



## Designing a Competitive Supplemental Hearing Benefit For Your Medicare Advantage Members

HealthScape is excited to present its second Executive Briefing in a series that focuses on the importance of Medicare Advantage Organization (MAO) supplemental benefit plan design. While the first edition in the series highlights [supplemental dental benefit considerations](#), this brief spotlights current year 2020 Medicare Advantage (MA) individual market hearing benefit offerings to inform those designing plans for 2021 and beyond.

[Traditional Medicare covers](#) “diagnostic hearing and balance exams” if a patient’s healthcare provider orders them through Medicare Part B (medical insurance) coverage. This is not enough to cover seniors’ broad hearing needs since these exams are usually limited to [diagnose the cause of dizziness or vertigo](#). Fortunately, MAOs can offer three additional supplemental hearing benefits: hearing aids, routine

hearing exams and fittings / evaluations for hearing aids. The advantages of supplemental benefits are threefold: seniors are attracted to the extra benefits when selecting coverage, MAOs can better support overall member health and member stickiness is improved in a competitive market.

Offering hearing care coverage supports the physical, mental and social wellbeing of members and may prevent or slow the onset of more serious health issues. Access to hearing benefits is particularly important for seniors as [approximately one in three people between ages 65 and 74 has hearing loss](#) and this proportion grows to about half the population over the age of 75. Hearing loss can also contribute to an adverse mental state and lead to depression, confusion and a [higher risk of developing dementia](#) attributable to decreased use of cognitive functions.

### Of Medicare Advantage Beneficiaries:

**86%**

*have mandatory supplemental routine hearing exams covered*

**81%**

*have all types of hearing aids (including inner, outer, and over-the-ear) covered as mandatory supplemental benefits*

**46%**

*with hearing aid coverage are restricted by maximum plan benefit coverage amounts*

**49%**

*with hearing aid coverage are subject to set copayments on pre-selected devices*

HealthScape recommends all MAOs pursue the following roadmap when constructing their supplemental benefits portfolio based on 2020 plan design analysis:

1

### Easy to Understand Benefits

Ensure that your benefit design is easy for seniors to value and understand.

2

### Benefits that Matter Most to Seniors

Tailor your benefits to meet the hearing needs specific to the senior population.

3

### Local Market Focus

Benchmark your top local competitors over the past few years and identify opportunities to differentiate.

## OVERVIEW OF SUPPLEMENTAL HEARING BENEFITS

An MA member's audiologist drives the Hearing Member Life Cycle for a senior who utilizes his or her supplemental hearing benefit:

- 1. Routine Hearing Exam (Visit):** The severity of hearing loss is evaluated and next steps for treatment are discussed, if needed.
- 2. Evaluation for Hearing Aid (Visit):** It is determined whether hearing aids are a viable treatment option.
- 3. Purchase of Hearing Aid (Device):** Various hearing aid options are evaluated based upon lifestyle, budget and other factors prior to purchase.
- 4. Fitting for Hearing Aid (Visit):** Once the hearing aids are delivered, another appointment can be used for programming and maintenance.

