



COMMONWEALTH of VIRGINIA

Office of the Governor

Jane H. Woods
Secretary of Health and Human Resources

(804) 786-7765
Fax: (804) 371-6984
TTY: (804) 786-7765

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Memorandum

To: The Honorable Senator William Wampler
The Honorable Senator Patsy Ticer

From: Jane H. Woods *JHW*
Secretary of Health and Human Resources

Subject: Report on Funding for Children's Hearing Aids

Per your request, the Office of the Secretary of Health and Human Resources has prepared the attached report on issues surrounding funding for the purchase of hearing aids for children. This report addresses the issues raised in Senate Bill 641 (Ticer). The Department for the Deaf and Hard of Hearing, the Department of Health, the Department of Medical Assistance Services, and the Assistive Technology Loan Fund Authority participated in the development of this document.

Please let me know if you need any additional information.

cc: Leslie Hutcheson Prince
Department for the Deaf and Hard of Hearing

Funding for Children's Hearing Aids
Prepared for the Office of the Secretary of Health and Human Resources
by Leslie Hutcheson Prince
Virginia Department for the Deaf and Hard of Hearing

Executive Summary

Findings: The Commonwealth of Virginia has mandated a program to test all newborns for hearing impairment. This mandate is founded on strong evidence that early identification and intervention will reduce the language delays typically experienced by children with hearing loss. To ensure effective early intervention, early amplification, most typically with hearing aids, is essential. Hearing aids vary in cost but can average from \$700 to \$3600 per device and many children require two aids. Unfortunately, most insurers in Virginia do not provide coverage for the purchase of hearing aids. Families may be able to access various state or private funding sources, however, most of those have strict income requirements and many are funds of "last resort" which require that all other options be exhausted. The delays generated by the search for funding reduce the benefit derived from early identification.

Current data from various programs in Virginia indicate that nearly 600 Virginia children under the age of six have a hearing loss. Medicaid in Virginia reports providing hearing aids (including cochlear implants) to 62 children through age six in Federal Fiscal Year 2002. Other programs, including Care Connection and Infant and Toddler Connection of Virginia, may be providing some financial assistance but it is limited and exact numbers of families receiving such assistance are unknown. Private funding sources are also unable to provide information on financial assistance provided to Virginia families for the purchase of hearing aids.

Two existing, potential funding sources for assistance with the purchase of hearing aids were revealed to be virtually untapped. The Assistive Technology Loan Fund Authority (ATLFA), which provides low-interest or no-interest loans for the purchase of disability-related technology, and the Consumer Services Fund (CSF), which provides grants to individuals with disabilities who cannot qualify for ATLFA loans or other assistance programs, report that they have not received any applications for children's hearing aids in recent years. Additional designated funds would be needed to ensure that these programs could support an influx of requests for children's hearing aids.

Recommendation: Designate and promote the ATLFA and CSF as sources of funding for families seeking assistance for the purchase of hearing aids for children under the age of six. Families would be eligible for the zero percent loan program if their income fell between 200% and 300% of the Federal Poverty Level. This provides assistance for families who do not qualify for FAMIS or other state programs.

Background:

Significant research supports the benefits of early identification and amplification of children with hearing loss. (Additional information is available on the Internet from the Marion Downs National Center for Infant Hearing at

<http://www.colorado.edu/slhs/mdnc/>.) These benefits are reflected in Healthy People 2010, the U.S. Department of Health And Human Services' prevention agenda for the nation. Among the objectives of Healthy People is to "increase the proportion of newborns who are screened for hearing loss by age one (1) month, have audiologic evaluation by age three (3) months, and are enrolled in appropriate intervention services by age six months,"

(<http://www.healthypeople.gov/document/html/volume2/28vision.htm>). The Centers for Disease Control supports this effort with its Early Hearing Detection and Intervention (EHDI) programs (<http://www.cdc.gov/ncbddd/ehdi/default.htm>). Virginia was among the first states to implement an EHDI program and has been recognized by the World Council on Hearing Health and the Deafness Research Foundation as one of nine states having an exemplary program

(http://www.wchh.com/programs/docs/2004_state_report_card.pdf).

