wakely.com

State of Washington:
Office of Insurance Commissioner

Analysis of Requiring Coverage for Hearing Instruments

November 30, 2021

Prepared by:
Wakely Consulting Group, LLC

Brittney Phillips, ASA, MAAA
Senior Consulting Actuary

Julie Peper, FSA, MAAA
Principal and Senior Consulting Actuary

Alex Jarocki
Actuarial Analyst

Table of Contents

Introduction

The State of Washington Office of the Insurance Commissioner ("Washington" or "OIC") retained Wakely Consulting Group, LLC (Wakely) to analyze the estimated cost impact of requiring a hearing instrument benefit as described in House Bill 1047 Requiring Coverage for Hearing Instruments for Children and Adolescents (HB 1047[1]). Wakely was tasked to analyze the cost impact of a hearing instrument benefit in the fully insured commercial markets. The cost impact was done under two scenarios: the benefit applies only to children who are 18 years of age or younger, and the benefit applies to both children and adults.

HB 1047 requires coverage for the hearing instrument, initial assessment, fitting, adjustment, auditory training, and ear molds as necessary to maintain optimal fit. Throughout the report, we refer to "hearing aids" or "hearing instruments" in reference to the mandated benefits, though it is inclusive of all benefits required by HB 1047 noted above.

The data collected indicates that less than 25% of members have some level of hearing aid coverage in the individual and small group markets. In large group, approximately 60% of fully insured and 90% of self-insured members had access to hearing aid coverage. Of those with coverage, approximately 1.8 in every 1,000 children and 2.0 in every 1,000 adults had a claim for a hearing aid with an average cost in 2019 of $500 for children and $2,400 for adults, per hearing aid.

This document has been prepared for the sole use of Washington. This report documents the results, data, assumptions, and methods used in our analyses and satisfies the Actuarial Standard of Practice (ASOP) 41 reporting requirements. Using the information in this report for other purposes may not be appropriate.

The remainder of this document presents the pricing results and analysis of each of the benefit changes, as well as the associated methodology underlying that analysis. We understand this document may be shared with stakeholders. Any distribution of the information must be made in its entirety.

Cost Analysis

To conduct the analysis, Wakely relied on various data sources. The primary data used was from a data call that was sent to the largest carriers offering health insurance coverage in Washington. The data call included membership, claim costs, utilization, and benefit coverage details

[1] https://lawfilesext.leg.wa.gov/biennium/2021-22/Pdf/Bills/House%20Bills/1047.pdf?q=20211028195727

pertaining to hearing instrument coverage for 2019 through June 2021. This data was reviewed for benefit differences in the minimum coverage under HB 1047 and trended forward to estimate costs for 2023 to 2027.

For each market (individual, small group, and large group), we developed a range of cost estimates by varying assumptions and performing sensitivity testing.

Overall, Wakely estimates that the allowed claim cost of the hearing aid benefit would be approximately $0.36 per member per month (PMPM) for both children and adults in our best estimate. We noted that while the utilization of hearing aids in children and adults was relatively similar, the cost per hearing aid for children was notably lower (see Appendix A for details).

A summary of our results by year and market is included in Table 1 below.

Table 1: Summary of Hearing Benefit Cost - Best Estimate

PMPM Allowed Expense	2023	2024	2025	2026	2027
Child	$0.11	$0.11	$0.11	$0.12	$0.12
Adult	$0.41	$0.41	$0.42	$0.42	$0.42
Total (All Markets)	**$0.36**	**$0.37**	**$0.37**	**$0.37**	**$0.37**
Total Expense ($ millions)	**Adult and Children**				
Large Group (Fully Insured)	$2.7	$2.7	$2.7	$2.7	$2.7
Small Group	$1.3	$1.3	$1.3	$1.3	$1.4
Individual	$1.0	$1.1	$1.1	$1.1	$1.1
Total	**$5.0**	**$5.1**	**$5.1**	**$5.1**	**$5.2**

The table above reflects allowed claim costs and includes carrier payments to providers as well as member cost sharing, but does not include any non-benefit (e.g., administrative) costs. HB 1047 indicates that this benefit is not subject to the deductible, but does not specify the copayment or coinsurance that would be a member's responsibility. Therefore, the cost of actual defrayal may be lower than the estimates reflected here. Additionally, defrayal costs are applicable only to qualified health plans (QHPs) in the individual[2] market. The defrayal costs would not apply to the small and large group markets as well as the portion of the individual market enrolled in non-QHPs.

We also estimated the variance of the total benefit costs by applying more or less conservative assumptions to our best estimate scenario. These assumptions included varying the enrollment assumptions by market, varying the annual trend assumption applied to claims, and applying more or less conservative benefit adjustments. A detailed summary of these assumptions can be found in the Appendix. The result of this analysis was a total benefit cost ranging from $4.0 to $7.2 million in 2023 for all markets, or between $740,000 and $1.5 million for only the individual

[2] Washington state does not offer qualified health plans to small groups through its Health Benefit Exchange.

market. A summary of benefit costs in the high and low estimate scenarios is contained in Table 2, below.

