

**REPORT OF THE SPECIAL ADVISORY COMMISSION  
ON MANDATED HEALTH INSURANCE BENEFITS ON**

**THE MANDATED DIRECT  
REIMBURSEMENT OF AUDIOLOGISTS  
AND SPEECH PATHOLOGISTS  
PURSUANT TO SECTIONS 38.2-3408 AND  
38.2-4221 OF THE CODE OF VIRGINIA**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**SENATE DOCUMENT NO. 21**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
1994**

# SENATE OF VIRGINIA



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December 17, 1993

To: The Honorable L. Douglas Wilder  
Governor of Virginia  
and  
The General Assembly of Virginia

The report contained herein has been prepared pursuant to §§ 9-298 and 9-299 of the Code of Virginia.

This report documents a study conducted by the Special Advisory Commission on Mandated Health Insurance Benefits to assess the social and financial impact and the medical efficacy of mandated direct reimbursement of audiologists and speech pathologists by health insurers pursuant to §§ 38.2-3408 and 38.2-4221 of the Code of Virginia.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Clarence A. Holland".

Clarence A. Holland, M.D., Chairman  
Special Advisory Commission on  
Mandated Health Insurance Benefits

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## Introduction

Sections 38.2-3408 and 38.2-4221 of the Code of Virginia require insurers regulated by the state to reimburse directly audiologists and speech pathologists who provide covered services within the scope of their licensure. The statutes do not extend coverage to any additional services offered by audiologists or speech pathologists, but only require reimbursement of such providers for services already covered under the existing contract. The state has mandated the reimbursement of audiologists and speech pathologists for covered services since 1989.

The Special Advisory Commission on Mandated Health Insurance Benefits (Advisory Commission) held a public hearing during its July 12, 1992 meeting to receive comments regarding the mandated provider categories of audiologist and speech pathologist. Three speakers were heard and written comments were received from three interested parties.

## Current Insurance Coverage of Audiologists and Speech Pathologists

Sections 38.2-3408 and 38.2-4221 of the Insurance Code mandate that certain medical practitioners must be reimbursed directly by insurers. The mandate requires insurers to reimburse for services covered under the insured's policy if the provider is performing a service that he or she is legally allowed to perform. The provider must be licensed in the Commonwealth. Audiologist and Speech Pathologist are included in the mandated providers in §§38.2-3408 and 38.2-4221 and therefore receive direct reimbursement for covered services.

The Speech-Language Hearing Association of Virginia (SHAV) included information below in its comments to the Advisory Commission:

Professionals providing services to persons with speech-language impairments are currently titled speech-language pathologists. Colloquially, they may also be called a speech pathologist, a speech therapist or a speech clinician. There is no other term to describe an audiologist. The term "hearing aid specialist" refers to persons who meet different qualification standards to sell hearing aids commercially. An audiologist may be dually licensed to provide diagnostic audiology services and dispense a hearing aid.

### Legislation in Other States

According to the March 31, 1991 edition of the Health Benefits Letter, six states including Virginia mandate the reimbursement of speech pathologists for covered expenses within the scope of their licensure.

### Number of Audiologists and Speech Pathologists in Virginia

According to information from the Department of Health Professions and the SHAV there were 222 licensed audiologists living in Virginia as of June 30, 1993. Seventy-nine audiologists live outside of Virginia.

There were 1,084 speech language pathologists licensed with Virginia addresses and 179 with addresses outside of the Commonwealth.

### Requirements for Licensure and Scope of Licensure

#### Audiologist

The Commonwealth of Virginia licenses and regulates audiologists through the Board of Audiology and Speech Pathology in conjunction with the Board of Health. Pursuant to §§54.1-2400 and 54.1-2603 of the Code of Virginia, one must hold a valid license in order to practice audiology in Virginia. In addition, the Board of Audiology and Speech Pathology (Board) is responsible for promulgating the rules governing the endorsement, education, and examination of candidates attempting to gain licensure.