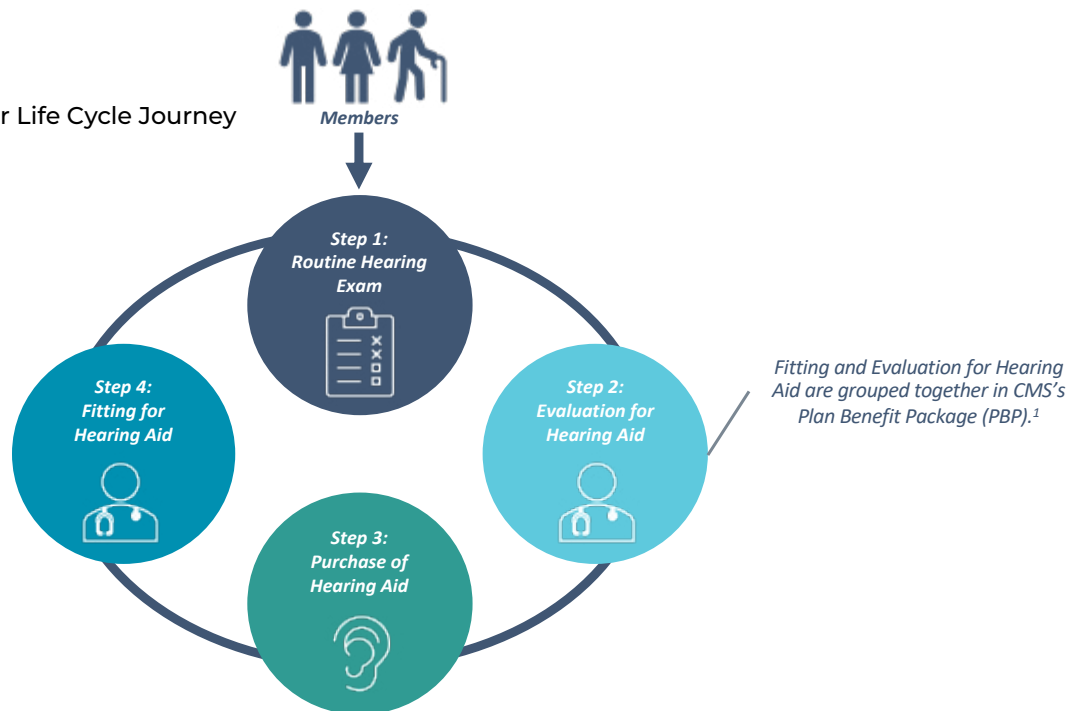


Figure 1: Hearing Member Life Cycle Journey

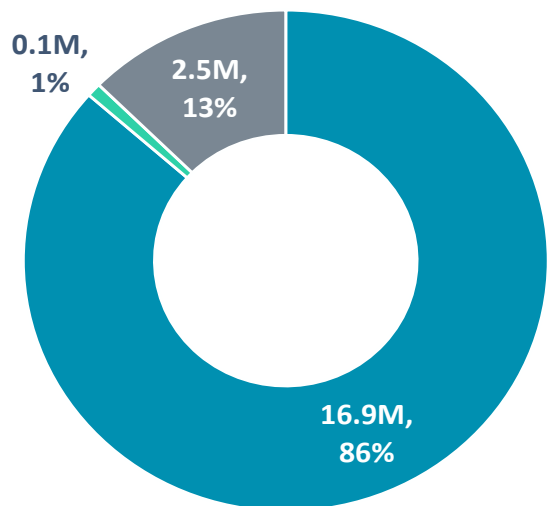
Notes: <sup>1</sup>CMS treats evaluations and fittings as one category, allowing MAOs to decide whether to cover all or none of these types of visits. However, health plans have different approaches to filling out the Plan Benefit Package (PBP), causing aggregate data to likely understate the number of members with fitting/evaluation coverage. Therefore, for the purposes of this brief, HealthScape will focus its analysis on routine hearing exams and the purchase of hearing aids. Figure 1: Member cycles back to Step 1 when a Routine Hearing Exam is requested to re-evaluate hearing.

Supplemental hearing benefits offered by MAOs are also classified as either mandatory coverage or optional coverage. A Mandatory Supplemental Benefit (MSB) refers to embedded coverage MA members receive as part of their Part C plans. On the other hand, access to an Optional Supplemental Benefit (OSB) requires purchase of coverage for an

additional fee during the enrollment process.

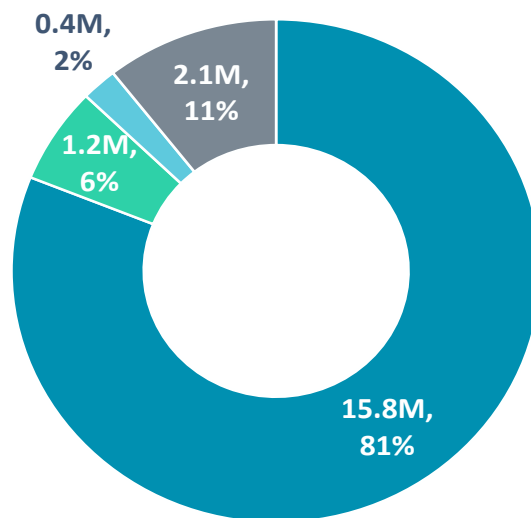
Over 80% of all individual MA members receive MSB coverage for routine hearing exams and hearing aids coverage. OSB coverage is rarely offered for either hearing benefit, rarely surpassing 10% of covered members.

Figure 2: 2020 MA Enrollment Across Supplemental Hearing Exam Benefit



- Members with MSB routine hearing exam benefit
- Members with OSB routine hearing exam benefit
- No access to benefit or coverage through MA plan

Figure 3: 2020 MA Enrollment Across Hearing Aid Benefit



- Members with MSB hearing aid (all types) benefit
- Members with OSB hearing aid (all types) benefit
- Members with MSB hearing aid (over the ear and outer ear) benefit
- No access to benefit or coverage through MA plan

*“Optimal choice of hearing aids from the many advanced technology options available enables providers to meet each patient’s specific needs. Coupled with a broad network of credentialed, hearing healthcare providers – to assure easier access to high-quality care – these two focus areas help achieve high CAHPS scores and improved health outcomes.”*

[Scott Kosinski, Amplifon](#)

## ROUTINE HEARING EXAMS

MAOs should offer at least one MSB routine hearing exam visit per year to be competitive in the market. 86% of MA members receive mandatory coverage for routine hearing exams. Additionally, 84% of beneficiaries receive coverage for at least one visit per year. There are not any significant differences between the MAO parent company “cohort”—Nationals, Not-For-Profit (NFP) Blue plans, Provider-Sponsored, and others—coverage of routine hearing exams.