Table 2: Summary of Hearing Benefit Cost - High / Low Estimate

PMPM Expense	2023	2024	2025	2026	2027
Low	$0.30	$0.30	$0.30	$0.31	$0.31
Best	**$0.36**	**$0.37**	**$0.37**	**$0.37**	**$0.37**
High	$0.49	$0.52	$0.54	$0.57	$0.60
Large Group (Fully Insured) Total Expense ($ millions)					
Low	$2.2	$2.2	$2.2	$2.2	$2.2
Best	**$2.7**	**$2.7**	**$2.7**	**$2.7**	**$2.7**
High	$3.6	$3.5	$3.5	$3.5	$3.5
Small Group Total Expense ($ millions)					
Low	$1.0	$1.0	$1.1	$1.1	$1.1
Best	**$1.3**	**$1.3**	**$1.3**	**$1.3**	**$1.4**
High	$2.0	$2.2	$2.5	$2.7	$3.0
Individual Total Expense ($ millions)					
Low	$0.7	$0.7	$0.7	$0.6	$0.6
Best	**$1.0**	**$1.1**	**$1.1**	**$1.1**	**$1.1**
High	$1.5	$1.6	$1.7	$1.8	$2.0

In addition to the direct costs for hearing instruments above, we considered the potential impact to existing benefits for cochlear implants. As part of our data call, we asked carriers whether they anticipated an impact to cochlear implant claim utilization. Some noted that authorization for cochlear implants is limited to cases with significant hearing loss such that the member would not benefit from a hearing aid and therefore do not anticipate coverage of hearing aids to materially change claim costs for cochlear implants. One carrier also noted that a hearing aid benefit may slow the deterioration of hearing and therefore delay the need for cochlear implants, although the impact is unknown and likely would take several years to materialize.

Non-Discrimination Considerations

HB 1047 only specifies that hearing instrument coverage is required for children 18 and under. However, the Affordable Care Act requires that QHP issuers must not, with respect to its QHP, discriminate on the basis of race, color, national origin, sex, age, and disability.[3] Additionally, issuers can only be considered to provide Essential Health Benefits (EHBs) if their benefit design, or implementation of their benefit design, does not discriminate based on age, expected length of life, degree of medical dependency, quality of life or health condition.[4] It is our understanding that the primary enforcer of anti-discrimination provisions is the state/Exchange.

[3] 45 CFR 156.200 (e)

[4] 45 CFR 156.125 (a)

Therefore, determining whether or not there is a clinical reason to include hearing aids for children, but not adults, will primarily rely on the state's determination. However, we note that several states included a hearing aid benefit for children in their original EHB benchmark plans, but have since expanded the hearing aid coverage to include both children and adults to meet non-discrimination requirements. Examples of such changes are listed below.

1) Oregon – "The limits in HB 4104 [Implementation of Hearing Aid and Hearing Assistive Technology Legislation] are similar to age limits that DFR has previously determined to be disallowed for plans subject to EHB requirements. Consistent with this approach, DFR finds that the age limits in HB 4104 cannot be applied to non-grandfathered individual and small group health benefit plans. Plans not subject to EHB requirements, including large group plans, may apply the age limits in HB 4104 as written."[5]

2) Connecticut - Effective January 1, 2020, a new law[6] went into effect in Connecticut that codifies a previous Connecticut Insurance Department bulletin requiring that insurance companies cover hearing aids for adults as well as children. The previous Connecticut Insurance Department bulletin[7] cited Section 1557 of the Affordable Care Act (ACA) that broadly prohibits discrimination in benefit design based on age. It indicated that the Department "reviewed the age limit of 12 and under and has determined hearing aids may be clinically effective for all ages, and is therefore requiring carriers to remove the age limits on hearing aid benefits for policies issued or renewed on or after January 1, 2016." Under prior law, health insurance policies could limit hearing aid coverage to $1,000 within a 24-month period. The new law changes that limit to one hearing aid per ear within a two-year window, regardless of cost.

3) Maine - Also on January 1, 2020, a new law[8] went into effect in Maine requiring both the state Medicaid program and private insurers to cover hearing aids for adults up to $3,000 per ear every three years for people with documented hearing loss.

4) New Mexico – "The recommendation is to remove any language specifying an age limit on this benefit. This would not result in an effective coverage change due to ACA discrimination restrictions." [9]

[5] https://dfr.oregon.gov/laws-rules/Documents/Bulletins/bulletin2018-08.pdf

[6] § 38a-490b and § 38a-516b, https://www.cga.ct.gov/current/pub/chap_700c.htm

[7] https://portal.ct.gov/-/media/CID/HC102pdf.pdf

[8] https://legislature.maine.gov/legis/statutes/24-A/title24-Asec2762.html

[9] https://www.osi.state.nm.us/wp-content/uploads/2020/03/2022-Essential-Health-Benefits-EHB-Actuarial-Report.pdf

Cost Defrayal Considerations

The Affordable Care Act permits a state to require QHPs to offer benefits in addition to EHB but requires that the state defray the additional costs related to any new state-mandated benefits effective after December 31, 2011. It is our understanding that OIC believes the coverage of a hearing instrument benefit may qualify as a new state-required benefit and not an expansion of current EHB.

There are very few, if any, examples of states implementing defrayal costs in recent years. Therefore, there are limited examples of how other states have handled these payments. Below are a few considerations for Washington as they look to potentially implement these benefit requirements:

- State-required benefits include care, treatment, and services that a QHP issuer must provide to its enrollees. Other state laws relating to provider types, cost sharing, and benefit delivery method are not considered state-mandated benefits. States do not have discretion in determining whether a state-mandate requires defraying.

- State payments for state-required benefits only apply to QHPs.

- QHP issuers would submit defrayal costs to the state. Therefore, the ultimate cost of the benefit could be different from that estimated in this report, potentially significantly, depending on how the issuers calculate costs. For example, it is possible they could include costs to administer the benefit as well as potential downstream impacts of the benefit. Downstream impacts may be limited in this case, but could include additional office visits as members with hearing aids are more likely to engage with their healthcare provider as compared to those with hearing loss, but do not use hearing aids.

- Payments would need to be done prospectively. The state has flexibility to make payments based on the statewide average cost of the mandate or make payments based on each QHP issuer's actual cost. Payments may be made directly to an enrollee to cover the increase in premium related to the mandated benefit or to the QHP issuer.

- Under current federal regulations, states will be required to report to CMS any state-required benefits applicable to QHP's in the individual and/or small group market that are in addition to the EHB annually, beginning July 1, 2022.

