Hearing Aids and Medical Device Tax Proposals

The hearing health community is supportive of well-structured legislation that increases access to hearing aids for people with hearing loss and parents of children with hearing loss. We are concerned, however, that the medical device tax proposal in health care reform legislation adopted by the House of Representatives on November 7 would actually work against this goal by applying a 2.5% tax on hearing aid sales.

While we are not in support of efforts to tax medical devices, we were relieved to note that the merged SFC/HELP Committee proposal under consideration by the full Senate would exclude medical devices from the tax based on their FDA classification. Class I devices (including hearing aids) are exempted along with Class II devices that retail for under $100. The House legislation, however, bases exemptions on where the device is sold. Retail sales are exempted, although the definition of “retail” is unclear. It is near certain, however, that hearing aids would not be exempted under the House proposal.

We urge the Senate to adopt the merged SFC/HELP device tax exemption formula, and we urge Congress to avoid imposition of any tax on hearing aids when the legislation is considered in conference. Apart from the many advantages related to using FDA device classifications to establish clear and definitive criteria to include/exclude devices from a device tax, it is especially appropriate to exclude hearing aids as Class I devices for the following reasons:

- **The majority of hearing aid sales are not paid for by insurance, but are paid for by individuals as an out of pocket expense.** 72% of hearing aid sales involve no third party reimbursement unlike most medical devices utilized by doctors or in hospitals. Most people with hearing loss pay for hearing aids out of pocket. Any tax will drive up costs to these people, regardless of whether they had medical insurance under previous plans or new plans created by the legislation.

- **Neither proposal would greatly increase utilization of hearing aids because coverage is not mandated for adults.** The House and Senate proposals include provisions which would mandate coverage of hearing aids for children; however, children 17 and under make up less than 2% of the total number of people who use hearing aids in the U.S., and 16 states already mandate some form of coverage for children. Any device tax would have the effect of increasing the cost of hearing aids as part of legislation that does not otherwise expand access to hearing aids. Therefore, neither proposal would have the effect of greatly increasing access or generating “windfall profits” for hearing aid manufacturers or professionals that could make a new tax justifiable.
We urge the Senate to adopt language in the merged SFC/HELP medical device tax proposal as it relates to exclusions from a medical device tax, and we urge Congress to adopt that provision as well in Conference. To do otherwise would be to make hearing aids less accessible to people with hearing loss which cannot be the intention of Congress.

Please feel free to contact any of our organizations for more information.

**A.G. Bell Association for the Deaf and Hard of Hearing (A.G. Bell)**
A.G. Bell is a support network for parents and families, as well as an advocate for better listening, learning, talking, and living independently with hearing loss.

**Academy of Doctors of Audiology (ADA)**
ADA provides resources to the private practitioner in audiology and to other audiology professionals who have responsibility for the concerns of quality patient care and business operation.

**American Academy of Audiology (AAA)**
AAA is the world’s largest organization of audiologists dedicated to providing the highest quality of hearing healthcare services described by their slogan “Caring for America’s Hearing”.

**American Academy of Otolaryngology—Head and Neck Surgery (AAO-HNS)**
AAO-HNS is the world's largest organization representing physician specialists who treat the ear, nose, throat, and related structures of the head and neck.

**American Speech-Language-Hearing Association (ASHA)**
ASHA provides services for professionals in audiology, speech-language pathology, and speech and hearing science, and advocates for people with communication disabilities.

**Hearing Industries Association (HIA)**
HIA is the trade association that represents over 90% of hearing aid device manufacturing companies and their suppliers.

**Hearing Loss Association of America (HLAA)**
HLAA is the nation’s largest organization for people with hearing loss. HLAA exists to open the world of communication for people with hearing loss through information, education, advocacy, and support.

**International Hearing Society (IHS)**
IHS is the professional association of hearing instrument specialists, state licensed professionals who test hearing, fit, and dispense hearing aids, and provide associated rehabilitation and counseling.