13 December 2019

MBIE consultation on changes to regulated payments for treatment to apply from 1 July 2020

Response from the New Zealand Audiological Society (NZAS)

Introduction

The New Zealand Audiological Society (NZAS) was incorporated in 1976 and is a self-regulatory body representing over 600 Audiologist, Audiometrist and provisional members in New Zealand. Society members work in public and private sector audiology, as well as in University programmes, Deaf Education Centres, Cochlear Implant Trusts, and research in the field of Audiology.

NZAS has a vision of people with hearing loss fully participating in their communities and supports this by promoting excellence in hearing care through leadership, advocacy and setting professional standards of practice for all members.

To become a member of the NZAS individuals must hold a relevant qualification, demonstrate their clinical competency, adhere to agreed Standards of Practice issued by the Society and maintain their proficiency through continuing education and regular peer reviews.

Members are also required to uphold the NZAS Code of Ethics. NZAS has an independent Complaints Board who investigates complaints from consumers, the public and NZAS members themselves regarding possible breaches of the Code of Ethics.

The NZAS welcomes the opportunity to respond to the Consultation Document. This submission focusses on Question 2.

Do you have a view on the proposed 2.05% increase to the payments listed in table 2? Please provide reasons for your view.

The NZAS submits that the base fees are too low. It submits that, in addition to the 2.05% increase effective from 1 July 2020, the base fees must be substantially increased on a once only basis. This submission proposes a principled approach to making this adjustment.

Prior to 2011, fees were incorporated in a service schedule. In the table below, the service schedule shows more categories of fees; and higher fees in all but one category. The 2011 regulated changes

led to a significant cut in fees charged for audiological services. Claimant and provider satisfaction fell, and ACC saved more than it had intended.

A 2013 client satisfaction survey showed that cost was a major barrier for those who choose to defer, or not go ahead with their hearing aid purchase. Co-payments ranged from $172.00 to $1725.00 incl GST. The amounts revealed in the 2013 survey are now 6 years old and costs have increased over this time.

Kirstie Hewlett, the General Manager, Labour Environment prepared a Regulatory Impact Statement to support the regulations that were being proposed in 2014. She said: *"The options were limited by the funding amount…the across the board increase was chosen because it was equitable, went **some** [*my emphasis] *way to improving claimant access to appropriate treatment and met ACC's statutory obligations…Benefits are likely to be **slightly** improved access to claimants with a $5 million increase in payments and/or more income for providers*

Ms Hewlett suggested co-payments surveys to assess the level of contribution being made by claimants; and an annual review to obtain better information on the affordability of various treatments and, also the effect that poor access to treatment has on the recovery rate of claimants.

There was a modest uplift in 2014.

The MBIE consultation document does not give an insight into:

- the history of fee setting,
- whether the base fees are reasonable, or
- the fact that the base fees have not been adjusted annually since 2011, or
- whether co-payments are limiting access to rehabilitation
- nor how the current regulations fit with the requirement under section 79 to provide social rehabilitation to the maximum extent practicable in order to restore a claimants' independence.

It is important to acknowledge that at the time that the 2014 regulations were introduced, MBIE noted that the improvements were modest and constrained by funding. MBIE accepted that access would be **slightly** improved.

If co-payment surveys have been completed, and annual reviews have taken place, this information does not form part of the consultation documentation. It is impossible to conclude, without this information being available, that an increase in claim numbers means that the regulatory regime is meeting claimant needs[1]. It may simply be a product of an increase in claim numbers, a phenomenon ACC is experiencing generally.

[1] Response to Jeremy Ly Portfolio Manager ACC who says" there was no evidence that claimants were having financial difficulty accessing ACC hearing loss support- claim numbers were constantly growing every year from 2014 onwards." Email to Hazel Armstrong December 9th 2019 at 2.53pm.

This submission focusses on the need for a base fees adjustment. However, there are also categories of fees which we will cover in this submission which require individual attention.