- Washington could consider changes to its EHB under 45 CFR 156.111[10], which could eliminate the need for the state to defray the costs of the benefit. Additional considerations

[10] https://www.law.cornell.edu/cfr/text/45/156.111

and limitations for changing the EHB benchmark plan is discussed in further details in the following section.

- The costs reflected in this report reflect allowed claim costs and include both carrier payments as well as member cost sharing. HB 1047 requires that these benefits not be subject to the deductible, but does not specify whether or not copayments or coinsurance may apply and at what level, therefore the impact of member cost sharing on state defrayal costs is unknown. In addition, the pre-deductible coverage of hearing aids may not be allowed for Health Savings Account (HSA) compliant High Deductible Health Plans (HDHPs) as these plans may not provide benefits for any year until the minimum deductible for that year is satisfied, except for certain preventive care.

Changing the EHB Benchmark

As mentioned above, Washington could consider changes to its EHB benchmark to include hearing instruments. This would eliminate the requirement for the state to defray the cost of the hearing instrument benefit for QHPs. However, there are limitations to the updates that can be made per the requirements of 45 CFR 156.111.[11] The items below discuss certain limitations related to adding the hearing instrument benefit to the EHB benchmark. This is not a comprehensive list of all the requirements needed to be met for EHB changes, rather those that are most relevant to adding hearing instruments.

- Generosity Test: The EHB cannot exceed the generosity of the most generous among a set of comparison plans. The comparison plan for the generosity test can be the state's benchmark plan in place in 2017 or any of the 10 options that were available to the state as the benchmark plan in 2017 (e.g. small group market plan or state employee plan). The state must show that the changes to the benchmark meet this requirement with an actuarial certification and report that is submitted with the state's request for change.

- Annual or Lifetime Dollar Limits: The EHB cannot include annual or lifetime dollar limits and therefore, if the EHB were modified to include this hearing instrument benefit, the state would need to remove the maximum $2,500 limit as stated in HB 1047. If the state does not change its EHB, the $2,500 limit could be included as long as it is not considered discriminatory. For example, a dollar limit may be considered discriminatory if an individual's condition requires a device with features that costs more than the dollar limit and the member is responsible for the cost above the limit. That individual may be required to pay more than someone with less severe hearing loss that has the option of a less expensive hearing aid where the cost of the device is below the limit. Note, that frequency

[11] https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-B/part-156/subpart-B/section-156.111

limitations are allowed in the EHB. For example, the benefit could be modified to include one hearing instrument per ear every 36 months.

In discussions with carriers, some expressed concerns if neither a dollar limit nor frequency/time limit was included in the required benefit, though there was not a strong consensus among the responses received. Those that preferred benefit limits noted that it would help keep carrier costs and therefore premiums lower than without a limit and the limits ensured the price and level of care is appropriate for the condition.

- Other Benefit Changes: If the state decides to request a change to the EHB to include hearing instruments, the state may also want to consider making other benefit changes at the same time. As noted here, there are limitations to the benefit changes that can be made. Therefore, the state would need to allow sufficient time for input and discussion on the changes to consider, analysis to determine the impact of various benefit changes, and decisions to be made prior to submitting the request.

- Timing: The deadline for submitting a request for changes to the EHB for the 2024 plan year is May 6, 2022. Prior to submission of the required documents, the state must provide reasonable public notice and opportunity for public comment. In order to meet this public comment requirement, the state likely needs to complete the actuarial report by early to mid-March 2022. Given this timing, it may be difficult (although not impossible) to complete the requirements and allow sufficient time for input on other benefit changes in time for the 2024 plan year. However, the state could consider changes for the 2025 plan year, which would likely have a deadline around early May 2023, though the actual deadline is not known at this time.

Data and Methodology

Wakely sent a data call to the largest health carriers in the state of Washington. The data call requested information on hearing aid utilization and claim costs for 2019 and 2020, as well as emerging 2021 experience, broken out separately for children under 18 and adults. In addition, we requested data on the benefits offered and member months covered by each of their different benefit offerings. Data was requested separately for the individual, small group, and large group markets. Due to the small number of hearing aid claims anticipated in the carrier's experience, data was also requested for the self-insured market. Wakely reviewed the data for completeness and reasonability, but did not audit the data. Overall, the data was largely considered reasonable and formed the basis for our projections. We used other data sources and publicly available reports to confirm the reasonability of our results.

Claims experience for 2019 was used to develop our baseline analysis. The claims experience for 2020 and 2021 was reviewed, but not used. Due to the impact of the COVID-19 pandemic, we noted a meaningful reduction in utilization in 2020. 2021 claims experience through June appeared to be in line with 2019 levels.

Claims experience was requested for two categories of service (hearing aids and hearing exams). Wakely provided carriers with a list of example CPT/HCPCS codes to use in identifying claims in each category (see Appendix B). Hearing aids included claims billed for hearing aid devices and ear molds as well as direct hearing aid services such as implant, repair, and removal. Hearing exams focused on the clinical evaluation for hearing aids and included services such as assessments, fittings, and trainings. Assumptions in this analysis were applied separately to these two categories, and the resulting projections were then aggregated.

The claims experience from carriers was aggregated and summarized based on their benefit levels, including frequency limitations and benefit/dollar maximums. A benefit adjustment was made to align the 2019 experience benefits with the benefits proposed in HB 1047, which includes a maximum amount of $2,500 per ear every 36 months. The coverage must include the hearing instrument, the initial assessment, fitting, adjustment, auditory training, and ear molds as necessary to maintain optimal fit. The majority of benefits currently offered in the market already include a frequency limitation of 36 months. We reviewed the utilization differences for benefits offered more frequently and did not find a distinguishable difference to those offered every 36 months. There were a very small number of plans that had a limitation of 60 months, which did show noticeably fewer claims as compared to those offered every 36 months. Therefore, we increased the utilization in these plans to account for this difference.

