered within a specific time frame. This is especially damaging to children with hearing loss, who grow out of the devices just as they do things like clothes. We believe that hearing aids should be covered on the same basis as similar (but less expensive) devices such as eyeglasses.

We urge the committee to pass SB192. Thank you for this opportunity to testify.

Sincerely,

Mark F. Romoser
Policy and Program Analyst

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**THE SENATE
THE TWENTY-FIFTH LEGISLATURE
REGULAR SESSION OF 2009**

COMMITTEE ON HEALTH

**Hearing February 6, 2009
Testimony on S.B. 192
(Relating to Taxation)**

Chair Ige, Vice-Chair Green and members of the Committee:

My name is Peter L. Fritz. I am testifying as a concerned citizen. I also use hearing aids.

As a person who uses hearing aids, I support this bill. As is evidenced by the proliferation of advertisements for devices to help people hear their television or other sounds, the number of people with a hearing loss is increasing. These nonprescription devices provide little help to most people with a moderate hearing loss.

Hearing aids are expensive. The two hearing aids that I use cost over \$2,800.00 and this cost is not unusual. My employer's group health policy covered \$600.00 or \$300.00 per hearing aid. This very low benefit would not have purchased a hearing aid that would have effectively accommodated my hearing loss. However, a benefit is better than no benefit.

Thank you for the opportunity to testify.

Very truly yours,