The Board will grant a license through endorsement (without examination) to a candidate who holds a current "Certificate of Clinical Competence" in audiology issued by the American Speech-Language Hearing Association (ASHA).

A candidate who currently holds a license in another state or the District of Columbia can gain licensure if he or she first meets the Board's standards. Applicants can either fulfill certain objective criteria (i.e. applicants must have "practiced audiology for one year"), or satisfy certain criteria (i.e. applicants must possess "knowledge, skills, and abilities equivalent to the regulations of the Board"). After the Board determines that an applicant meets its standards, he or she must pass, or have already passed, a qualifying examination approved by the Board.

An applicant can also gain licensure if he or she has satisfactorily completed an approved educational course of study and passed a qualifying examination. In order to meet the educational requirement, the candidate must hold a Master's degree or its equivalent from a school whose audiology program is accredited by the Educational Standards Board of the ASHA. The course work of that program must also meet the demands of the Board itself. In addition, the candidate must complete 375 hours of clinical experience observing and participating in the diagnosis and treatment of various hearing and communication disorders. These out-of-classroom experiences take place in various clinical settings and are always under the supervision of a licensed audiologist. Upon meeting the educational requirements, the candidate must also pass a qualifying examination approved by the Board.

Audiologists must have their licenses renewed every year if they wish to continue practicing in this state.

Section 54.1-2600 of the Code of Virginia defines an audiologist as one who accepts compensation for examining, testing, evaluating, treating, or counseling persons having or suspected of having disorders or conditions affecting hearing and related communicative disorders or who assists persons in the perception of sound. Should an audiologist exceed the defined scope of practice, the Board will consider that sufficient grounds for revocation of the license.

### Speech Pathologist

The Commonwealth of Virginia licenses and regulates speech pathologists through the Board of Audiology and Speech Pathology in conjunction with the Board of Health. Pursuant to §§54.1-2400 and 54.1-2603 of the Code of Virginia, one must hold a valid license in order to practice speech pathology in Virginia, and the Board of Audiology and Speech Pathology (Board) is responsible for establishing the qualifications for licensure. Accordingly, the Board has promulgated rules governing the endorsement, education, and examination of candidates attempting to gain licensure.

The Board will grant a license through endorsement (without examination) to a candidate who holds a current "Certificate of Clinical Competence" in speech pathology issued by the ASHA.

A candidate who currently holds a license in another state or the District of Columbia can gain licensure if he or she first meets the Board's standards for licensure. Applicants can either fulfill certain objective criteria (i.e. applicants must have "practiced speech pathology for one year"), or satisfy certain

criteria (i.e. applicants must have "knowledge, skills, and abilities equivalent to the regulations of the Board"). After the Board determines that an applicant meets its standards, he or she must pass, or have already passed, a qualifying examination approved by the Board.

An applicant can also gain licensure if he or she has satisfactorily completed an approved educational course of study and passed a qualifying examination. In order to meet the educational requirement, the candidate must hold a Master's degree or its equivalent from a school whose speech pathology program is accredited by the Educational Standards Board of the ASHA. The course work must also meet the demands of the Board itself. In addition, the candidate must have completed 375 hours of clinical experience observing and participating in the diagnosis and treatment of various speech and language disorders. These out-of-classroom experiences take place in several clinical settings and are always under the supervision of a licensed speech pathologist.

Upon meeting the educational requirements, the candidate must also pass a qualifying examination approved by the Board. Speech pathologists must have their licenses renewed every year if they wish to continue practicing in this state.

Section 54.1-2600 of the Code of Virginia defines a speech pathologist as one who accepts compensation for examining, testing, evaluating, treating, or counseling persons having or suspected of having disorders or conditions affecting speech, voice, or language. Should a speech pathologist exceed the defined scope of practice, the Board will consider that sufficient grounds for revocation of the license.

### Financial Impact

#### Audiologist Mandate

Results of a study conducted in 1989 on behalf of Blue Cross and Blue Shield of Virginia (BCBSVA) indicate that the cost per contract year for audiologists was \$0.04 in 1988. This figure represents the combined experience of BCBSVA's individual and group policies for the year 1988. Audiologists did not become mandated providers until 1989. During 1988, BCBSVA experienced claims of \$32,337 for 709 visits to audiologists at an average cost per visit of \$45.61.