We also reviewed the average claim costs for various benefit coverage levels. The majority of plans were offered with a $1,000 benefit limit, a $5,000 benefit limit or no specific dollar limit. We did not find a considerable difference in the average allowed cost per hearing aid at these different benefit levels. Even at the $1,000 benefit limit, the average cost was well above the limit, indicating that members were either buying up coverage and responsible for the difference or were able to get an exception request for a hearing aid with additional features due to medical necessity, though based on discussions with the carriers, exceptions are very rare, if allowed. As our analysis utilized allowed costs, we did not make explicit benefit adjustments to reflect the $2,500 benefit limit in HB 1047 as our analysis did not indicate there would be a meaningful increase in allowed claim costs relative to the benefits reflected in the data collected. For benefits greater than $2,500, we did limit the benefit to align with the requirements in HB 1047.

The claims experience was then trended forward to the projection years based on the average outpatient trends in carrier's 2021 rate filings (based on information in the Uniform Rate Review Templates, URRTs). These overall average trend rates were compared against industry studies for reasonability. The resulting average cost per hearing aid for the different benefit levels was compared and limited based on the maximum of $2,500 in HB 1047.

Due to the limited availability of data for the individual and small group markets, the same PMPM for children and adults were applied across all markets. However, the total for children and adults varies slightly between the different markets based on the distribution of children and adult enrollment. For example, the individual market total PMPM is higher than the large group (fully insured) market as there are fewer children in the individual market and children have lower hearing costs.

The resulting PMPMs above were multiplied by the estimated average enrollment in the fully insured markets to determine the total projected claim costs. Enrollment in each of the markets was provided by OIC from 2019 to 2021 to form the basis of our projections. We assumed enrollment would continue to trend at a similar rate as the last two years in each of the individual, small group, and large group markets.

High and low estimates were created by differing the benefit and trend adjustments described above as well the projected enrollment by market. We noted considerable variation in the average PMPM costs by carrier and these estimates reflect the potential volatility in claim costs; thus actual results may be higher or lower than those reflected in this report.

Additional details on each of the resulting estimates are provided in Appendix A.

Reliances and Caveats

The following is a list of the data Wakely relied on for this analysis:

- Wakely prepared a standard data template for completion by carriers offering hearing benefits in the state of WA. This data template encompassed plan years 2019, 2020, and YTD June 2021 and included inputs for descriptions of plans offered, member months, allowed and paid claims, and utilization. The following carriers supplied data in this template for plans offered in the individual, small group, and large group markets.
    - Aetna
    - Cambia
    - Cigna
    - Coordinated Care
    - Kaiser
    - Molina
    - Premera
    - UnitedHealthcare
- Publicly available Medical Loss Ratio (MLR) reports filed with CMS

- Publicly available rate filing data for CY2021 submitted by carriers and released by CMS, including Uniform Rate Review Templates[12]
- Enrollment summary by market for 2019, 2020, and 2021 provided by OIC

The following caveats in the analysis should be considered when relying on the results.

- **Data Limitations.**
  - Wakely relied upon the data supplied by the carriers in this analysis. We have reviewed the data for reasonableness and consistency, but we have not audited this data. Any errors or corrections to the data may have a material impact on the results of this analysis.
  - The number of plans per carrier ranged from 6 to 44 distinct offerings per plan year. Wakely consolidated plans with similar characteristics, such as benefit dollar limits, time limits, and coverage in order to create a base data set of sufficient size for projection. Wakely believes these consolidations to be reasonable approximations of the underlying plans; however, material changes to the plans could affect the outcome of this analysis.
  - Wakely notes that the claims data provided indicated relatively low utilization of hearing aid benefits compared to enrollment, particularly in the individual and small group markets. Therefore, the assumptions Wakely made in our projections should be treated as high-level approximations of the market, based on a limited sample size.
- **Enrollment Uncertainty.**
  - Wakely was provided with enrollment data in our request to the Washington carriers above as well as a summary of the total market as reported by OIC. However, there is significant uncertainty around the potential enrollment in the projection period, particularly for the individual market. Enrollment, and therefore defrayal costs, in the individual market may exceed those reflected in this report should the enhanced subsidies available under the American Rescue Plan Act continue beyond 2022. In addition, members may enroll in the individual market who become ineligible for Medicaid due to redetermination after the public health emergency ends. However, the timing and number of individuals that may be impacted is uncertain.

[12] https://www.cms.gov/CCIIO/Resources/Data-Resources/ratereview

Disclosures and Limitations

Responsible Actuaries. Brittney Phillips is the actuary responsible for this communication. She is a Member of the American Academy of Actuaries and an Associate of the Society of Actuaries. She meets the Qualification Standards of the American Academy of Actuaries to issue this report. Julie Peper, FSA, MAAA, Alex Jarocki and Michael Cohen contributed to this report.

Intended Users. This information has been prepared for the sole use of Washington State. Distribution to parties should be made in its entirety and should be evaluated only by qualified users. The parties receiving this report should retain their own actuarial experts in interpreting results.

Risks and Uncertainties. The assumptions and resulting estimates included in this report and produced by the modeling are inherently uncertain. Users of the results should be qualified to use it and understand the results and the inherent uncertainty. Actual results may vary, potentially materially, from our estimates. Wakely does not warrant or guarantee that Washington will attain the estimated values included in the report. It is the responsibility of those receiving this output to review the assumptions carefully and notify Wakely of any potential concerns.

Conflict of Interest. Wakely provides actuarial services to a variety of clients throughout the health industry. Our clients include commercial, Medicare, and Medicaid health plans, the federal government and state governments, medical providers, and other entities that operate in the domestic and international health insurance markets. Wakely has implemented various internal practices to reduce or eliminate conflict of interest risk in serving our various clients. Except as noted here, the responsible actuary is financially independent and free from conflict concerning all matters related to performing the actuarial services underlying this analysis. In addition, Wakely is organizationally and financially independent to Washington.

