

**THE HEARING CARE INDUSTRY ASSOCIATION
SUBMISSION TO THE SENATE COMMUNITY AFFAIRS REFERENCES COMMITTEE
INQUIRY INTO HEARING HEALTH IN AUSTRALIA**

“The net consequence of hearing loss is a reduced capacity to communicate. The ability to listen and respond to speaking is reduced and for some, the ability to speak is lost or impaired. Reduced communication abilities impact on a person’s life chances through the reduced opportunity to equitably participate in education, to gain competitive skills and employment and to participate in relationships” Listen Hear! The Economic Impact and Cost of Hearing Loss in Australia – A report by Access Economics, February 2006”.

In 2005 over 3.55m Australians suffered from hearing loss and over half of them were of working age (16 -64 years).

Hearing loss interferes with a person’s ability to lead a healthy and productive life and any disorder that places limitations on productivity and healthy ageing must be of concern to government and to the community.

The Hearing Care Industry Association (HCIA) welcomes the current Inquiry into Hearing Health in Australia and the opportunity to input into its deliberations.

The structure of our submission is as follows.

After making some initial observations and setting out some key facts, we will:

1. Provide the Committee Members with a brief overview of the Hearing Services Programme, including reference to the contribution that Australian Hearing makes to “special needs” groups (children, complex clients and Indigenous Australians);
2. Describe HCIA, its members and their work (noting that they are all providers under the Office of Hearing Services Scheme).
3. Comment on the extent, causes and costs of hearing impairment in Australia and the implications for hearing impaired individuals and the community using information published by others.

4. Comment on the adequacy of access to hearing services, including assessment and support services and hearing technologies
5. Comment on the adequacy of current hearing health and research programs, including education and awareness programs that are available to Australians.
6. Not make substantive comments about issues affecting indigenous communities, other than to say the work performed by Australian Hearing in relation to indigenous Australians is to be applauded.

Initial Observations

Australia is one of the better providers of reimbursed hearing services to its elderly population and we acknowledge the programme offered by the Department of Health & Ageing has expanded substantially over the last decade. However, in relation to hearing healthcare, Australia is not world's best practice.

If Government wished to improve the programme for Australians it could consider taking some or all of the following actions:

- Lowering the age of entry to the programme to 45 years of age
- Carefully considering how those aged between 21 and 65 might access hearing services (using similar criteria to that used to gain access to a pension)
- Consider funding an awareness and education campaign specifically aimed at young people, and
- Seek simplification of the administration of the current programme.

1. A brief overview of the Hearing Services Programme, noting the particular contribution of Australian Hearing to “special needs” groups, namely children, complex clients and indigenous Australians;

In 1996, the Government announced the introduction of a voucher system for hearing services, greater private sector involvement in the provision of Government funded services, and some important administrative changes to separate the purchaser and provider roles.

In March 1997, the Office of Hearing Services (the "OHS") was formally established as a unit within the then Department of Health and Family Services to consult with stakeholders and to implement the reforms. The OHS formally assumed responsibility for the regulation and administration of the Hearing Services Program on 1 July 1997, and implemented the voucher system on 1 November 1997.

Presently, the Hearing Services Voucher System, established under the *Hearing Services Administration Act 1997*, allows eligible clients to obtain services and hearing devices from one of approximately 200 service providers.

The OHS is responsible for:

- assessment of client applications for hearing services and provision of vouchers to eligible clients;
- accreditation of hearing services providers (companies, partnerships, or individuals);
- development and monitoring of standards for clinical services;
- providing support to clients, practitioners and providers;
- coordination of quality assurance measures; and
- the provision of advice on policy and strategic directions for the provision of hearing services.

Service delivery to clients has continued to grow since 1997 and in 2007 - 2008 the OHS issued almost 250,000 hearing service vouchers of which approximately 90,000 of these were issued to clients new to the Australian Government Hearing Services Program.

Payments are made to hearing service providers (including Australian Hearing) for the delivery of services under the voucher system to eligible clients. The services include hearing assessments, the cost of the

hearing device and its fitting, and the government contribution to the maintenance and repair of hearing devices.