Early detection is an important element but, without meaningful early intervention, the dollars spent on early detection are wasted. For many children identified with a hearing loss in infancy, meaningful early intervention involves appropriate amplification through hearing aids. Unfortunately, hearing aids present a significant financial burden to families. The Report of the Special Advisory Commission on Mandated Benefits on Senate Joint Resolution 426 Study of Hearing Aid Coverage for Small Children shows average costs for hearing aids ranging from \$700 to \$3600 depending upon the type of device. For children who need binaural amplification (two hearing aids), the costs are doubled. The American Speech-Language-Hearing Association (ASHA) has identified seven (7) states, which mandate insurance coverage for children's hearing aids. Of these states, three (3) cap reimbursement at \$1400 per hearing aid every 36 months.

How Many Virginia Children through Kindergarten Age Have A Hearing Loss?

The National Institute on Deafness and Other Communication Disorders (NIDCD) reports that two to three out of every 1000 children born in the United States are deaf or hard of hearing. By applying that incidence rate to live births in Virginia between January 1, 2000 and December 31, 2002, it might be expected that between 580 and 900 children were born with hearing loss during that period. The Virginia Early Hearing Detection and Intervention Program has reported 172 children who were identified with a hearing loss through the program during the same period. The Infant and Toddler Connection of Virginia, the Commonwealth's Part C Early Intervention Program, which serves children through age two, reports serving 181 children diagnosed with hearing loss in 2003. The Virginia Department of Education reports that, as of December 1, 2003, 238 children through age five, including 208 children between the ages of three and five, were receiving "Hearing Impaired" services through a Virginia Public School

program. It is not likely that the total of 591 children reported by these three separate sources represents an unduplicated count of the number of children through age five but at this time, there is no mechanism to achieve such an unduplicated count. There is an effort underway to coordinate data sharing so that more definitive data is available but that has not yet been accomplished.

How Many of These Children Need Hearing Aids?

There is no data available on how many of these children need hearing aids. Many factors influence the decision to provide hearing aids for infants, including the degree and nature of the hearing loss, the family's cultural background (a profoundly deaf child of Deaf parents may not be fitted for a hearing aid) and the child's status as a candidate for a cochlear implant (which, for the purposes of this paper, are not being considered as hearing aids). Specific reliable data is not readily available, however, a recent survey may provide some perspectives. With a mini-grant from the American Academy of Pediatrics (AAP), the Virginia Chapter, American Academy of Pediatrics (VA AAP) worked with the Virginia Department of Health to survey 240 families of children identified through Virginia EHDI program. VA AAP acknowledges the limitations of a mailed survey, and recommends viewing the results as "trends" only. As of May 23, 2004, 59 responses (25%) had been received. Of these, 37 (62%) indicated that their child had been recommended for hearing aids by 12 months of age.

In considering the need, it is also important to note that a family will most likely need to purchase hearing aids for their child more than once between birth and age five to ensure proper fit and optimal amplification.

Among These, How Many Receive Hearing Aids?

Again, the availability of reliable data is limited. The VA AAP survey indicates that 34 of the 37 infants who were recommended for hearing aids had received them. The Department of Medical Assistance Services (DMAS) reports that during Federal Fiscal Year 2002 (the most recent data available) 62 children through age of six received hearing aids through Virginia's Medicaid program, including 8 children who received cochlear implants.

What are the Sources of Funding and the Number of Children Receiving Aids from Each Funding Source?

Respondents to the VA AAP survey indicate a variety of funding sources were tapped in order to purchase hearing aids for their children. Thirteen, or 38%, of the 34 families who have received hearing aids paid for those hearing aids, at least in part, out of their own pockets. Another 38% received some assistance from private insurance. Early Intervention Programs assisted 11 families; Medicaid provided funding for three families; and, community organizations assisted three families. Two families reported that they are using "loaner" aids and one family reported "disability" funding for the aids.