Data and Reliance. We have relied on others for data and assumptions used in the assignment. We have reviewed the data for reasonableness, but have not performed any independent audit or otherwise verified the accuracy of the data/information. If the underlying information is incomplete or inaccurate, our estimates may be impacted, potentially significantly. The information included in the ‘Data and Methodology’ and ‘Reliances and Caveats’ sections identifies the key data and reliances.

Subsequent Events. These analyses are based on the implicit assumption that the ACA will continue to be in effect in future years with no material change. Material changes in state or federal laws regarding health benefit plans may have a material impact on the results included in this report. Material changes as a result of Federal or state regulations may also have a material impact on the results. There are no specifically known relevant events subsequent to the date of engagement that would impact the results of this report.

Contents of Actuarial Report. This document (the report, including appendices) constitutes the entirety of actuarial report and supersede any previous communications on the project.

Deviations from ASOPs. Wakely completed the analyses using sound actuarial practice. To the best of our knowledge, the report and methods used in the analyses are in compliance with the appropriate ASOPs with no known deviations. A summary of ASOP compliance is listed below:

ASOP No. 23, Data Quality

ASOP No. 25, Credibility Procedures

ASOP No. 41, Actuarial Communication

Appendix A – Supporting Exhibits

Table A1: Summary of Hearing Benefit Cost - Best Estimate

Child	2023	2024	2025	2026	2027
Allowed Claim Costs PMPM	$0.11	$0.11	$0.11	$0.12	$0.12
Enrollment (Average Members)					
Large Group (Fully Insured)	116,000	115,000	115,000	114,000	114,000
Small Group	49,000	49,000	49,000	50,000	50,000
Individual	20,000	20,000	21,000	21,000	22,000
Total	**184,000**	**185,000**	**185,000**	**185,000**	**185,000**
Total Allowed Claim Costs					
Large Group (Fully Insured)	$151,600	$154,800	$158,000	$161,300	$164,600
Small Group	$64,200	$66,000	$68,000	$69,900	$71,900
Individual	$26,100	$27,300	$28,700	$30,000	$31,500
Total	**$241,900**	**$248,100**	**$254,700**	**$261,200**	**$268,000**
Adult	**2023**	**2024**	**2025**	**2026**	**2027**
Allowed Claim Costs PMPM	$0.41	$0.41	$0.42	$0.42	$0.42
Enrollment (Average Members)					
Large Group (Fully Insured)	506,000	504,000	502,000	500,000	498,000
Small Group	253,000	254,000	255,000	256,000	257,000
Individual	205,000	209,000	214,000	218,000	223,000
Total	**964,000**	**967,000**	**971,000**	**974,000**	**978,000**
Total Allowed Claim Costs					
Large Group (Fully Insured)	$2,503,200	$2,505,200	$2,505,700	$2,500,800	$2,495,700
Small Group	$1,252,200	$1,262,700	$1,272,200	$1,279,200	$1,286,300
Individual	$1,012,700	$1,039,900	$1,067,100	$1,092,500	$1,118,400
Total	**$4,768,100**	**$4,807,800**	**$4,845,000**	**$4,872,500**	**$4,900,400**
Total Adult and Child	**2023**	**2024**	**2025**	**2026**	**2027**
Allowed Claim Costs PMPM					
Large Group (Fully Insured)	$0.36	$0.36	$0.36	$0.36	$0.36
Small Group	$0.36	$0.37	$0.37	$0.37	$0.37
Individual	$0.38	$0.39	$0.39	$0.39	$0.39
Total	**$0.36**	**$0.37**	**$0.37**	**$0.37**	**$0.37**
Enrollment (Average Members)					
Large Group (Fully Insured)	621,000	619,000	617,000	614,000	612,000
Small Group	302,000	303,000	304,000	305,000	306,000
Individual	225,000	230,000	235,000	240,000	245,000
Total	**1,148,000**	**1,152,000**	**1,155,000**	**1,159,000**	**1,163,000**
Total Allowed Claim Costs					
Large Group (Fully Insured)	$2,654,800	$2,660,000	$2,663,700	$2,662,100	$2,660,300
Small Group	$1,316,400	$1,328,700	$1,340,200	$1,349,100	$1,358,200
Individual	$1,038,800	$1,067,200	$1,095,800	$1,122,500	$1,149,900
Total	**$5,010,000**	**$5,055,900**	**$5,099,700**	**$5,133,700**	**$5,168,400**