The base fees set by regulation have not kept up with the increased costs of running a clinic and paying staff. The fees should be sufficient to pay for a service which is performed by qualified audiologists. While a reasonable co-payment is expected, these co-payments have risen over the last 9 years as a consequence of wage inflation. This has adversely impacted on the ability of claimants to access the rehabilitation they are entitled to. There is no fall-back position for claimants if they cannot afford the co-payment, as DHBs do not provide adult services that are freely available throughout New Zealand.

The most appropriate method for adjusting fees is to compare the base fee, which was set in 2011, and adjust it for wage inflation.

There are principled reasons for making this one off adjustment to the base fee to address inequities that have crept in over the last 9 years. Please note that the base fees apply to other codes beyond those in the regulations. The full list of codes is attached as appendix 1.

The NZAS submits that the base fees should be adjusted from 2011 using wage inflation[2], with the 2.05% added onto the refreshed base fee:

Service	Service schedule 2007-2010	Base figure 1.1.2011	Fees from 1.7.14	Proposed fee
Assessment [5]	$155.00	$155.00	$157.76	$197.63
Device consultation[5A]	$135.00	($100.00 previously allocated to the fitting fee)	$100.00	$127.50
Device not chosen [6]	$1110/$660.00 (failed fitting fee)	$120.00	$122.14	To be aligned with the fitting fee.
Fittings [8]	$1585.00/$940.00	$1,200/$900 ($1,100/ $800.00)	$1,120/$816.00[3]	$1530/ $1147.50 ($1402.50/ $1020.00)[4]
Service [9]	$71.00	$50.00	$50.89	$63.75
Repairs [10]	As invoiced	$200.00	$203.56	$255.00

[2] https://www.rbnz.govt.nz/monetary-policy/inflation-calculator accessed 10.12.19 5.49pm
[3] Both ears/one ear
[4] Proposed fee without $127.50 device consultation included.

Replacement of ear moulds [10A]			$36.40/$54.79[5]	
Delivery charges/courier fees for offsite repairs	As invoiced			
Review of hearing function	$107.00			
Hearing aid management fee	$200.00 per H/A			

ACC fitting fees should enable practices to operate in a financially sustainable manner and ensure ongoing improvement of service quality. The ACC fitting fees are currently significantly lower than those charge to other clients.

Background

Under section 324 of the Accident Compensation Act 2001, regulations relating to rehabilitation may prescribe the costs that the Corporation is liable to pay for the entitlement of rehabilitation.

The regulations may prescribe:

- a percentage of the total cost to be paid or
- specify an amount that the Corporation is liable to pay.

Alternately the regulations may prescribe provisions in respect of payments based on the need of the claimant.

This section does not limit the costs by reference to levies. The purpose of the regulation is to assist a claimant to achieve a rehabilitation outcome.

The Accident Compensation (Apportioning Entitlements for Hearing Loss) Regulations 2010 (the Hearing Loss Regulations) applies to persons over 18 years of age, with a covered hearing loss, from whatever cause i.e. work related, trauma, ototoxic exposure, treatment injury.

Noise induced hearing loss represents about 13-17% of the hearing loss burden in New Zealand.[6]

The regulations prescribe an amount the Corporation is liable to pay.

[5] One ear/both ears
[6] Thorne 2011- Modelling the incidence and prevalence of NIHL in NZ. Proceedings of the Institute of Acoustics ed B Griedfhan 33 (3): 39-34

Current fee levels pose a barrier to rehabilitation

The legislation would permit a fee adjustment to better address a claimant's rehabilitation to assist in restoring the claimant's health, independence or participation to the maximum extent practicable. The difference in fee paid by the Corporation and the fee charged is met by the claimant.

The payment of fees can be a barrier to accessing rehabilitation. In the NZ Trak survey[7], for the 67% of the people who did not have a hearing aid, cost is a barrier.