In 1992, the State Corporation Commission (SCC) issued its first annual report on the financial impact of mandated benefits and mandated providers pursuant to §38.2-3419.1 of the Code of



Virginia (1993 House Document No. 9). Insurers were only required to submit data for the fourth quarter of 1991 for this initial report. Therefore, the results reported in 1993 House Document No. 9 may not be truly representative of insurer experience. Subsequent reports will cover full calendar years. The results presented in the SCC's report are as follows:

**Portion of Premium Attributable to Audiologist**

INDIVIDUAL		GROUP	
Single	Family	Single	Family
0.09%	0.11%	0.07%	0.07%

These figures seem to be consistent with BCBSVA's 1989 report.

Speech Pathologist Mandate

Results of a study conducted in 1989 on behalf of Blue Cross and Blue Shield of Virginia (BCBSVA) indicate that the cost per contract year for speech pathologists was \$0.28 in 1988. This figure represents the combined experience of BCBSVA's individual and group policies for the year 1988. Speech pathologists did not become mandated providers until 1989. During 1988, BCBSVA experienced claims of \$215,989 for 4,199 visits to speech pathologists at an average cost per visit of \$51.44. The BCBSVA study also indicated that claim expenditures for speech pathologists represented 0.03% of total claims under both individual and group contracts in 1988.

In 1992, the SCC issued its first annual report on the financial impact of mandated benefits and mandated providers pursuant to §38.2-3419.1 of the Code of Virginia (1993 House Document No. 9). Insurers were only required to submit data for the fourth quarter of 1991 for this initial report. Therefore, the results reported in 1993 House Document No. 9 may not be truly representative of insurer experience. Subsequent reports will cover full calendar years. The results presented in the SCC's report are as follows:

**Portion of Premium Attributable to Speech Pathologists**

INDIVIDUAL		GROUP	
Single	Family	Single	Family
0.01%	0.02%	0.08%	0.09%

These figures seem to be consistent with BCBSVA's 1989 report.

In 1989, the State Corporation Commission's (SCC's) Bureau of Insurance also conducted a study on the impact of mandated benefits and mandated providers. Results of the initial survey indicate that 64% of the responding insurance companies reimbursed both speech pathologists and audiologists before the mandate was enacted.

**Evaluation of Audiologists and  
Speech Pathologists Based on Review Criteria**

Social Impact

- a. The extent to which the treatment or service is generally utilized by a significant portion of the population.**

The SHAV provided information indicating that approximately 10% of the population has a speech-language or hearing impairment. Some people acquire impairments that are responsive to rehabilitation after they are diagnosed. Those impairments include the loss of the larynx due to cancer, language loss following stroke, language impairment due to hearing loss, swallowing impairment following brain injury, and loss of hearing due to a tumor.

- b. The extent to which insurance coverage for the treatment or service is already available.**

Insurance policies are required to reimburse directly audiologists and speech pathologists for covered services that they are licensed to provide. Therefore, policies that provide coverage for inpatient and outpatient surgical and medical services for treatment of hearing disorders will cover their services. Many policies have exclusions for the purchase of hearing aids or examinations to prescribe or fit hearing aids.

Proponents cited a 1990 study by ASHA that indicated that 82% of the Fortune 500 companies cover services for speech-language disorders due to accident or illness.

- c. If coverage is not generally available, the extent to which the lack of coverage results in persons being unable to obtain necessary health care treatments.**

Coverage is generally available for treatment of disorders due to accident or illness and audiological assessments to establish a diagnosis. According to the 1990 Fortune 500 company survey previously referenced, speech prosthesis devices are covered by 70% of the plans, cochlear implants by 59%, hearing

aids by 30% and augmentative communication systems by 25 of the plans.

Those seeking treatments or devices not covered would either pay the cost themselves or go without treatment or other assistance.