The voucher system provides for 100% free client devices and services or clients have a “choice” to “top up” with their own funds to gain access to higher end and more technically featured hearing aids. This model was introduced to effectively allow the Government to access a quality hearing aid at an extremely competitive international price. In practice, manufacturers and retailers use the “top ups” as a cross subsidy. In other words, without a certain minimum percentage of “top up” clients, the voucher system would not be viable or sustainable for providers to provide “free to client” services. In general, providers in Australia need to see around twice as many clients compared to providers in other industrialized countries to operate a sustainable business given the current reimbursement system and the split between “top ups” and “free to client” devices.

Eligibility requirements to receive the services are as follows:

Australian Citizens and Permanent Residents 21 years or older and in receipt of:

- a Pensioner Concession Card;
- a Sickness Allowance from Centrelink;
- the holder of a Gold Repatriation Health Card (DVA) issued for all conditions;
- the holder of a White Repatriation Health Card (DVA) issued for conditions that include hearing loss;
- a dependent of a person in one of the above categories;
- a member of the Australian Defence Force; or
- a person undergoing an Australian Government funded vocational rehabilitation service who are referred to the Office by a service provider.

In addition to voucher services, the OHS administers services to "special needs" groups.

Since 1997 Australian Hearing has provided services to these clients. This ensures access to quality hearing services by clients such as children and young adults under that age of 21 years; eligible Aboriginal and Torres Strait Islanders peoples; eligible clients with complex rehabilitation needs, and eligible clients in remote areas.

Funds are allocated to Australian Hearing for the delivery of services under the Community Service Obligations to meet the hearing needs of “special needs” groups. Clients under these categories receive the same services as those provided to voucher clients but they also receive additional services to address their specific needs.

In December 2008, the Office of Evaluation and Audit from the Department of Finance and Deregulation conducted an Audit of the Australian Hearing Specialist Program for Indigenous Australians and concluded that although the audit was favourable overall, there was some criticism of Australian Hearing’s lack of delivery of services to remote populations with high need.

HCIA acknowledges that the treatment of individuals with “special needs” requires a concentrated focus and specialist skilled clinical staff, for example, pediatric audiologists. HCIA concedes that the best model for the provision of this care is for it to be concentrated in a single provider with expertise and focus. HCIA commends the work of Australian Hearing in dealing with the “special needs” groups and strongly urges that this part of the programme be appropriately funded and that the focus that currently exists, is not lost or diluted in any way.

Whilst there may be gaps in service provision, Australian Hearing is none-the-less providing an extremely specialised service to a very special part of the Australian population. One of the reasons it can do this so successfully is the very rationale for a government run service to a special needs group. This has been the focus of Australian Hearing for a number of years, and in HCIA’s view, it would be a great pity if this focus was watered down in anyway.

2. About the Hearing Care Industry Association, its members and their work

The HCIA was incorporated as a Company limited by guarantee in March 2007.

Its mission is to serve the Australian community by facilitating the delivery of world class hearing healthcare to all Australians. The HCIA has at the core of its mission, its clients. It aims to help all Australians who are suffering from hearing loss to achieve a better quality of life.

HCIA represents hearing healthcare retailers* and provides a unified voice to all stakeholders, including government, the bureaucracy, the media, other professional bodies and the public.

HCIA was formed primarily to better inform policy development in this country, to provide a public voice on hearing related matters and to raise the profile of hearing issues in Australia. To date, HCIA has focused on the first part of its brief and has not yet taken a major role in leading the debate about hearing healthcare. It will do so over the coming year and to that end will seek funds from the Federal Government to develop and run a major public education and awareness campaign.

HCIA members have clinics in over 440 locations throughout Australia. They employ over 500 professional staff between them and service many thousands of hearing impaired Australians every day.

They work with the Office of Hearing Services through its voucher programme and with private patients.