Two separate bodies of research from 2014 and 2017 have identified that co-payments have led to a growing number of people being unable to afford hearing aid services. [8]

The fee should also represent the work undertaken by audiologists to maintain the high use of hearing aids by those who receive hearing aids. ACC reports that in New Zealand there is a very low rate of hearing aid disuse. In 2015, ACC reported that only 4% used their hearing aids for less than an hour a day. This speaks to the skill and dedication of audiologists not the fee that is paid by ACC. ACC is relying on audiologists being prepared to either subsidise the true cost or require significant co-payments from clients.

There are four further principled reasons why the fee adjustment being proposed does not meet the legislative purpose of restoring to the maximum extent practicable a claimant's health, independence and participation[9].

- Persons with hearing aids can participate more effectively in conversation at home and in the workplace
- Persons with hearing aids are safer as they move around a city
- Persons with hearing aids are at lower risk of being depressed
- Persons with hearing aids are at lower risk of cognitive decline.

If co-payments deter a claimant from obtaining a hearing aid, ACC is effectively denying the claimant opportunities to be independent and participate fully in society.

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[7] Anovum NZ Trak 2018 – undertaken for the NZ Hearing Industry Association. Sample size 16,000 people. Slides used with permission.

[8] **How Allocation of Funding Influences Fully Funded Adult Hearing Aid Schemes: From**

a New Zealand Perspective: A summary of research conducted March 2014

Listen Hear New Zealand Social and Economic Costs of Hearing Loss in New Zealand - Deloitte Access Economics – a report commissioned by the NFD page 62 para 9.2 cost pressures.

[9] Section 79, the purpose of social rehabilitation is to assist in restoring a claimant's independence to the maximum extent practicable.

Repairs

Previously ACC covered the cost of repairs "as invoiced". The regulations should cover the true costs of repairs. After a hearing aid comes back from repair there is a need for a follow up appointment to check the hearing aid. Frequently, following repairs the ability of the hearing aids to "talk to each other" as a pair is lost and the audiologist needs to match the repaired hearing aid with the one that wasn't repaired so they work in synch. For some brands the electronic feedback control is also lost at repair and needs the patient present to be reset. The current regulations do not reflect these additional costs.

Hearing loss caused by Trauma

Depending on the severity of the injury, different rehabilitation may be appropriate for these clients. The fees should be reflective of the additional complexity of these cases. One of the NZAS members provided this case study:

A brain injured client had hearing aids fitted in 2016. He needed 7 appointments for the initial fitting and each year since he has had three appointments. ACC allows 2 appointments per year that are part funded.

On average, there are 4 appointments needed for non- brain injured clients.

There should be a discretionary process which is needs based with the fee set on a case by case basis for the individual's specific treatment requirements.

Failed fitting fee

The amount of compensation for a failed fitting fee was drastically reduced in 2011, for no logical reason. A failed fitting fee (device not taken) takes as much time if not more than a successful fitting. Often the clinician tries more than one set of hearing aids before the claimant calls halt.

Service fee

A claimant can claim a service fee 2x per year, this can be used for any follow up appointments after the fitting is signed up, e.g. for adjustments, trouble shooting, aid management, ear health, monitoring hearing thresholds etc.; or it can be used for consumables e.g. wax guards, drying kits etc. The service

fee cannot be carried over from year to year. The fees can be combined in any one year. 12 months later, there is an additional eligibility.

Claimants need to be able to access the service as needed.

The system is unnecessarily rigid and administratively burdensome.

The service fee can represent an hour of an audiologist's time. During these appointments the audiologist can also check that aids are being used, assist with ongoing management of the aid, and ensure that the aid is thoroughly cleaned, and any repairs undertaken.

Ear moulds/re-shelled in-the-ear hearing aids

A fee is provided for new ear moulds. The fee only partially funds the cost of the ear mould, and claimants need to make a co-payment.

Re-shells should be funded under the replacement earmould category. There is an equivalent clinical need by patients wearing in-the-ear style hearing aids to have the aid re-shelled.

