

Average price targets for hearing aids

25 August 2011

Setting the Average Price Targets for the Hearing Aid Funding Scheme

Following detailed analysis of expenditure data on hearing aids funded through the former Children's Hearing Aid Funding and the EMS funding schemes and consultation with sector representatives the Ministry of Health (the Ministry) has now confirmed the average price targets for hearing aids funded through the Hearing Aid Funding Scheme.

We would like to acknowledge the considerable input from all sector representatives, including the New Zealand Audiological Society, the Hearing Industry Association and the Hearing Instrument Manufacturers and Distributors Association. An agreed position has been difficult to reach, however we have carefully reviewed all feedback in considering the most prudent approach in setting the average price targets.

Factors considered when setting the average price targets

When developing the average price targets, we have considered number of factors, including:

- The importance of maintaining quality and safe clinical practice by audiologists.
- Acknowledging that the needs of children and adults are different, therefore two targets are required.
- Ensuring that cost-effective and appropriate hearing aids to meet the needs of all consumers are recommended by audiologists.
- Ensuring that the Ministry achieves good value for money for its hearing aid purchases and some cost savings can be demonstrated.
- Ensuring that the application process, including understanding of the average price targets, is as straightforward as possible for all relevant parties.
- Ensuring that Accessable is able to manage demand for services within the available budget and is able to set up the required systems to efficiently and effectively administer all applications through the Hearing Aid Funding Scheme.

Average Price Targets

Two average price targets per hearing aid have been set:

Preschoolers, children and young people up to the age of 21 years who are in full time study	\$1,270 (excl. GST) per hearing aid
Adults aged 16 years and over	\$1,600 (excl. GST) per hearing aid

The items included within the average price target for each hearing aid will include:

- hearing aid
- operational parts
- accessories

Items not considered within the average price target are:

- FM Systems
- bone anchored hearing aids
- repairs
- replacement parts

These average price targets will be implemented from 1 September 2011 and will be reviewed at regular intervals to ensure that they are realistic and achievable for audiologists and meet the Ministry's requirements.

Transition Process

To support audiologists and audiology providers to achieve the new average price targets we plan to manage this through a staged process over the next 12 months, as follows:

1. Average price target for children:

By 28 February 2012 - average price target to be achieved is \$1,370

By 31 August 2012 - average price target to be achieved is \$1,270

2. Average price target for adults:

By 28 February 2012 - average price target to be achieved is \$1,700

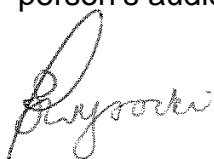
By 31 August 2012 - average price target to be achieved is \$1,600

This stepped target will also allow the Ministry and Accessable to review progress towards the achievement of the average price targets and work with key sector representatives and individual audiology providers to discuss any issues or concerns. A review of the average price target will be undertaken by the Ministry and Accessable, in consultation with representatives from key sector groups, approximately 12 months following introduction of the average price target.

Application Process and Review Price Point

The Hearing Aid Funding Scheme application form will also be revised by Accessable - it will no longer link the need for additional information to the average price target. Instead, a review price point for the total cost of the hearing aid and accessories of \$1,800 (excl. GST) (per hearing aid) for children and adults will be introduced.

This means that for all hearing aids priced at \$1,800 (excl. GST) or higher on the Ministry of Health's Approved Hearing List, audiologists will need to complete the Audiologists Report section on page 4 of the application form and include a copy of the person's audiogram with the application.



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