- d. **If the coverage is not generally available, the extent to which the lack of coverage results in unreasonable financial hardship on those persons needing treatment.**

A 1989 study conducted for Blue Cross and Blue Shield of Virginia indicated an average cost per visit of \$45.61 for audiologists and \$51.44 for speech pathologists.

- e. **The level of public demand for the treatment or service.**

Proponents cited statistics indicating that 10% of the population has a speech-language or hearing impairment. Many individuals need rehabilitative services due to illness or injury. Others may need services associated with disorders that are the result of conditions present at birth.

- f. **The level of public demand and the level of demand from providers for individual and group insurance coverage of the treatment or service.**

Providers and individual consumers have indicated support for the currently mandated audiologists and speech pathologists.

- g. **The level of interest of collective bargaining organizations in negotiating privately for inclusion of this coverage in group contracts.**

No information was presented to the Advisory Commission regarding the interest of collective bargaining organizations on this issue.

- h. **Any relevant findings of the state health planning agency or the appropriate health system agency relating to the social impact of the mandated benefit.**

No findings were presented to the Advisory Commission from state agencies.

## Financial Impact

**a. The extent to which the proposed insurance coverage would increase or decrease the cost of treatment or service over the next five years.**

Proponents make the argument that the cost for services is small, near the bottom in terms of the percentage of premium dollars paid in claims for mandated benefits and providers. Blue Cross and Blue Shield of Virginia indicated that its claim expenses attributable to the services of audiologists and speech pathologists have remained at a relatively steady rate since the mandate for direct reimbursement was instituted.

**b. The extent to which the proposed insurance coverage might increase the appropriate or inappropriate use of the treatment or service.**

In the past, opponents of mandates have pointed to the "induced demand" that may result from a mandate. No specific reference was made to an increase in inappropriate use of services or treatments provided by audiologists or speech pathologists. It is possible that utilization of these providers did not increase significantly because many insurers covered them prior to the mandates.

**c. The extent to which the mandated treatment or service might serve as alternative for more expensive or less expensive treatment or service.**

Opponents of mandates in the past have indicated that the fees charged by the providers for services increase after being mandated. No comments were received from proponents directly responding to this criterion. Information from the SCC's 1993 Report on the Financial Impact of Mandated Health Insurance Benefits and Providers indicated that for Speech, Language and Hearing Therapy the average cost per visit is \$43.39 for speech pathologists and \$41.04 for physicians. The median cost of \$40.67 for speech pathologists and \$43.98 for physicians.

**d. The extent to which the insurance coverage may affect the number and types of providers of the mandated treatment or service over the next five years.**

There were 301 audiologists and 1,084 speech pathologists licensed in Virginia as of June 30, 1993. Proponents expect an additional 50 licensees in the state in the 1993-94 school year because of the recent requirement instituted by the Department of Education. Speech-language pathologists in public schools must now meet the licensure requirements of the Board and Audiology

and Speech Pathology although they are not required to obtain a license.

There is no indication that an increase in providers is anticipated because of the existence of the mandate in part because they were covered by many insurers prior to the mandates.

- e. **The extent to which insurance coverage might be expected to increase or decrease the administrative expenses of insurance companies and the premium and administrative expenses of policyholders.**

The greatest administrative expenses associated with mandates are generally incurred when a mandate is initially enacted. The ongoing cost of the mandate for audiologists and speech pathologists is not expected to be substantial.

- f. **The impact of coverage on the total cost of health care.**

Proponents cited the findings of the American Hospital Association and CIGNA Insurance Company as having indicated that rehabilitation is cost effective. Proponents also cited information from the 1993 Report of the SCC on the Financial Impact of Mandated Health Insurance Benefits. The portion of the total annual premium for an individual policy attributable to audiologists was .09% and .01% for speech pathologists.

#### Medical Efficacy

- a. **The contribution of the benefit to the quality of patient care and health status of the population, including the results of any research demonstrating the medical efficacy of the treatment or service compared to alternatives or not providing the treatment or service.**

Proponents stated the value of the diagnostic and rehabilitative services that they provide is high.