Care Connection of Virginia, a program of the Virginia Department of Health using Federal Maternal and Child Health funding and matching state General Fund dollars, has provided funding for hearing aids for children. Unfortunately, no specific data is available as hearing aids are grouped under the general classification of “Durable Medical Equipment.” Care Connection does expect to be able to provide detailed data on the specific devices in the future.

Early Intervention Programs in Virginia also provide limited funding for hearing aids on a case-by-case basis and as a payer of last resort. No additional data is available on the number of children who have received hearing aids that were funded through early intervention.

While private insurance does not typically provide specific coverage for hearing aids, the VA AAP parent survey shows that, in fact, some insurance companies will pay for hearing aids. A separate VA AAP survey of audiologists with 11 responses showed eight insurers in Virginia who offer some level of coverage for hearing aids in one or more of their insurance products. The Listen-Up Web (www.listen-up.org), an Internet resource dedicated to the issue of funding for children’s hearing aids, indicates that many times, an initial decline to pay by the insurance company will be reversed upon appeal.

What is the Estimated Value of the Unmet Need?

The information available at this time does not allow for a realistic and reliable estimate of the value of the unmet need for hearing aids for children through age five. For a gross estimate, consider the following broad assumptions:

1. That there are 591 children through age five with hearing loss in Virginia;
2. That there is no financial assistance available to half of these children (300 children) for the purchase of hearing aids;
3. That the average cost for one hearing aid for these children would be \$1400 (the average insurance reimbursement for a single hearing aid); and that most of the children who need hearing aids will require two aids for a total cost of \$2800.
4. That each family will need to purchase hearing aids at least two times before the child reaches the age of six.

If such broad assumptions are made, the gross estimated value of the unmet need could be as much as \$2.5 million.

Are There Any Additional Sources of Untapped Funding?

While there is no formalized system for ensuring assistance for the purchase of hearing aids for children, there exists a patchwork of organizations that may be able to assist families in meeting this critical financial challenge. Unfortunately, it appears that connecting each family with the right organization is a matter of luck and perseverance.

The Virginia Assistive Technology Loan Fund Authority (ATLFA) is available to provide low-interest or no-interest loans with unconventional terms to families who need to purchase hearing aids; however, that office reports that, in the past eighteen months it has not received a single request for a loan for a hearing aid for a child under the age of six (or any child under the age of 18).

The Consumer Service Fund (CSF), a fund of last resort administered by the Department of Rehabilitative Services, also has funding which is available for the purchase of hearing aids, but does not report any requests for such assistance for a child under the age of six in recent years. The availability of funding available through CSF is dependent upon appropriations and the volume of requests received.

It is possible, but rare, that a school division may provide hearing aids for a student under the Individuals with Disabilities Education Act (IDEA). In a 1993 letter, the Office of Special Education Programs noted that a school might make an assistive technology device such as a hearing aid available if the child's Individualized Education Plan (IEP) indicated it was necessary for a free, appropriate public education. No data is available on whether or not any school divisions in Virginia have provided hearing aids in such circumstances.

In a fact sheet on Financial Assistance for Hearing Aids and Personal Assistive Technology (<http://www.hearingloss.org/hat/faha.html>), Self Help for Hard of Hearing People, a national advocacy organization, identifies 16 organizations, which may provide assistance for the purchase of hearing aids. Two of these are not available to individuals living in Virginia and four are the national offices of local civic organizations and do not maintain data on local chapters' funding of hearing aids. VDDHH has attempted to contact the remaining ten organizations to ascertain the level of assistance they have provided for Virginia children under the age of six. At the time of this report, only one organization has provided this data.

HEAR NOW, part of the Starkey Hearing Foundation, provides free hearing aids to qualified applicants who meet strict financial guidelines. HEAR NOW reports that in 2003, the program approved funding for 7,566 hearing aids for 4,419 low-income children and adults nationwide. However, between January 1, 2003 and June 1, 2004, the organization did not provide funding for hearing aids for any child under the age of six in Virginia.