***See Appendix One for a brief explanation about each member.**

3. The extent, causes and costs of hearing impairment in Australia and the implications of hearing impairment for individuals and the community

These two issues have been very well examined by Access Economics in their February 2006 report entitled *“The Economic Impact and Cost of Hearing Loss in Australia”*. HCIA cannot improve on this work, but we make the following points:

- In 2005 - 3.55m Australians suffered from hearing loss and nearly half of them were of working age (16-64 years).
- Hearing loss impacts one in six Australians and this is projected to increase to one in four Australians by 2050.
- Only one in four people who could benefit from a hearing aid have one.
- Employment rates for hearing impaired people, between the ages of 45 and 65, are lower than for comparable people in the rest of the population (20.5% lower for men and 16.5% lower for women).
- The direct financial cost of hearing loss was \$11.5b or 1.4% of GDP – the largest component of this being productivity loss.
- The total economic cost of hearing loss per annum is \$23b.
- \$62 per person is spent for hearing loss per annum as compared with \$10,904 per person with cancer or \$42,064 per person with mental illness.
- There is an average of six years between a person needing help with hearing and actually seeking help. There are two key factors which motivate a person to seek help. One is that the hearing problem becomes completely unmanageable and the second is that family members put pressure on them to do something about it.
- Hearing loss is not just an ageing issue – it is also associated with an increased risk of conditions such as heart problems; psychiatric disorders; affective mood disorders; poorer social relations; higher sickness impact profiles and reduced quality of life.

HCIA believes an area of great concern, and one that warrants the attention of Government, is the employment outcomes for people between the ages of 45 and 65 who suffer from hearing problems. These people have substantially lower participation in the workforce – ie. more than half of them in this age group with a hearing problem are not in paid work compared to less than a third of those without hearing

problems. This would strongly suggest that hearing impairment has a very substantial and unrecognised effect on workforce productivity.

This is well illustrated in Table 5-4 on page 54 of the Access Economics Report which shows the age-standardised employment rate for males 45-64 years with hearing loss was 20.5 percentage points lower than that for people without hearing loss. The age-standardised employment rate for females 45-64 years with hearing loss was 16.5 percentage points lower than that for people without hearing loss.

4. The adequacy of access to hearing services, including assessment and support services and hearing technologies

The hearing services provided in Australia are good by international standards although the methods of reimbursement differ substantially and international comparisons can be difficult. HCIA notes that for the target population, access is good, and waiting times are optimal for outcomes.

HCIA however believes that not enough attention has been given to whether or not the target area is the most appropriate.

In Australia, hearing services are provided for special needs groups and for people of pensionable age. The logic to providing hearing services to children is two-fold, one, to minimise any disruption to learning and educational development and attainment, and two, to develop expertise in one area in Australian Hearing - for what can be a very difficult group.

HCIA believes this logic to be sound – however, are of the view that targeting people of the pension age appears to be completely arbitrary.

In Australia, approximately 24% of people who would benefit from a hearing aid, have one. This is quite good by international standards, but still a long way off world's best practice – such as in Denmark, where 45% of people who need a hearing aid have one.

According to the Department of Health's own figures, the average age of people accessing hearing services under the OHS, is 79 years – yet half of the people in Australia with hearing loss, are under, 65 years of age.

If Australia were to move towards world's best practice, it should examine uncoupling access to hearing services and the pension age, so that people in the 45 to 64 age group (or part of that age group) could access hearing services at a time when they are highly motivated to use such services and thus remain productive for as long as they can.

Hearing is a critical sense for effective communication in the workplace. Most employment situations require verbal communication in order to effectively engage with co-workers or the public and effective hearing is also critical to assure safety on the job.

Without aided hearing – the hearing impaired person can be expected to suffer losses in remuneration due to underemployment; may make mistakes on the job; experience higher rates of unemployment and in general, experience an overall reduction in quality of life (anxiety, depression, social isolation) which may negatively impact on job performance.

HCIA accepts that Government funds are limited and understands that moving access from 65 to 45 might need to be done over a longer period of time. HCIA however believes that uncoupling the pension age from the hearing services would have very substantial productivity benefits and enable people to access services when they are most highly motivated to do so.

