



DISABILITY AND COMMUNICATION ACCESS BOARD

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February 23, 2017

TESTIMONY TO THE SENATE COMMITTEE ON WAYS AND MEANS

Senate Bill 535, SD1 - Relating to Hearing Aids

The Disability and Communication Access Board (DCAB) supports Senate Bill 535, SD1 that requires health insurance providers and contracts issued after December 31, 2018 to provide coverage for the cost of hearing aids up to \$1,500 per hearing aid for each ear with hearing impairment, and that the aids may be changed every thirty-six months, as needed. These recommendations were from the Legislative Auditor's Study completed in October 2014.

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 would have improved coverage for hearing aids through a private insurance carrier.

Senate Bill 535, SD1 addresses the concerns from the Auditor's sunrise review that was received by the Hawaii State Legislature on January 14, 2015. Since the sunrise review was completed in October 2014, we request that these changes incorporated into state law and take effect upon approval.

Thank you for the opportunity to testify.

Respectfully submitted,

BARBARA FISCHLOWITZ-LEONG
Chairperson
Legislative Committee

FRANCINE WAI
Executive Director



DAVID Y. IGE
GOVERNOR
SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON
WAYS AND MEANS

TWENTY-NINTH LEGISLATURE
Regular Session of 2017

Thursday, February 23, 2017
1:35 p.m.

WRITTEN TESTIMONY ONLY

TESTIMONY ON SENATE BILL NO. 535, S.D. 1 – RELATING TO HEARING AIDS.

TO THE HONORABLE JILL N. TOKUDA, 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 require health insurance policies and contracts issued after December 31, 2018, 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. As such, this bill seems to impose a new mandated health insurance benefit that, pursuant to Hawaii Revised Statutes section 23-51, would require 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.

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

Senate Bill No. 535, S.D. 1
DCCA Testimony of Gordon Ito
Page 2

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 recommend that S.B. 309 not be enacted as written.³

Although 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.



DAVID Y. IGE
GOVERNOR

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TESTIMONY BY DEREK MIZUNO
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR
ON SENATE BILL NO. 535

February 23, 2017
1:35 p.m.
Room 211

WRITTEN ONLY

RELATING TO HEARING AIDS

Chair Tokuda, Dela Cruz, and Members of the Committee:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees has not had an opportunity to take a position on this bill. The EUTF Board's next meeting is March 3, 2017. EUTF staff would like to provide information on the hearing aid coverage under the EUTF plans.

For the medical carrier with the majority of the enrolled EUTF active employee and retirees, hearing aid coverage is limited to one hearing aid per ear every 60 months subject to the respective plan deductibles and coinsurance. Coverage does not include fitting, adjustment, repairs and batteries. For the carrier with the second most enrolled active employees and retirees, the EUTF active employees and retirees do not have any coverage. The EUTF Medicare Advantage with limited enrollment provides a benefit up to \$500 per year every 36 months.

EUTF's Mission: We care for the health and well being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide informed service that is excellent, courteous, and compassionate.

Modifying the current EUTF coverage for hearing aids would add at least \$150,000 and \$62,000 annually to the active employee and retiree premiums, respectively. The additional retiree premiums would add approximately \$2.3 million to the State and counties other post-employment benefits actuarial accrued liability.

Thank you for the opportunity to testify.

Testimony of
John M. Kirimitsu
Legal and Government Relations Consultant

Before:
Senate Committee on Ways and Means
The Honorable Jill N. Tokuda, Chair
The Honorable Donovan M. Dela Cruz, Vice Chair

February 23, 2017
1:35 pm
Conference Room 211

SB 535, SD1 Relating to Hearing Aids

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

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 most concerned that the \$1,500 minimum coverage requirement will be problematic in those instances where the actual cost is less, i.e., what happens if the actual cost of the hearing aid is less than \$1,500? Even the auditor acknowledged in his report that hearing aids could cost less than \$1,500: “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 prioritize purely financial incentives, i.e., choosing the most expensive products. This minimum cost threshold would also disincentivize those vendors who offer their products at a highly discounted rate, i.e., less than \$1,500, because these discounted products would no longer be covered if priced below 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, currently cover this benefit, we agree with the auditor’s findings that this bill is unnecessary.

Thank you for your consideration.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 21, 2017 6:12 PM
To: WAM Testimony
Cc: mkhan@hawaiiantel.net
Subject: Submitted testimony for SB535 on Feb 23, 2017 13:35PM

SB535

Submitted on: 2/21/2017

Testimony for WAM on Feb 23, 2017 13:35PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Marilyn L. Khan	National Active and Retired Federal Employees	Support	No

Comments: The National Active and Retired Federal Employees (NARFE) fully supports this legislation and encourages its passage.