## HEARING AIDS

[Hearing aid types and styles are diverse](#) and expensive, varying in cost from hundreds to thousands of dollars. Often MAOs delegate hearing aid product selection to hearing benefit management companies to lower costs and minimize complexity of benefit design. Plan Benefit Packages (PBPs) present four hearing aid options for plans to select: outer ear, over-the-ear, inner ear, and all types (which encapsulates the first three options).

MAOs should offer some level of hearing aid coverage since approximately 89% of all MA individual members have access to hearing aid coverage and 81% of total members have MSB hearing coverage for all types of hearing aids.

## FINANCIAL MANAGEMENT CONSIDERATIONS

2020 market data shows that visits (routine hearing exams) are subject to different cost management constraints than devices (hearing aids).

### VISITS

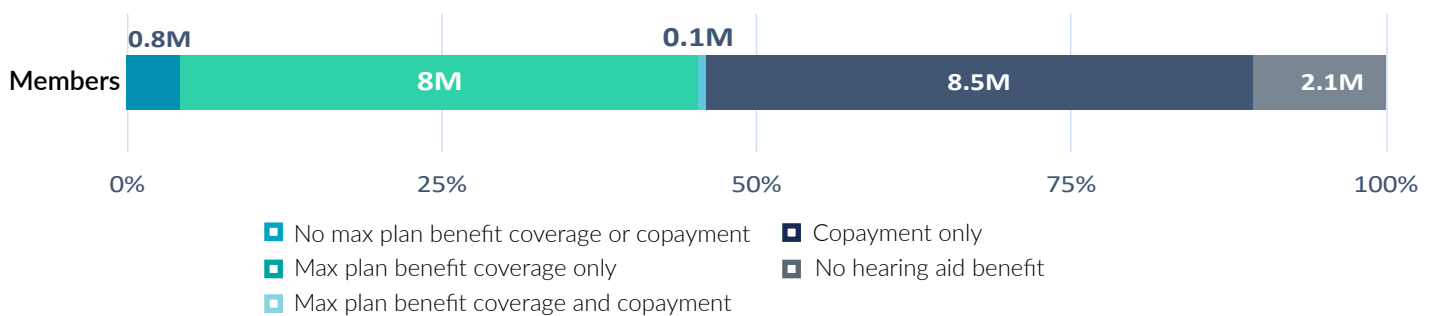
Prior authorization is an occasionally used feature to manage the cost of patient care, allowing an MAO to determine whether care will be covered before a routine hearing exam takes place. There is significant variability amongst MAOs regarding the utilization of prior authorizations as a cost management tool – National plans utilize them considerably more than other cohorts. MAOs should present as more member-friendly and support increased hearing benefit utilization by not using prior authorization as a financial restriction tool.

Other cost management strategies are not commonly implemented in hearing coverage plans. In fact, less than 10% of all MA members are required to have coinsurance, copayments or maximum plan benefit coverage for routine hearing exams.

### DEVICES

Hearing aids [cost hundreds to thousands of dollars](#), making them financially burdensome to MAOs and members alike. Only 41% of members with a hearing aid benefit are subject to prior authorization requirements. However, 17 million members (88%) with access to hearing aids have maximum plan benefit coverage amounts to defray costs and/or are given access to a lower copayment amount for pre-selected hearing aids, and only 2% of members face no financial restrictions at all as they shop for hearing aids.

Figure 4: 2020 Financial Management Considerations for Hearing Aids

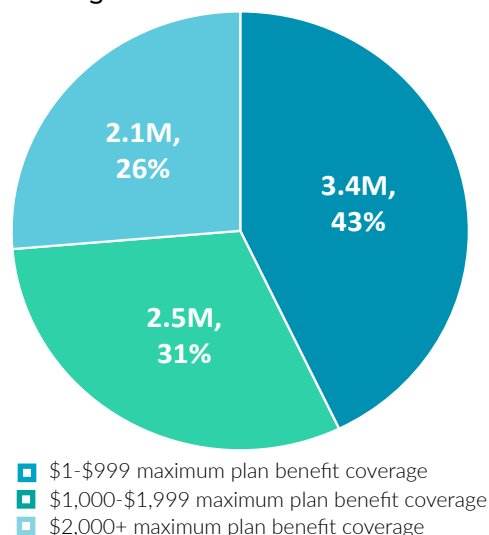


*“Health plans understand the importance of not only hearing benefits but also affordability of hearing healthcare and hearing aids. To ensure holistic and affordable hearing healthcare, we must address the impact of hearing loss as well as its linkage to preventing comorbidities (e.g., depression, dementia) and improving quality of life.”*