Opponents did not question the efficacy of the treatment and services provided.

- b. **If the legislation seeks to mandate coverage of an additional class of practitioners:**
  - 1) **The results of any professionally acceptable research demonstrating the medical results achieved by the additional class of practitioners relative to those already covered.**

This review was limited to currently mandated providers. The medical results of the mandated providers were not questioned by opponents.

**2) The methods of the appropriate professional organization that assure clinical proficiency.**

The Board of Health Professions regulates the provider groups being reviewed. Standards and requirements are imposed to obtain and maintain licensure. Interested parties did not question the proficiency of the providers being reviewed.

Effects of Balancing the Social, Financial and Medical Efficacy Considerations

- a. The extent to which the benefits addresses a medical or a broader social need and whether its is consistent with the role of health insurance.**

The direct reimbursement of audiologists and speech pathologists addresses medical and social needs. It is consistent with the role of insurance because it provides coverage for conditions and situations caused by illness or injury.

- b. The extent to which the need for coverage outweighs the cost of mandating the benefit for all policyholders.**

Proponents make the argument that the costs of mandating providers is not significant because of the relatively lower fees.

- c. The extent to which the need for coverage may be solved by mandating the availability of the coverage as option for policyholders.**

Mandating optional coverage has not been shown to be effective in the past. Options are generally selected only by those individuals who anticipate that it is very likely that they will need the coverage that is extended.

### Recommendations

The Advisory Commission voted to recommend that the currently mandated provider categories of audiologist and speech pathologist be retained. The Commission members voted in favor of retaining the categories unanimously.

The information that was presented to the Advisory Commission demonstrated the services provided by audiologists and speech pathologists are beneficial.

The skills and competence of the providers were not questioned at the public hearing or in written comments. No requests were made to the Advisory Commission to recommend the deletion of either audiologist or speech pathologist from the providers mandated under §§38.2-3408 and 38.2-4221.

### Conclusion

The Advisory Commission believes that the retention of audiologists and speech pathologists as mandated providers is merited. There are many Virginians that currently utilize the services performed by audiologists and speech pathologists.

## **APPENDIX**

### **§ 38.2-3408. Policy providing for reimbursement for services that may be performed by certain practitioners other than physicians. ---**

A. If an accident and sickness insurance policy provides reimbursement for any service that may be legally performed by a person licensed in this Commonwealth as a chiropractor, optometrist, optician, professional counselor, psychologist, clinical social worker, podiatrist, physical therapist, chiropodist, clinical nurse specialist who renders mental health services, audiologist or speech pathologist, reimbursement under the policy shall not be denied because the service is rendered by the licensed practitioner.

B. This section shall not apply to Medicaid, or any state fund. (1968, c. 588, § 38.1-347.1; 1973, c. 428; 1979, c. 13; 1986, c. 562; 1987, cc. 549, 551, 557; 1989, cc. 7, 201.)

**§ 38.2-4221. Services of certain practitioners other than physicians to be covered. ---** A nonstock corporation shall not fail or refuse, either directly or indirectly, to allow or to pay to a subscriber for all or any part of the health services rendered by any doctor of podiatry, doctor of chiropody, optometrist, optician, chiropractor, professional counselor, psychologist, physical therapist, clinical social worker, clinical nurse specialist who renders mental health services, audiologist or speech pathologist licensed to practice in Virginia, if the services rendered (i) are services provided for by the subscription contract, and (ii) are services which the doctor of podiatry, doctor of chiropody, optometrist, optician, chiropractor, professional counselor, psychologist, physical therapist, clinical social worker, clinical nurse specialist who renders mental health services, audiologist or speech pathologist is licensed to render in this Commonwealth. (Code 1950, § 32.195.10:1; 1966, c. 276, § 38.1-824; 1973, c. 428; 1979, cc. 13, 721; 1980, c. 682; 1986, c. 562; 1987, cc. 549, 551, 557; 1988, c. 522; 1989, cc. 7, 201.)