Other sources of funding in this patchwork include:

- Travelers Protective Association Scholarship Trust For The Deaf And Near-Deaf
- The H.I.K.E. Fund
- The Miracle Ear Children's Fund
- Lions' Clubs
- Sertoma Clubs
- Optimist Clubs

Observation

The fact that 38% of the respondents in the VA AAP survey indicated that they paid for hearing aids for their children out of pocket is significant. These parents are given information about the impact early amplification will have on their children's education. They find out quickly that their insurance will probably not pay for the hearing aids and that there are extensive application processes and strict income qualifications for many of the assistance programs that are available. Every day which passes without a hearing aid for their child represents a lost language learning opportunity. Rather than lose too many such days, these families choose to face the financial hardship. Other families simply cannot face that financial hardship nor do they have the wherewithal to navigate the patchwork system of assistance, leaving their children without hearing aids through important developmental months and years.

Conclusions

This report depends heavily on "maybes." There may be more than 500 children under the age of six with hearing loss in Virginia. For many of these children, hearing aids may be a critical element in their development of language, and, thus, in their academic achievement. Families may be able to rely upon their private insurance to cover the purchase of hearing aids. If their insurance initially declines to pay, the families may be able to successfully appeal the decision. If private insurance is not an option, families may be able to access financial assistance through private foundations or civic organizations. Failing to get needed assistance there, families may be able to access one of the funds of last resort.

This report recommends a coordinated effort involving state agencies, audiologists, physicians, the insurance industry and private funding sources to identify meaningful and effective means to solve the problem. Without a solution, Virginia's investment in Early Hearing Detection and Identification may be wasted.

Recommendation

Acknowledging that a mandated insurance benefit would leave some percentage of families unserved, this study considered the possibilities of using one of the several state funded programs as the central point for assistance with the purchase of hearing aids for young children. Several of the programs did not present themselves as the appropriate placement for such assistance because of defined program parameters which were either more narrow or more broad than the targeted population addressed here. One program, however, emerged as a logical and cost-effective solution, which could provide valuable assistance to families who need to purchase hearing aids for young children. This program, the Assistive Technology Loan Fund Authority (ATLFA), currently provides no interest or low interest loans to individuals for the purchase of disability-related assistive technology.

The following Action Steps would be necessary to ensure that families could take advantage of the availability of this program:

- With funding to “buy down” the interest rate to ensure maximum availability of no-interest loans to families with children needing hearing aids, the ATLFA could provide interest-free loans to these families.
- Families would be eligible for the zero percent loan program if their income fell between 200% and 300% of the Federal Poverty Level. This provides assistance for families who do not qualify for FAMIS. The upper income limit mirrors the limit established for the Department of Health’s Care Connection for Children program.

In addition, the ATLFA administers the state’s Consumer Service Fund (CSF). This fund provides grants to persons with disabilities who do not qualify for assistance from any other state program, including the ATLFA loan program. Currently, funding for the CSF is included in the base budget of the Department of Rehabilitative Services (DRS) and is transferred to ATLFA per a memorandum of understanding (MOU) to be administered. Current CSF funding may not support an increase in requests for children’s hearing aids.

To ensure an effective children’s hearing aid component of the Consumer Services Fund, the following Action Steps will be needed:

- For this approach to serve families successfully, processing of requests for assistance for children’s hearing aids will need to be reviewed and acted upon in an expedited process. In the past, CSF requests were reviewed on a quarterly basis, but that has been changed recently to a monthly review process. In addition, a significant effort would be needed to educate service providers and families about the availability of this assistance.
- The historical lack of requests for funding for children’s hearing aids through these programs makes it clear that a major awareness campaign will be needed.

Attachment 1

Assistive Technology Loan Fund Authority Code Authority

§ 51.5-54. Declaration of purpose; Assistive Technology Loan Fund Authority established.

