

SB 535

SD2

A BILL FOR AN ACT

RELATING TO HEARING AIDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that approximately three
2 to four out of every one thousand children born in Hawaii are
3 identified as having permanent hearing loss. According to the
4 National Institutes of Health, about one-third of Americans
5 between the ages of sixty-five and seventy-five and around
6 one-half of those older than seventy-five have some degree of
7 hearing loss.

8 According to the Lions Club, the cost for one digital
9 hearing aid can cost approximately \$3,000 or higher. Some
10 people with a permanent conductive hearing loss, for whom
11 conventional hearing aids are not appropriate, may benefit from
12 amplification through bone conduction hearing aids, which can
13 cost over \$3,000. Furthermore, about fifty per cent of
14 childhood hearing loss is due to genetic causes, meaning that
15 more than one member in a family may need to wear hearing aids,
16 thereby multiplying the financial hardship caused by the cost of
17 purchasing hearing aids.



1 Currently, most health insurance plans in Hawaii cover the
2 purchase of hearing aids, but the amount of coverage may be low,
3 leaving the patient with a large copayment. As a result, it is
4 not unusual for people with hearing loss to choose to delay
5 purchase or forgo the purchase of hearing aids because they are
6 unable to pay for them. A 2005 study by the Better Hearing
7 Institute estimated that untreated hearing loss resulted in a
8 loss of income per household of up to \$12,000 per year.
9 Hawaii's medicaid managed care plans cover hearing aid
10 evaluation, selection, purchase, and fitting every three years,
11 and subsequent hearing aid checks, hearing testing, ear molds,
12 repairs, and batteries. However, federal medicare insurance
13 plans for the elderly only cover hearing testing and do not
14 cover hearing aid purchases and related services.

15 According to the American Speech-Language-Hearing
16 Association, twenty states currently mandate insurance coverage
17 for hearing aids. In states that specify the frequency of
18 replacing hearing aids, the range is every two to five years,
19 with thirteen states requiring replacement every three years.
20 Fifteen states have parameters on the amount of coverage that



1 the insurance companies must provide, ranging from \$1,400 to
2 \$4,000 per ear or hearing aid.

3 The legislature further finds that the auditor published
4 report No. 14-10, a sunrise study on the advisability of
5 mandating insurance coverage for hearing aids, as proposed in
6 S.B. No. 309, S.D. 1 (2013). The auditor found that most
7 insurance plans in Hawaii already cover or plan to cover the
8 cost of hearing aids in 2015 and that although the current
9 coverage level may require a large copayment, those insurance
10 plans would still comply with S.B. No. 309, S.D. 1, since that
11 legislation did not contain limits on coverage, frequency for
12 replacing hearing aids, or costs covered by insurers.

13 The purpose of this Act is to require health insurance
14 coverage in the State for hearing aids for people with all types
15 of hearing loss and specify a minimum amount of coverage and
16 frequency for replacement of hearing aids under the coverage.

17 SECTION 2. Chapter 431, Hawaii Revised Statutes, is
18 amended by adding a new section to article 10A to be
19 appropriately designated and to read as follows:

20 **"§431:10A- Coverage for hearing aids. (a) Each**
21 **individual and group accident and health or sickness policy**



1 issued or renewed in this State after December 31, 2018, other
2 than a limited benefit health insurance policy as provided in
3 section 431:10A-102.5, shall provide, not as an employer option,
4 coverage for the cost of hearing aids for the policyholder and
5 individuals covered under the policy.

6 (b) Hearing aid purchases covered under this section shall
7 be subject to a minimum benefit of \$1,500 for a reasonably
8 medically necessary hearing aid per hearing-impaired ear every
9 thirty-six months. A policyholder or individual covered under
10 the policy who has not used the minimum benefit before the end
11 of the thirty-six-month period shall be eligible to use any
12 remaining benefit toward the cost of a replacement hearing aid.

13 (c) The policyholder and individual covered under the
14 policy may choose a hearing aid that is priced higher than the
15 benefit payable under this section without financial or
16 contractual penalty to the provider of the hearing aid.

17 (d) This section does not prohibit a health insurer
18 subject to this section from providing coverage that is greater
19 or more favorable to the policyholder and individuals covered
20 under the policy.



1 (e) Coverage required under this section may be subject to
2 deductibles, copayments, coinsurance, or annual or maximum
3 payment limits that are consistent with deductibles, copayments,
4 coinsurance, and annual or maximum payment limits applicable to
5 other similar coverage under the policy.