A re-shell may be required, for example, due to poor fit that may be a result of natural growth of the patient's ear or loss of weight due to health concerns. A re-shell affects the coupling of the hearing aid to the ear. A poor fitting in-the-ear hearing aid will affect the benefit gained by the user, possibly cause negative experiences of acoustic feedback, and affect the usage of the aid by the claimant.

Apportionment

There are often issues of apportionment to idiopathic cause, without due reasoning.

In cases of unilateral or asymmetric hearing loss, there can be illogical outcomes under the current scheme of apportionment. There needs to be discretion exercised so that the claimant can get appropriate treatment/rehabilitation. A unilateral loss may be best treated with a CROS system, which requires a hearing aid on the good ear, as well as a CROS hearing device on the poor ear.

Impact on levies

The NZAS submits that an increase in the base fee will have an insignificant impact on the levy.

It is our understanding that social rehabilitation (funding for hearing services) is paid out of the work account.

Levies in the work account have been trending downwards: in 2016/17 they were $0.80 per $100 liable earnings; in 2018 they were $0.72 per $100 liable earnings and in 2019 $0.67 per $100 liable earnings.

The work account is funded at 102.7%, within the target for the funding ratio.

ACC recognises a financial liability for hearing loss claims when the claim is made. The present value of the obligation for all future gradual process claims not yet made (hearing loss and asbestos related claims) is estimated at $1,705 million. The Consultation Document provides no reasoning about the impact on the levy if fees were increased.

Impact on providers

In the 2019 Annual Report, ACC notes that the provider net trust score fell. ACC has identified the key levers that will improve the interactions that providers have with ACC. The levers will include better quality decision making and more effective communication. The NZAS submits that ensuring that providers are remunerated for fees at a reasonable level will also improve the trust score.

Conclusion

In this submission the NZAS has identified the need for a one-off uplift in the base fee. It has used the Reserve Bank wage inflation index starting from 2011 to set the proposed fee. The 2.05% adjustment would apply to the proposed fee, effective from 1 July 2020.

In addition to the one-off uplift in the base fee, there are additional categories of service which are no longer meeting the needs of claimants and providers. This includes:

- claimants seeking rehabilitation following a traumatic brain injury causing hearing loss;
- the service fee;
- the failed fitting fee;
- fees for re-shelling in the ear hearing aids;
- and repairs.

The NZAS welcomes the opportunity to provide further information if requested.

Other hearing service items

Service item code	Service	Price ($ excl GST)
HL01	Hearing Assessment Report	157.76
HL02	Trauma Assessment Pre-treatment	108.90
HL03	Trauma Assessment Post-treatment	157.76
AUD05	Evoked Response Audiometry	500.00
AUD15	Specialised hearing assessment per hour	180.00
HL12	Device consultation fee	100.00
	No more than 2 from different vendors	
HL10	Monaural Re-Fitting within one year	305.34
HL11	Failed Fitting Fee	122.14
HL20	On-site Repair and Maintenance (max 2 services per year)	50.89
HL21	Off-site Repair and Maintenance (max per device per 2 years)	203.56
	Time calculated based on service date, looking backwards	
HL30	Ear Mould Contribution - per mould	36.40
HL31	Ear Mould Service Fee - per service	54.78
	Only available from 12 months post-fitting	
TRT01	Tinnitus assessment	Actual & reasonable
TRT02	On-going TRT sessions	
TRT03	Final assessment / report to ACC following TRT	
	Audiologist must be registered as specialist tinnitus provider	
AUD50	Monaural fitting fee for TBI clients	816.00
AUD55	Monaural device maximum contribution for TBI clients	1,594.00
AUD51	Binaural fitting fee for TBI clients	1,120.00
AUD56	Binaural device maximum contribution for TBI clients	3,186.00
AT14	Cochlear implant / BAHA equipment	At cost
ATS2	CI programming services	
RN10	Ear toileting by general nurse	15.00
RNP100	Ear toileting by specialist ear nurse	40.00
AUD40	Hearing therapy (per hour)	75.00