In relation to support services, HCIA will focus on one matter.

In May 2007, the OHS announced a new budget measure of \$28.2m over four years to improve the Government Hearing Program. The new service, Rehabilitation Plus, commenced on 1 January 2009 and is due to be phased in before the end of this year. Rehabilitation Plus was introduced after a 2004 survey by the Department showed that 30% of clients fitted under the program did not use their hearing aids. The program was introduced to give providers more time with clients and to reduce the non use of hearing aids.

(HCIA understands more recent research shows that hearing aid usage has improved, with 24% of clients fitted under the program not using their hearing aids).

Rehabilitation Plus has the laudable aim of improving rehabilitation of new clients accessing the OHS service.

However, uptake of the program has been very slow. The OHS has said that is because the providers do not understand how to deliver it.

HCIA disagrees. An alternate explanation is that the Department seems not to have considered that there is something fundamentally wrong with what the providers are expected to deliver or with what the consumers actually want.

HCIA members support the aim of improving the rehabilitation of hearing impaired clients and its members have tried a number of ways to introduce the program to its clients. However the overarching message that

HCIA receives from its member companies is that clients simply do not want it – or do not want it in its current form.

HCIA believes the design of the programme was poor and the consultation that took place prior to its introduction was negligible – and we would submit this is why it is not working in practice.

HCIA believes that the program needs to be more flexible and that it should be able to be delivered before or after a fitting. Also HCIA believes it should be offered not just to new clients, but to all clients.

HCIA recently conducted a survey of over 254 practitioners. Seventy three percent of them indicated that less than 5% of their clients wanted the program with clients making comments like:

- “the idea of rehabilitation training makes them think they are disabled”;
- “ there are too many appointments to attend – including fitting and follow up”;
- “the treatment process was exhaustive”;
- “are sick and can’t get out much”.

HCIA believes this program should be put on hold and a proper assessment undertaken of its viability into the future. HCIA also believes that the funds allocated to Rehabilitation Plus could be better spent elsewhere in the hearing services scheme, for example, they could be used to improve the erratic turn-around times for current voucher applicants. The OHS has previously stated it is under-resourced to provide a consistent and effective service to clients and to providers.

In relation to hearing technologies, HCIA is of the view that the technology available to hearing impaired people under the OHS program is of a very high standard and that Australia is a world leader in this respect.

HCIA believes that Government must continue to encourage investment in Australia so that hearing providers can continue to assist hearing impaired Australians, knowing that the need will increase as the population ages.

HCIA believes the OHS program must be user friendly to all stakeholders so that it enables a sustainable industry whilst providing excellent products and services to the hearing impaired. A key to this is maintaining a sensible divide between the “free to client” and “top up” devices. The industry can only

sustain the best level of “free to client” products in Australia if the balance between “free to client” and “top up” is maintained, as the top up devices well and truly subsidise the “free to client” access.

Further, if an eligible person for the OHS program is severe or profoundly hearing impaired they may nominate or may be directed by the OHS to access services via Australian Hearing under a Community Service Obligation funding scheme.

Although the suitability criteria for Cochlear implantation is broadening and is individually assessed, it is a technology that is predominantly suitable for those with severe to profound hearing loss, whereby conventional technology, i.e. hearing aids, do not provide adequate outcomes for this population.

The OHS program does not fund Cochlear implants or the speech processor. HCIA believes that OHS should provide all hearing impaired individuals, who are eligible for the program, with access to the most appropriate technology, regardless of the severity of the hearing loss.

HCIA wishes to **comment on the need to simplify** some of the systems within the OHS and will use the return voucher process as an example of a process that is confusing and distressing to some clients.

Last year the OHS introduced a new process in relation to return vouchers (ie. A client who has already used a voucher is contacted to see if they would like a new voucher and be retested). The OHS assumed responsibility for contacting all clients who had used a voucher in the last two years – by offering them a new voucher request form. This action has caused a breakdown in the client/provider relationship and has caused confusion with an increasing number of elderly clients. We understand the OHS has data that supports the failure of this initiative in terms of voucher flow and related client complaint calls.