Table A2: Summary of Hearing Benefit Cost - Low Estimate

Child	2023	2024	2025	2026	2027
Allowed Claim Costs PMPM	$0.07	$0.07	$0.07	$0.07	$0.07
Enrollment (Average Members)					
Large Group (Fully Insured)	115,000	114,000	113,000	112,000	111,000
Small Group	46,000	46,000	47,000	47,000	47,000
Individual	18,000	17,000	16,000	15,000	14,000
Total	**179,000**	**177,000**	**176,000**	**174,000**	**172,000**
Total Allowed Claim Costs					
Large Group (Fully Insured)	$91,800	$92,000	$92,200	$92,400	$92,500
Small Group	$37,100	$37,500	$38,100	$38,600	$39,100
Individual	$14,700	$13,900	$13,200	$12,500	$11,900
Total	**$143,600**	**$143,400**	**$143,500**	**$143,500**	**$143,500**
Adult	**2023**	**2024**	**2025**	**2026**	**2027**
Allowed Claim Costs PMPM	$0.35	$0.35	$0.35	$0.35	$0.35
Enrollment (Average Members)					
Large Group (Fully Insured)	502,000	498,000	494,000	490,000	486,000
Small Group	239,000	240,000	241,000	242,000	243,000
Individual	172,000	162,000	152,000	143,000	134,000
Total	**913,000**	**900,000**	**887,000**	**875,000**	**863,000**
Total Allowed Claim Costs					
Large Group (Fully Insured)	$2,108,400	$2,096,600	$2,084,900	$2,073,100	$2,061,600
Small Group	$1,005,400	$1,011,100	$1,016,900	$1,022,800	$1,028,700
Individual	$721,800	$679,900	$640,700	$603,700	$568,700
Total	**$3,835,600**	**$3,787,600**	**$3,742,500**	**$3,699,600**	**$3,659,000**
Total Adult and Child	**2023**	**2024**	**2025**	**2026**	**2027**
Allowed Claim Costs PMPM					
Large Group (Fully Insured)	$0.30	$0.30	$0.30	$0.30	$0.30
Small Group	$0.30	$0.31	$0.31	$0.31	$0.31
Individual	$0.32	$0.32	$0.32	$0.33	$0.33
Total	**$0.30**	**$0.30**	**$0.30**	**$0.31**	**$0.31**
Enrollment (Average Members)					
Large Group (Fully Insured)	617,000	612,000	607,000	602,000	597,000
Small Group	286,000	287,000	288,000	289,000	290,000
Individual	190,000	179,000	168,000	158,000	148,000
Total	**1,092,000**	**1,077,000**	**1,063,000**	**1,049,000**	**1,035,000**
Total Allowed Claim Costs					
Large Group (Fully Insured)	$2,200,200	$2,188,600	$2,177,100	$2,165,500	$2,154,100
Small Group	$1,042,500	$1,048,600	$1,055,000	$1,061,400	$1,067,800
Individual	$736,500	$693,800	$653,900	$616,200	$580,600
Total	**$3,979,200**	**$3,931,000**	**$3,886,000**	**$3,843,100**	**$3,802,500**

Table A3: Summary of Hearing Benefit Cost - High Estimate

Child	2023	2024	2025	2026	2027
Allowed Claim Costs PMPM	$0.16	$0.17	$0.18	$0.20	$0.22
Enrollment (Average Members)					
Large Group (Fully Insured)	114,000	108,000	103,000	97,000	92,000
Small Group	56,000	59,000	62,000	65,000	68,000
Individual	23,000	24,000	24,000	25,000	25,000
Total	**193,000**	**191,000**	**188,000**	**187,000**	**185,000**
Total Allowed Claim Costs					
Large Group (Fully Insured)	$214,300	$221,000	$227,800	$234,900	$242,200
Small Group	$105,000	$119,700	$136,600	$155,700	$177,500
Individual	$43,400	$48,100	$53,600	$59,500	$65,900
Total	**$362,700**	**$388,800**	**$418,000**	**$450,100**	**$485,600**
Adult	**2023**	**2024**	**2025**	**2026**	**2027**
Allowed Claim Costs PMPM	$0.56	$0.58	$0.61	$0.64	$0.67
Enrollment (Average Members)					
Large Group (Fully Insured)	500,000	474,000	450,000	427,000	405,000
Small Group	289,000	303,000	318,000	334,000	350,000
Individual	217,000	222,000	227,000	232,000	237,000
Total	**1,006,000**	**999,000**	**995,000**	**992,000**	**992,000**
Total Allowed Claim Costs					
Large Group (Fully Insured)	$3,346,700	$3,318,800	$3,291,900	$3,264,500	$3,238,000
Small Group	$1,936,200	$2,123,500	$2,329,400	$2,554,700	$2,802,500
Individual	$1,453,500	$1,552,900	$1,659,000	$1,772,200	$1,893,700
Total	**$6,736,400**	**$6,995,200**	**$7,280,300**	**$7,591,400**	**$7,934,200**
Total Adult and Child	**2023**	**2024**	**2025**	**2026**	**2027**
Allowed Claim Costs PMPM					
Large Group (Fully Insured)	$0.48	$0.51	$0.53	$0.56	$0.58
Small Group	$0.49	$0.52	$0.54	$0.57	$0.59
Individual	$0.52	$0.54	$0.57	$0.59	$0.62
Total	**$0.49**	**$0.52**	**$0.54**	**$0.57**	**$0.60**
Enrollment (Average Members)					
Large Group (Fully Insured)	614,000	582,000	552,000	524,000	497,000
Small Group	345,000	362,000	380,000	398,000	418,000
Individual	240,000	245,000	251,000	256,000	262,000
Total	**1,199,000**	**1,190,000**	**1,183,000**	**1,179,000**	**1,177,000**
Total Allowed Claim Costs					
Large Group (Fully Insured)	$3,561,000	$3,539,800	$3,519,700	$3,499,400	$3,480,200
Small Group	$2,041,200	$2,243,200	$2,466,000	$2,710,400	$2,980,000
Individual	$1,496,900	$1,601,000	$1,712,600	$1,831,700	$1,959,600
Total	**$7,099,100**	**$7,384,000**	**$7,698,300**	**$8,041,500**	**$8,419,800**

The following three tables provide detail as to the trends and assumptions used to develop the PMPM expense and total benefit expense in the course of this analysis.

Table A4: Cost Development Summary - Best Estimate

Hearing Exams						
Child	**Base Period (2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Utilization per 1,000	0.94	0.98	0.98	0.98	0.98	0.98
Unit Cost	$194.52	$218.53	$223.99	$229.59	$235.33	$241.21
Allowed PMPM	$0.02	$0.02	$0.02	$0.02	$0.02	$0.02
Adult	**Base Period (2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Utilization per 1,000	0.35	0.36	0.36	0.36	0.36	0.36
Unit Cost	$117.09	$127.67	$130.86	$134.13	$137.48	$140.92
Allowed PMPM	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Hearing Aids						
Child	**Base Period (2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Utilization per 1,000	1.79	1.93	1.93	1.93	1.93	1.93
Unit Cost	$518.11	$570.36	$584.62	$599.23	$614.21	$629.57
Allowed PMPM	$0.08	$0.09	$0.09	$0.10	$0.10	$0.10
Adult	**Base Period (2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Utilization per 1,000	1.98	2.00	2.00	2.00	2.00	2.00
Unit Cost	$2,447.33	$2,445.86	$2,457.05	$2,466.85	$2,470.97	$2,475.19
Allowed PMPM	$0.40	$0.41	$0.41	$0.41	$0.41	$0.41
Total						
Child	**Base Period (2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Allowed PMPM	$0.09	$0.11	$0.11	$0.11	$0.12	$0.12
Adult	**Base Period (2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Allowed PMPM	$0.41	$0.41	$0.41	$0.42	$0.42	$0.42