**Rob Gibbs, TruHearing**

While copayment amounts range from \$0 to about \$3,000, they are largely pre-determined by the selection of hearing aids made available by the MAO hearing benefit management company partner. For the eight million members with hearing aid coverage restricted by maximum plan benefit coverage, amounts range from \$75 to \$4,000. Figure 5 shows that there is a relatively even split among the different coverage amount ranges, with a slight skew towards lesser maximums rather than greater.

Figure 5: Hearing Aid Maximum Plan Benefit Coverage Amounts



## HEARING AID PARTNER CONSIDERATIONS

HealthScape recommends focusing on a few key areas when evaluating a potential hearing benefit management company partnership. A valuable partner should offer high quality products and support services including:

### 1. Diverse Hearing Aid Selection

A partner should offer various types of hearing aids to allow members greater selection of features that matter most to them, such as increased amplification, invisibility, advanced technology and cost.

### 2. Strong Service & Support Capabilities

Competitive partners should offer a 3-year warranty and provide free batteries for at least a year following the initial purchase of a hearing aid. Additionally, comprehensive online education resources and patient consult hotlines provide support and clarity for members. A consistent record of passing CMS audits verifies quality devices and care.

### 3. Broad Network

Although hearing benefit management companies often have a network of thousands of providers spanning all 50 states, an MAO should still verify adequate coverage of its service area.

By selecting a competitive partner, with the above offerings, MAOs will be able to provide complete care and increase member satisfaction.

# OTHER PLAN DESIGN CONSIDERATIONS

## Teleaudiology Expansion

The COVID-19 public health emergency has necessitated the broadened use of telehealth services across all medical specialties. [CMS promoted the expansion of telehealth](#) to meet the needs of patients, but this only extended to traditional Medicare services. Meanwhile, many states and health plans [loosened telehealth policies in order to expand coverage](#) with additional provider types, including audiologists. Teleaudiology services that include routine hearing exams, hearing aid fittings/evaluations and other remote consultations are the safe option for senior patients now and may remain available post-pandemic. HealthScape recommends keeping an eye on what local market competition offers and future legislation that could impact telehealth expansion.

## Over-the-Counter (OTC) Legislation

The [FDA Reauthorization Act of 2017 \(FDARA\)](#) created a new category of hearing aids available to consumers without a visit to an audiologist. There are currently no viable OTC hearing aids on the market, but the price of hearing aids may decrease once the FDA approves OTC hearing aids for purchase. These OTC devices could become an

option for those with mild to moderate hearing loss, posing a future disruption to the current environment. HealthScape will monitor the impact of upcoming FDA draft regulations and corresponding guidance to be released in the fall of 2020.

## Technological Innovations

Many new hearing aids are enabled with advanced features (e.g., Bluetooth-compatibility with Apple and Android phones), allowing patients to adjust settings from an app. MAOs should ensure audiologists and customer service support are readily available to assist members with newer technologies. In addition, MAOs should identify and offer the features of hearing aids most-coveted by members.

*“Health plans recognize the value of telehealth as an essential part of health care delivery. Hearing networks that provide teleaudiology solutions connect the patient to the provider for customized care. Teleaudiology results in greater access to care, increased member engagement, and higher member outcomes.”*

[Dr. Georgia Copulos, HearUSA](#)



**BRIAN GOETSCH**

**MANAGING DIRECTOR**

312.995.4102

[bgoetsch@healthscape.com](mailto:bgoetsch@healthscape.com)

## HEALTHSCAPE CAN HELP.

HealthScape supports the design of differentiated MA supplemental benefits year-round. Reach out to see how HealthScape can help you understand your local market’s preferences and industry trends to stay competitive.

**Contact Brian Goetsch for more information.**

Notes: HealthScape analyzed supplemental hearing benefit information by utilizing CMS-released Plan Benefit Package (PBP) data. Only PBP files from CY 2020 were aggregated. For the purposes of this white paper, the following contracts were excluded: employer group (EGWP) and 1876 Cost, MSA, National PACE, and PFFS individual plans. All figures are rounded. HealthScape evaluated different MAO plan cohorts – Nationals, Not-For-Profit (NFP) Blue plans, Provider Sponsored, and Other – to determine if there were similar trends when analyzing the usage of MSBs or OSBs. The results show that Nationals and NFP Blue plans use a similar mix of MSB and OSB while Provider-Sponsored and Other category plans rely almost solely on MSBs.