6 (f) Every insurer shall provide notice to its
7 policyholders regarding the coverage required by this section.
8 The notice shall be in writing and prominently positioned in any
9 literature or correspondence sent or provided to policyholders
10 and shall be transmitted to policyholders within calendar year
11 2019 when annual information is made available to policyholders,
12 or in any other mailing to policyholders, but in no case later
13 than December 31, 2019.

14 (g) For the purposes of this section, "hearing aid" shall
15 have the same meaning as in section 451A-1 and includes
16 conventional and bone conduction hearing aids."

17 SECTION 3. Chapter 432, Hawaii Revised Statutes, is
18 amended by adding a new section to article 1 to be appropriately
19 designated and to read as follows:

20 "**§432:1- Coverage of hearing aids.** (a) Each individual
21 and group hospital or medical service plan contract issued or



1 renewed in this State after December 31, 2018, shall provide,
2 not as an employer option, coverage for the cost of hearing aids
3 for the member and individuals covered under the plan contract.

4 (b) Hearing aid purchases covered under this section shall
5 be subject to a minimum benefit of \$1,500 for a reasonably
6 medically necessary hearing aid per hearing-impaired ear every
7 thirty-six months. A member or individual covered under the
8 plan contract who has not used the minimum benefit before the
9 end of the thirty-six-month period shall be eligible to use any
10 remaining benefit toward the cost of a replacement hearing aid.

11 (c) The members and individuals covered under the plan
12 contract may choose a hearing aid that is priced higher than the
13 benefit payable under this section without financial or
14 contractual penalty to the provider of the hearing aid.

15 (d) This section does not prohibit a mutual benefit
16 society subject to this section from providing coverage that is
17 greater or more favorable to the member and individuals covered
18 under the plan contract.

19 (e) Coverage required under this section may be subject to
20 deductibles, copayments, coinsurance, or annual or maximum
21 payment limits that are consistent with deductibles, copayments,



1 coinsurance, and annual or maximum payment limits applicable to
2 other similar coverage under the individual and group hospital
3 or medical service plan contract.

4 (f) Every mutual benefit society shall provide notice to
5 its members regarding the coverage required by this section.

6 The notice shall be in writing and prominently positioned in any
7 literature or correspondence sent or provided to members and
8 shall be transmitted to members within calendar year 2019 when
9 annual information is made available to members, or in any other
10 mailing to members, but in no case later than December 31, 2019.

11 (g) For the purposes of this section, "hearing aid" shall
12 have the same meaning as in section 451A-1 and includes
13 conventional and bone conduction hearing aids."

14 SECTION 4. Section 432D-23, Hawaii Revised Statutes, is
15 amended to read as follows:

16 **"§432D-23 Required provisions and benefits.**

17 Notwithstanding any provision of law to the contrary, each
18 policy, contract, plan, or agreement issued in the State after
19 January 1, 1995, by health maintenance organizations pursuant to
20 this chapter, shall include benefits provided in sections
21 431:10-212, 431:10A-115, 431:10A-115.5, 431:10A-116, 431:10A-



1 116.2, 431:10A-116.5, 431:10A-116.6, 431:10A-119, 431:10A-120,
2 431:10A-121, 431:10A-122, 431:10A-125, 431:10A-126, 431:10A-132,
3 431:10A-133, 431:10A-134, 431:10A-140, and [~~431:10A-134~~,]
4 431:10A- , and chapter 431M."

5 SECTION 5. The benefit to be provided by health
6 maintenance organizations corresponding to the benefit provided
7 under section 431:10A- , Hawaii Revised Statutes, as contained
8 in the amendment to section 432D-23, Hawaii Revised Statutes, in
9 section 4 of this Act, shall take effect for all policies,
10 contracts, plans, or agreements issued in the State after
11 December 31, 2018.

12 SECTION 6. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 7. This Act shall take effect on June 1, 2050.



Report Title:

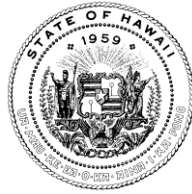
Hearing Aids; Health Insurance; Mandated Coverage

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. Takes effect on 6/1/2050. (SD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.





DAVID Y. IGE
GOVERNOR

DOUGLAS S. CHIN
LIEUTENANT GOVERNOR

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**TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE**

**TWENTY-NINTH LEGISLATURE
Regular Session of 2018**

Wednesday, March 21, 2018
2:15 p.m.

TESTIMONY ON SENATE BILL NO. 535, S.D. 2 – RELATING TO HEARING AIDS.