Table A5: Cost Development Summary - Low Estimate

Hearing Exams						
	Base Period					
Child	**(2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Utilization per 1,000	0.94	0.86	0.86	0.86	0.86	0.86
Unit Cost	$194.52	$185.69	$187.55	$189.42	$191.32	$193.23
Allowed PMPM	$0.02	$0.01	$0.01	$0.01	$0.01	$0.01
	Base Period					
Adult	**(2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Utilization per 1,000	0.35	0.31	0.31	0.31	0.31	0.31
Unit Cost	$117.09	$109.06	$110.15	$111.25	$112.37	$113.49
Allowed PMPM	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Hearing Aids						
	Base Period					
Child	**(2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Utilization per 1,000	1.79	1.52	1.52	1.52	1.52	1.52
Unit Cost	$518.11	$423.03	$427.26	$431.53	$435.85	$440.21
Allowed PMPM	$0.08	$0.05	$0.05	$0.05	$0.06	$0.06
	Base Period					
Adult	**(2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Utilization per 1,000	1.98	1.79	1.79	1.79	1.79	1.79
Unit Cost	$2,447.33	$2,321.25	$2,326.34	$2,331.48	$2,336.67	$2,341.91
Allowed PMPM	$0.40	$0.35	$0.35	$0.35	$0.35	$0.35
Total						
	Base Period					
Child	**(2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Allowed PMPM	$0.09	$0.07	$0.07	$0.07	$0.07	$0.07
	Base Period					
Adult	**(2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Allowed PMPM	$0.41	$0.35	$0.35	$0.35	$0.35	$0.35

Table A6: Cost Development Summary - High Estimate

Hearing Exams						
	Base Period					
Child	**(2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Utilization per 1,000	1.02	1.31	1.37	1.43	1.49	1.56
Unit Cost	$194.52	$228.63	$237.78	$247.29	$257.18	$267.47
Allowed PMPM	$0.02	$0.02	$0.03	$0.03	$0.03	$0.03
	Base Period					
Adult	**(2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Utilization per 1,000	0.35	0.47	0.49	0.51	0.54	0.56
Unit Cost	$117.09	$138.61	$144.16	$149.92	$155.92	$162.16
Allowed PMPM	$0.00	$0.01	$0.01	$0.01	$0.01	$0.01
Hearing Aids						
	Base Period					
Child	**(2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Utilization per 1,000	1.93	2.62	2.73	2.86	2.99	3.12
Unit Cost	$518.11	$603.45	$627.59	$652.69	$678.80	$705.95
Allowed PMPM	$0.08	$0.13	$0.14	$0.16	$0.17	$0.18
	Base Period					
Adult	**(2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Utilization per 1,000	2.01	2.65	2.77	2.90	3.03	3.17
Unit Cost	$2,447.33	$2,498.12	$2,498.29	$2,498.46	$2,498.65	$2,498.84
Allowed PMPM	$0.41	$0.55	$0.58	$0.60	$0.63	$0.66
Total						
	Base Period					
Child	**(2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Allowed PMPM	$0.10	$0.16	$0.17	$0.18	$0.20	$0.22
	Base Period					
Adult	**(2019)**	**2023**	**2024**	**2025**	**2026**	**2027**
Allowed PMPM	$0.41	$0.56	$0.58	$0.61	$0.64	$0.67

Appendix B – Examples of HCPCS/CPT Codes

HCPCS/CPT Code	Description	Hearing Aid or Exam
69710	IMPLTJ/RPLCMT EMGNT BONE CNDJ DEV TEMPORAL BONE	Hearing Aid
69711	RMVL/RPR EMGNT BONE CNDJ DEV TEMPORAL BONE	Hearing Aid
92590	HEARING AID EXAMINATION & SELECTION MONAURAL	Hearing Aid Exam
92591	HEARING AID EXAMINATION & SELECTION BINAURAL	Hearing Aid Exam
92592	HEARING AID CHECK MONAURAL	Hearing Aid Exam
92593	HEARING AID CHECK BINAURAL	Hearing Aid Exam
92594	ELECTROACOUS EVAL HEARING AID MONAURAL	Hearing Aid Exam
92595	ELECTROACOUS EVAL HEARING AID BINAURAL	Hearing Aid Exam
S0618	AUDIOMETRY FOR HEARING AID	Hearing Aid Exam
V5010	ASSESSMENT FOR HEARING AID	Hearing Aid Exam
V5011	HEARING AID FITTING/CHECKING	Hearing Aid Exam
V5014	HEARING AID REPAIR/MODIFYING	Hearing Aid
V5020	CONFORMITY EVALUATION	Hearing Aid
V5030	BODY-WORN HEARING AID AIR	Hearing Aid
V5040	BODY-WORN HEARING AID BONE	Hearing Aid
V5050	HEARING AID MONAURAL IN EAR	Hearing Aid
V5060	BEHIND EAR HEARING AID	Hearing Aid
V5070	GLASSES AIR CONDUCTION	Hearing Aid
V5080	GLASSES BONE CONDUCTION	Hearing Aid
V5090	HEARING AID DISPENSING FEE	Hearing Aid
V5095	IMPLANT MID EAR HEARING PROS	Hearing Aid
V5100	BODY-WORN BILAT HEARING AID	Hearing Aid
V5110	HEARING AID DISPENSING FEE	Hearing Aid
V5120	BODY-WORN BINAUR HEARING AID	Hearing Aid
V5130	IN EAR BINAURAL HEARING AID	Hearing Aid
V5140	BEHIND EAR BINAUR HEARING AI	Hearing Aid
V5150	GLASSES BINAURAL HEARING AID	Hearing Aid
V5160	DISPENSING FEE BINAURAL	Hearing Aid
V5170	WITHIN EAR CROS HEARING AID	Hearing Aid
V5171	Hearing aid, contralateral routing device, monaural, in the ear (ite) NON-COVERED BY MEDICARE STATUTE	Hearing Aid
V5172	Hearing aid, contralateral routing device, monaural, in the canal (itc) NON-COVERED BY MEDICARE STATUTE	Hearing Aid
V5180	BEHIND EAR CROS HEARING AID	Hearing Aid
V5181	Hearing aid, contralateral routing device, monaural, behind the ear (bte) NON-COVERED BY MEDICARE STATUTE	Hearing Aid
V5190	GLASSES CROS HEARING AID	Hearing Aid
V5200	CROS HEARING AID DISPENS FEE	Hearing Aid
V5210	IN EAR BICROS HEARING AID	Hearing Aid