A. It is hereby found and determined by the General Assembly that there exists in the Commonwealth a need to provide assistance with loans and in the purchase of assistive technology equipment, or other equipment, which is designed to enable persons with disabilities to become more independent or more productive members of the community with an improved quality of life.

B. To achieve the objectives of subsection A, the Assistive Technology Loan Fund Authority is hereby created, with such powers and duties as are set forth in this chapter, as a public body corporate and as a political subdivision of the Commonwealth.

(1995, c. 812; 2002, c. 19.)

§ 51.5-56. Powers of the Authority.

The Authority is hereby granted all powers necessary or appropriate to carry out and effectuate its purposes including, but not limited to, the following powers to:

1. Have perpetual existence as a public body corporate and as a political subdivision of the Commonwealth;
2. Adopt, amend, and repeal bylaws, rules and regulations not inconsistent with this chapter, to regulate its affairs and to carry into effect the powers and the purposes of the Authority and for the conduct of its business. All regulations of the Authority shall be promulgated in accordance with the Administrative Process Act (§ [2.2-4000](#) et seq.);
3. Sue and be sued in its name;
4. Have an official seal and alter it at will;
5. Establish, administer, manage, including the creation of reserves, and make expenditures from the Fund for the sole purpose of providing loans to individuals with disabilities for the acquisition of assistive technology, other equipment, or other authorized purposes;
6. Administer the Fund established by this chapter and contract with the State Treasurer and other state or community-based entities or groups working with persons with disabilities for such assistance in administering the loan program as the Board may require;
7. Maintain an office at such place or places within the Commonwealth as it may designate;
8. Make and execute contracts and all other instruments necessary and convenient for the performance of its duties and the exercise of its powers under this chapter upon such terms and conditions as it deems appropriate, including contracts with appropriate state or community-based entities or groups dealing with disabled persons;

9. Employ office personnel, advisers, consultants, professionals and agents as may be necessary in its judgment, and to fix their compensation. Legal services in civil matters shall be rendered and performed by the Attorney General in accordance with Chapter 5 (§ [2.2-500](#) et seq.) of Title 2.2, and special counsel may only be employed with approval and appointment by the Attorney General or as may otherwise be authorized by § [2.2-510](#);
10. Procure insurance against any loss in connection with its property and other assets, including, but not limited to, loans in such amounts and from such insurers as it may deem advisable;
11. Receive, hold, accept, and administer from any source gifts, grants, aid or contributions of money, property, labor or other things of value to be held, used and applied to carry out the purposes of this chapter (subject, however, to any conditions upon which grants or contributions are made) including, but not limited to, gifts, grants, bequests of money or devises from any source, including the federal government or any of its agencies or instrumentalities for the purposes of this chapter. Unless otherwise restricted by the terms of the gift or bequest, the Board is authorized to sell, exchange, or otherwise dispose of such money, securities, or other property given or bequeathed to it in furtherance of its purposes;
12. Borrow money to carry out the purposes of this chapter and to execute evidences of such indebtedness and to secure the same and to issue negotiable revenue bonds payable solely from funds pledged for that purpose and to provide for the payment of the same and for the rights of the holders thereof, provided that, any moneys borrowed, whether through the use of bonds or other indebtedness, may be secured or paid solely from funds received pursuant to subdivision 11 or funds received from the fees and charges imposed by the Authority pursuant to subdivision 14;
13. Use any fund or funds of the Authority for any and all expenses to be paid by the Authority including, by way of example, but not by limitation, any and all expenses for administrative, legal, and other services;
14. Collect fees and charges, as the Authority determines to be reasonable, in connection with its loans, insurance, guarantees, commitments and servicing thereof;
15. Take any action necessary or convenient for the exercise of the powers granted by this chapter or reasonably implied from them; and
16. Maintain the confidentiality of financial, medical, rehabilitative and other personal information submitted to or maintained by the Authority concerning applicants for or recipients of loan funds. Such information shall not be subject to the mandatory disclosure provisions of § [2.2-3704](#) or the public meeting requirements of § [2.2-3711](#) of the Virginia Freedom of Information Act.