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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To: WAM Testimony
Cc: info@isleinterpret.com
Subject: *Submitted testimony for SB535 on Feb 23, 2017 13:35PM*

SB535

Submitted on: 2/21/2017

Testimony for WAM on Feb 23, 2017 13:35PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Kroe-Unabia	Isle Interpret, LLC	Support	No

Comments:

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An Independent Licensee of the Blue Cross and Blue Shield Association

February 23, 2017

The Honorable Jill Tokuda, Chair
The Honorable Donovan M. Dela Cruz, Vice Chair
Senate Committee on Ways and Means

Re: SB 535, SD1 – Relating to Hearing Aids

Dear Chair Tokuda, Vice Chair Dela Cruz, and Committee Members:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 535, SD1 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, SD1 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:

- We continue to 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 primarily on medical necessity rather than the cost. 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, we would draw the Committee's attention to the Insurance Commissioner's testimony from the previous Committee that accurately points out that the previous Auditor's study (2014) did not include an assessment of what the social and financial costs would be if a mandated minimum cost (\$1500) was ascribed with the hearing aid benefit. We therefore would support the Commissioner's suggestion to commission a new report to accurately account for anticipated costs that would accompany passage of this Bill.

Thank you for the opportunity to testify and offer comments on SB 535, SD1.

Sincerely,

Mark K. Oto
Director, Government Relations

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 21, 2017 4:12 PM
To: WAM Testimony
Cc: divedeep5444@gmail.com
Subject: Submitted testimony for SB535 on Feb 23, 2017 13:35PM

SB535

Submitted on: 2/21/2017

Testimony for WAM on Feb 23, 2017 13:35PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Bowe Lani	Individual	Support	No

Comments: I am a hard of hearing person who uses hearing aids. They are very expensive, but are important to being able to function fully. Please support this bill so that insurance companies help to pay more of the cost of hearing aids so they are more affordable.

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Sent: Tuesday, February 21, 2017 10:13 PM
To: WAM Testimony
Cc: echiwa@gmail.com
Subject: *Submitted testimony for SB535 on Feb 23, 2017 13:35PM*

SB535

Submitted on: 2/21/2017

Testimony for WAM on Feb 23, 2017 13:35PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Eileen Chiwa	Individual	Support	No

Comments:

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To: WAM Testimony
Cc: gemcenterhawaii@gmail.com
Subject: *Submitted testimony for SB535 on Feb 23, 2017 13:35PM*

SB535

Submitted on: 2/22/2017

Testimony for WAM on Feb 23, 2017 13:35PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Colin Whited	The Georgia E. Morikawa Center (GEM)	Support	No

Comments:

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Kevin Bernadt, MBA,DI

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Honolulu, Hawaii 96828

TO: COMMITTEE ON WAYS AND MEANS: Senator Jill N. Tokuda, Chair; Senator Donovan M.

Dela Cruz, Vice Chair

FROM: Kevin Bernadt, Deaf Interpreter

HEARING: Thursday, February 23, 2017

RE: **SUPPORT, SB535 & (SSCR218)**, Relating to HEARING AIDS

As a Deaf interpreter working in Hawaii, and as a member of the Deaf Community voters whom are directly impacted by this Bill, I do agree that hearing aids are essential to this unique population. They are used for many people in their daily activities. One of the challenges we users face simply is the unfettered market cost explosion of hearing aids across the state. **I strongly support SB535 and its concurrent bill, SSCR218** establishing healthcare insurance coverage for hearing aids.

One of the challenges I have in operating my business and daily use was the burdensome cost and constant refusals of insurers to provide medical-device coverage for something as essential as a pacemaker. As a result of the challenges, I ended up indebted to hearing aid providers for over 20 years, oftentimes going without whenever my device needed replacement due to advances in technology and insurers would not cover the replacement under 5 years (if at all). This experience could not be wished upon any of Hawaii's citizens, particularly on its aging population who will be needing hearing aids in the future. Given the large number of voters who value the benefits hearing aids and other assistive listening medical devices offer, this bill will help immensely.

I ask the committee to vote in **support of SB585 and SSCR218**, that establishes hearing aid coverage; a measure that the Deaf and Hard of Hearing community and voters support and need.

Mahalo,

Kevin Bernadt, MBA, Deaf Interpreter