

MBIE consultation document. Response subject line: **Updates to treatment regulations.**

Send Independent Audiologists NZ response to: acregs@mbie.govt.nz

“The Minister has received ACC’s advice on proposed increases to treatment rates of between 4.6% to 9.36%, apart from a nil increase for audiologists”

MBIE Consultation document dated 21st September, 2022.

Received by IANZ (via NZAS) on 6th October, 2022.

<http://www.legislation.govt.nz/regulation/public/2010/0424/latest/DLM3344620.html>

49. ACC recommended that no increase be made to prescribed rates payable to audiologists this review round. With on-going technology changes, which include improving the ability of clients to self-programme hearing devices, an increase in device fitting fees might be inconsistent with market trends.

50. ACC also considers that there has been no increase in cost-related access issues for clients with injury-related hearing loss but intends to assess whether a rate increase is warranted in the upcoming 2022 review.

51. Historically, adjustments to the hearing loss regulations are not generally made as frequently as other rates. In part, this is because ACC is such a large purchaser of audiology services that increases to the rates can shape the market by having an inflationary effect, without benefits to claimants. There is also wider ongoing work on hearing loss settings which is likely to affect the provision of audiology services. It is considered more appropriate to review audiologists’ costs at the next review, following the likely implementation of these wider changes

Question 3 Do you have a view on the proposed nil increase to the payments listed in Table 5? Please provide reasons for your view. Table 5: Hearing Loss Services Accident Compensation (Apportioning Entitlements for Hearing Loss) Regulations 2010 (the Hearing Loss Regulations) Provider Regulation Service Increase Audiologists 5, 5A, 6, 8, 9, 10, 10A Assessment, consultations, fittings, service, repairs and replacement ear moulds 0.00%

Response to Question 3:

49) Self fitting hearing aids are a myth. Audiologists don’t know what you are talking about! Certainly not anything that would be eligible for funding under ACC! On the contrary Increasing complexity of technology has greatly increased the time, cost, and expertise required to provide our services. (See IANZ submission)

50) There has been no net rate increase since 2002(?) (see below) That is becoming a problem and ACC will be liable for a considerable catchup? Particularly in past couple of years we have noticed increasing difficulty retired people are having financially because they are also facing cost of living increases and often their income from investments is reduced due to world crisis, or going back to collapse of “blue chip” investments. The Band system disadvantages older people! Cost could be particularly a barrier for Māori. We are known as a Māori friendly clinic because of my background growing up in the Far North, but we don’t have many Māori clients!

51) I am fully aware of the commercial pressures that occurred. Improved access to Audiology services dramatically increased the number of people making claims, and they were fitted with the latest technology causing a massive budget blowout. Originally age tables were used as a tool to establish eligibility but then came the idea that because older people would be deaf anyway, ACC would pay them less. I was involved in the development of the first 2 versions of the age-related NAL tables and know that “normal” were contaminated by people that could not remember having noise exposure and those deaf due to health reasons. We ended up with a 3 Band funding system that arguably penalises older people and a vendetta against Audiology services “to control the market”.

When we changed from a full payment based on Needs Assessment (“the Accord”), to the 3 band system where many clients made a co-payment this did not result in a decrease in Hearing Aid wholesale prices as your economic theory would predict. Since then, there have been competitive changes in the “market”, but now we are seeing genuine inflationary pressures relating to Covid and other world events. **We know from OIA request** that ACCs concern is that changing from a 6% threshold to a 5% threshold may cause a budget blow out, but I agree with your view that the budgetary effects are likely to be minor with such small criteria change. Of course, Audiologists recommend making a claim based on a Needs Assessment, not everyone in that category will apply. These are curious arguments to use, to justify not giving existing clients a cost-of-living adjustment!

In addition to IANZ submission

(Time constraints meant we could not entirely coordinate one submission)

We are proud that we are providing high quality services in a cost-effective manor compared to our competitors, the advantages of being a small independent clinic. We also provide a genuinely wide range of options without commercial bias as required by Section 88 and ACC regulations.

Past two ACC price updates. Note that increases seem to be extremely small.

Binaural fitting fee \$1120+GST set July 2014 increased to \$1142.96+GST May 2021. an increase of \$22.96 (2.05%). According to my price lists ACC fitting fee was \$1244.45+GST in 2010 and (perhaps going back to 2002), overall, a decrease! Fitting fee was based on providing services 20 years ago!

Also enclose repair prices that my manager said was one of our concerns ACC allow \$207.73+GST per device every 2 years. Manufacturers have standard charges up to \$330 per device (5 manufacturers).

We charge the same for everyone; ACC client makes up the difference so definitely they would benefit from any increases by ACC.

ACC Contribution to cost of hearing aids (again strong argument for a catch up because clients being disadvantaged)

2010	July 2014	May 2021 = \$26.4 dollar increase on all bands!
Full funding	Band 1 3157.00	3184.31 (0.84%)
Full funding	Band 2 3905.40	3931.80 (0.68%)
Full funding	Band 3 4953.05	4979.45 (0.53%) (Yes fractions of a percent)

Actual increase in hearing aids in past 7 years according to pricelists = 26% (Mostly since May 2021) I took an average of 5 companies, added together 3 levels of technology: Standard, Advanced and Premium. Left out outliers such as very latest with fundamentally different features, rechargeables, lowest cost band, and generally models that were difficult to compare. ie tried to give fair and true

picture. Note this is comparing newer models against previous models, but old models are soon discontinued.

Looking at past 10 years I think the evidence is overall costs are being contained and ACC increases have been forwarded to the client. Recent increases are due to high inflation. Of all providers, Audiologists have the biggest co-payments because people are getting both a rehab service and devices. We have expensive equipment requiring regular calibration and purpose-built soundproof facilities. Constantly changing technology means we have a big Inservice training requirement.

Many clients find co-payments difficult so there is big pressure on us to keep prices down to make them affordable.

Michael Coddington MNZAS (foundation member)
Director (owner) Tauranga Audiology