HCPCS/CPT Code	Description	Hearing Aid or Exam
V5211	Hearing aid, contralateral routing system, binaural, ite/ite NON-COVERED BY MEDICARE STATUTE	Hearing Aid
V5212	Hearing aid, contralateral routing system, binaural, ite/itc NON-COVERED BY MEDICARE STATUTE	Hearing Aid
V5213	Hearing aid, contralateral routing system, binaural, ite/bte NON-COVERED BY MEDICARE STATUTE	Hearing Aid
V5214	Hearing aid, contralateral routing system, binaural, itc/itc NON-COVERED BY MEDICARE STATUTE	Hearing Aid
V5215	Hearing aid, contralateral routing system, binaural, itc/bte NON-COVERED BY MEDICARE STATUTE	Hearing Aid
V5220	BEHIND EAR BICROS HEARING AI	Hearing Aid
V5221	Hearing aid, contralateral routing system, binaural, bte/bte NON-COVERED BY MEDICARE STATUTE	Hearing Aid
V5230	GLASSES BICROS HEARING AID	Hearing Aid
V5240	DISPENSING FEE BICROS	Hearing Aid
V5241	DISPENSING FEE, MONAURAL	Hearing Aid
V5242	HEARING AID, MONAURAL, CIC	Hearing Aid
V5243	HEARING AID, MONAURAL, ITC	Hearing Aid
V5244	HEARING AID, PROG, MON, CIC	Hearing Aid
V5245	HEARING AID, PROG, MON, ITC	Hearing Aid
V5246	HEARING AID, PROG, MON, ITE	Hearing Aid
V5247	HEARING AID, PROG, MON, BTE	Hearing Aid
V5248	HEARING AID, BINAURAL, CIC	Hearing Aid
V5249	HEARING AID, BINAURAL, ITC	Hearing Aid
V5250	HEARING AID, PROG, BIN, CIC	Hearing Aid
V5251	HEARING AID, PROG, BIN, ITC	Hearing Aid
V5252	HEARING AID, PROG, BIN, ITE	Hearing Aid
V5253	HEARING AID, PROG, BIN, BTE	Hearing Aid
V5254	HEARING ID, DIGIT, MON, CIC	Hearing Aid
V5255	HEARING AID, DIGIT, MON, ITC	Hearing Aid
V5256	HEARING AID, DIGIT, MON, ITE	Hearing Aid
V5257	HEARING AID, DIGIT, MON, BTE	Hearing Aid
V5258	HEARING AID, DIGIT, BIN, CIC	Hearing Aid
V5259	HEARING AID, DIGIT, BIN, ITC	Hearing Aid
V5260	HEARING AID, DIGIT, BIN, ITE	Hearing Aid
V5261	HEARING AID, DIGIT, BIN, BTE	Hearing Aid
V5262	HEARING AID, DISP, MONAURAL	Hearing Aid
V5263	HEARING AID, DISP, BINAURAL	Hearing Aid
V5264	EAR MOLD/INSERT	Hearing Aid
V5265	EAR MOLD/INSERT, DISP	Hearing Aid
V5266	BATTERY FOR HEARING DEVICE	Hearing Aid
V5267	HEARING AID SUP/ACCESS/DEV	Hearing Aid

HCPCS/CPT Code	Description	Hearing Aid or Exam
V5268	ALD TELEPHONE AMPLIFIER	Hearing Aid
V5269	ALERTING DEVICE, ANY TYPE	Hearing Aid
V5270	ALD, TV AMPLIFIER, ANY TYPE	Hearing Aid
V5271	ALD, TV CAPTION DECODER	Hearing Aid
V5272	TDD	Hearing Aid
V5274	ALD UNSPECIFIED	Hearing Aid
V5275	EAR IMPRESSION	Hearing Aid
V5281	ALD FM/DM SYSTEM, MONAURAL	Hearing Aid
V5282	ALD FM/DM SYSTEM BINAURAL	Hearing Aid
V5283	ALD NECK, LOOP IND RECEIVER	Hearing Aid
V5284	ALD FM/DM EAR LEVEL RECEIVER	Hearing Aid
V5285	ALD FM/DM AUD INPUT RECEIVER	Hearing Aid
V5286	ALD BLU TOOTH FM/DM RECEIVER	Hearing Aid
V5287	ALD FM/DM RECEIVER, NOS	Hearing Aid
V5288	ALD FM/DM TRANSMITTER ALD	Hearing Aid
V5289	ALD FM/DM ADAPT/BOOT COUPLIN	Hearing Aid
V5290	ALD TRANSMITTER MICROPHONE	Hearing Aid
V5298	HEARING AID NOC	Hearing Aid
V5299	HEARING SERVICE	Hearing Aid
V5336	REPAIR COMMUNICATION DEVICE	Hearing Aid