TO THE HONORABLE ROY M. TAKUMI, CHAIR, AND MEMBERS OF THE
COMMITTEE:

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on S.B. 535, S.D. 2, Relating to Hearing Aids. My name is Gordon Ito, and I am the Insurance Commissioner for the Department’s Insurance Division. The Department takes no position on this bill and provides 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

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.

Thank you for the opportunity to provide comments on this measure.

¹ Report at p. 18.

² Id.

³ Id.



DISABILITY AND COMMUNICATION ACCESS BOARD

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March 21, 2018

TESTIMONY TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

Senate Bill 535, SD2 - Relating to Hearing Aids

The Disability and Communication Access Board (DCAB) supports Senate Bill 535, SD2 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, SD2 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,

FRANCINE WAI
Executive Director



An Independent Licensee of the Blue Cross and Blue Shield Association

March 21, 2017

The Honorable Roy M. Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair
House Committee on Consumer Protection and Commerce

Re: SB 535, SD2 – Relating to Hearing Aids

Dear Chair Takumi, Vice Chair Ichiyama, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 535, SD2 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 appreciates the intent of SB 535, SD2 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.
- The Committee may want to consider amending Section 2(f) to require notification of policy change be provided to members through their plan's website. This tends to be more accessible, efficient, and timely for individual members than mailing written notices of policy change.
- Finally, we would draw the Committee's attention to the Insurance Commissioner's testimony from the previous Committee noting that the past 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 to the hearing aid benefit. We therefore would support the Commissioner's suggestion to conduct a new Auditor's study to examine the anticipated costs to state and plans.

Thank you for the opportunity to testify and offer comments on SB 535, SD2.

Sincerely,

Jennifer Diesman
Senior Vice-President-Government Relations

SB-535-SD-2

Submitted on: 3/19/2018 5:01:56 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Darlene Ewan	Aloha State Association of the Deaf	Support	No

Comments:

SB-535-SD-2

Submitted on: 3/20/2018 1:38:39 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Louis Erteschik	Hawaii Disability Rights Center	Support	No

Comments:

SB-535-SD-2

Submitted on: 3/19/2018 4:59:07 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

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

Comments:

SB-535-SD-2

Submitted on: 3/19/2018 6:55:59 PM

Testimony for CPC on 3/21/2018 2:15:00 PM

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

Comments:

SB-535-SD-2

Submitted on: 3/20/2018 8:48:42 AM

Testimony for CPC on 3/21/2018 2:15:00 PM

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

Comments:

I strongly support the passage of SB 535, SD 2. Hearing loss and impairment impacts the young and old. Financial assistance to acquire hearing aids will remove a barrier to many who cannot afford to pay the full purchase cost.

Thank you for the opportunity to testify on this bill.

March 20, 2018

Re: Support of SB 535 SD2, Relating to Hearing Aids.

Dear Members of the House Committee on Consumer Protection and Commerce,

My name is Amanda Kaahanui and am the mother of a deaf/hard of hearing son. I use both terms, because without hearing aids, my son is deaf and cannot hear or recognize any speech sounds or patterns, but with the use of hearing aids, can hear and respond with speech at home, in the classroom and in the community at large.

I support SB 535 SD2. My son has HSMA as a primary insurance, through my husband. But HSMA will only pay a \$300 benefit for his hearing aids. That is not a benefit to families, that should be our co-payment. Families are the ones paying 80-90% of the cost of the hearing aid. The hearing aids for my son are not top of the line, they are the minimum of what the audiologist suggested is needed to aid in his hearing of speech sounds, and still, these digital hearing aids cost several thousand dollars per aid. By asking the insurance companies to pay a \$1500 minimum, at least families will have the opportunity to allow their child to hear and potentially learn speech in the very important early years of their lives.

The population of deaf/hard of hearing children in Hawaii is very small, and this should not have a severe impact on the insurance companies. It would also reduce the burden on the state Medicaid system as well. For those children who have dual insurances, Medicaid thankfully pays for hearing aids, and/or the co-payment from the private insurance. If the private insurance companies are required to cover at least what the Medicaid system will cover, then the cost to the taxpayers and burden to the Medicaid system can be reduced.

Please pass SB 535 SD2 requiring a minimum amount of \$1500 to be covered for each hearing aid every 3 years. Our children deserve the chance to hear, if they are able, and this technology should not be denied them because insurance companies do not want to fully cover this benefit.

Respectfully yours,
Amanda Kaahanui

A handwritten signature in blue ink that reads "Amanda K. Kaahanui". The signature is written in a cursive style.

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