HCIA also does not believe that the OHS has the appropriate systems, or indeed the appropriate staffing levels to ensure the new processes work efficiently. HCIA believes the increased workload introduced into the OHS as a result of the changing return voucher process has been partly to blame for the delays in process time of vouchers during the last quarter. The increasing complexity of the process and the extended time it takes for elderly clients to receive any kind of service, means that clients are increasingly confused and indeed distressed in trying to deal with the Office. HCIA’s experience is that clients are facing a process that takes nearly two months from the date of applying for a return voucher to having their follow up appointments (assuming they are eligible for a fitting at all)

HCIA are also concerned about the quality of data that is held by the OHS and have found that a large number of applications are rejected for reasons such as ; the client holds another voucher – when in fact they do not; or the client receives a voucher request form - when in fact they are deceased.

HCIA is aware that the OHS is trying to remedy these issues and applauds their efforts. HCIA have offered to help the OHS to develop a web-based system to deal with return vouchers and believe that same technology could be applied to new voucher applications as well.

HCIA members have both the experience and technological expertise to add real value to this process.

5. The adequacy of current hearing health and research programs, including education and awareness programs that are available to Australians.

The Government is to be commended for allocating over \$10.4m in the budget for hearing loss prevention programs. However after a lengthy tendering process, HCIA notes that only a very small proportion of this money has actually been allocated (\$1.3m). HCIA understands that there were nearly 30 applications but that only four grants were approved. HCIA also believes that those applications that were funded could well have been funded through other sources, given they are projects relating to academic research. HCIA believes that there has been a very generous expansion of medical research funding over the last decade and are puzzled that a program ostensibly designed to focus on hearing loss prevention programs would be so dramatically underspent and that the funds that were granted could have been funded from other sources, like the NH&MRC.

There is a glaring need for education and awareness programs.

We know from previous campaigns such as the National Skin Campaign and the National Tobacco Campaign that awareness campaigns can lead to changes in knowledge, attitudes and ultimately in changed behaviour.

Professor Harvey Dillon, Director at Australian Hearing's research division, the National Acoustic Laboratories, recently said that young people need to be aware that noise damage accumulates gradually and is not noticed until it is too late.

"While only a small proportion of older Australians attribute their hearing loss to loud music, it is probable that this statistic will grow when today's MP3-listening, club-going Generation Y'ers reach retirement or probably earlier," he said.

Listening to a personal stereo at maximum volume is about the equivalent to listening to a chainsaw..... early detection is key....the sooner you identify and treat a hearing loss, the easier it is to manage."

Available research tells us that 93% of people recognised they could be listening at a level which could damage their hearing but only 10% of people aged 20-34 use output limiting (limit the volume) when using their music device. Around 75% of people use these devices for 5 or more days per week.

HCIA would submit that young Australians know very little about the potential danger of listening to loud recreational music and that an awareness and educational campaign is urgently needed.

HCIA is in a unique position to drive such a campaign. Through its members it can reach over 500,000 people throughout Australia. Many of these people are adults experiencing hearing loss and are thus much more likely to be highly motivated to prevent hearing loss in their children and grandchildren.

HCIA urges Government to fund an awareness and education campaign specifically aimed at young people, informing them how they can protect their hearing, particularly in recreational settings.

6. Specific issues affecting indigenous communities

In December 2008, the Office of Evaluation and Audit from the Department of Finance and Deregulation conducted an Audit of the Australian Hearing Specialist Program for Indigenous Australians and concluded that although the audit was favourable overall, there was some criticism of Australian Hearing's lack of delivery of services to remote populations with high need.

HCIA commends the work of Australian Hearing in dealing with the "special needs" groups and urges the Government to continue to ensure this part of the programme continues to be appropriately funded. HCIA concedes the best model for the provision of this care is for it to be concentrated in a single provider with expertise and focus. Australian Hearing has this.