(1995, c. 812; 2002, c. 19; 2004, c. 728.)

Attachment 2 ATLFA Loan Information

Overview

Home improvement loans are made to facilitate independence related to a specific disability (ramps, roll-in showers, environmental controls). Many relatively small home improvement loans are unsecured, for more substantial modifications, these loans are typically secured with a second deed of trust. [SunTrust](#) will lend up to 100% of the value of your home on equity loans for qualified applicants. Financing on equity loans is up to 240 months.

Automobile loans are made to enable a person with a disability to purchase a van or car, and to make necessary modifications. These loans are made for vehicles that are modified to accommodate a specific disability (wheelchair lifts, hand controls, etc.), and are secured by the vehicle. Financing for up to 100% of the vehicle may be available. Used vehicles no more than three years old may be financed for up to 72 months while older vehicles can be financed for up to 60 months. Loans for new vehicles may be made for up to 72 months, or up to 78 months for an additional 1/2% interest rate.

Unsecured Loans SunTrust Bank will provide financing for equipment such as wheelchairs, electronic scooters, computers with voice input and output, hearing aids, low vision aids, communication devices and other equipment. These loans are generally unsecured. Financing on unsecured loans is available for up to 48 months on loans under \$5,000 and for up to 60 months for loans over \$5,000.

Direct Loans ATLFA makes loans directly to qualified applicants for loans up to \$4,000. There is no lower limit for Direct Loans.

For loan approval, applicants will meet Sun Trust's normal underwriting standards, with a modest increase in their debt to income ratio.

Low-Interest Loan Information

The ATLFA buys down the interest rate 4% below the interest rate SunTrust charges to an approved applicant. Applicants must meet SunTrust credit standards for this low-interest loan program.

Guaranteed Loans

For applicants unable to meet the bank's standard loan requirements but who can demonstrate to the ATLFA that they are creditworthy and able to repay the loan they are applying for, the Authority may guarantee the loan.

The ATLFA will make payments to the bank for problems of repayment or pay the principle and accrued interest in cases of default. Any funds paid by the ATLFA for repayment will be owed by the borrower to the ATLFA and repaid at the conclusion of the loan.

For Additional Information on the Assistive Technology Loan Fund Authority, visit the website: www.atlfa.org.

Attachment 2

Consumer Services Fund Information

The Consumer Service Fund (CSF) is a "fund of last resort" which enables individuals with a physical or sensory disability to access a service or device that cannot be funded through existing programs.

Applicants must first apply to all relevant government or insurance programs.

Applicants are encouraged to apply for a loan or to charitable organizations.

WHO'S ELIGIBLE FOR THE FUND?

People of any age living in Virginia who have a demonstrated physical or sensory disability are eligible for funding if their disability-related needs cannot be met by other agencies.

Consumers will be required to share in the cost of requested services based on their ability to pay.

HOW CAN IT BE USED?

The CSF is used to help consumers achieve specific planned goals (obtain employment, live more independently at home, or eliminate a move to a nursing home.) Examples include special equipment, assistive technology, and home or vehicle modifications.

HOW CAN I APPLY?

A Virginian with a physical or sensory disability may apply by filling out the application form on this website or by calling (866) 835-5976 (toll free) for an application packet. The ATLFA recommends that a human services advocate, case manager, counselor or social worker work assist completion of the application with the consumer and submit the request.

Applications are reviewed quarterly by an panel of consumers and interagency representatives. Funding is based on demonstration of critical need, exhaustion of all other resources, CSF priorities and provision of supporting documentation. Many requests will not be approved as the Consumer Service Fund receives many more requests for funding than it has resources to pay for.

For additional information on the Consumer Services Fund, visit the website www.aflta.org/csf.htm