Donna Staunton
Chief Executive Officer

Annexure A

AudioClinic

AudioClinic has been providing hearing care in Australia since the 1970's when hearing instruments were sold through Angus and Coote. AudioClinic was formed in 1992 when Angus and Coote's hearing aid division was acquired and it is now the third largest hearing care provider in the country with more than 62 clinics spread over all States of Australia.

AudioClinic is part of Oticon Australia which is owned by William Demant Holding – one of the world's largest and leading manufacturers of hearing instruments, based in Denmark. Through its Foundation, Oticon donates funds to hard of hearing communities around the world. It also recently gave a grant of several hundred thousand dollars to the Audiology Department of the University of Melbourne.

The General Manager of AudioClinic, Peter Carstensen is a Director of HCIA and sits on the Minister's Hearing Services Consultative Committee.

BayAudio

Bay Audiology was originally founded in New Zealand in 1993. In January 2007, the Company expanded into Australia by acquiring two clinics in Queensland. Bay Audio now has 21 permanent hearing locations, and over 25 visiting sites throughout Queensland and New South Wales.

Bay Audio is now one of Australia's leading hearing health companies, committed to helping the hearing impaired discover a better quality of life by providing solutions and advice about hearing loss.

The General Manager of Bay Audiology, Andrew Campbell is a Member of HCIA.

ConnectHearing

ConnectHearing is an Australian retail network of hearing healthcare centres, which has grown from a retail hub of 8 centres across in Sydney to over 80 centres Australia-wide in two years.

ConnectHearing is part of The Sonova Group, a Company which specialises in the design, development, manufacture, distribution and service of hearing systems and related products.

The Managing Director of ConnectHearing, John Gimpel, is a Director of HCIA.

HearingLife Australia

HearingLife is one of the world's fastest growing hearing care networks, founded in Australia – with a history spanning more than 70 years. It has over 46 permanent sites and approximately 150 visiting clinics. HearingLife has now branched out into the USA where it has now approximately 40 permanent sites. The Company continues to build upon its past history and reputation to provide the very highest levels of professional service, ethical standards, honesty and integrity.

HearingLife has excellent relationships with Australian Universities, through the provision of teaching services in the field of Audiology.

The Managing Director of HearingLife, Ashley Wilson, is a Director of HCIA and a former board members of the Australian Health Industries Inc.

National Hearing Care

National Hearing Care was established in 1996 and is a fully owned Australian business. It is represented in all parts of Australia, other than the Northern Territory. It has around 90 permanent sites and over a quarter of these are based in regional locations. It works extensively with all Australian Universities to provide clinical placement opportunities with Australian Audiology students around the country. Together with Australian Hearing it is the lead provider of university placements in the country.

NHC also supports Project Happy Hears – which funds recreational activities for rural orphanages in Fiji. NHC also operates in NZ and has recently commenced operations in India.

The Chief Executive Officer of NHC, Mr John Pappalardo, is the Chairman and Director of HCIA.

The Neurosensory Unit

The Neurosensory Unit has a thirty one year history of providing audiology services to the medical community and direct to clients. The NSU is affiliated with ENT surgeons and thus provides a comprehensive service to clients, which includes medical care when required.

The NSU have 12 clinics in Queensland and Northern New South Wales.

The ENT surgeons associated with The NSU support a number of public health programs, and one of their consultants, Dr Chris Perry was awarded an AOM this year for his service to indigenous health in ENT medicine. A number of the NSU's other consultants provide their expertise to the Pacific Islands and beyond as part of their community role.

The Chief Executive Officer of NSU is Nina Quinn, a Member of HCIA.

Widex Australia

Widex Australia operates a network of hearing aid clinics comprising approximately 50 permanent sites and over 140 visiting sites that provided hearing services to metropolitan, regional and rural communities.

Widex was founded in Denmark in 1956 by the Topholm and Westermann families and is a world leader in the development and production of high-tech hearing aids, providing hearing impaired people from all over the world with a better world of sounds. Today Widex is still owned and managed by the Topholm and Westermann families.

In 1995, Widex introduced the first digital in-the-ear hearing aid: the Senso CX. The following year the company revolutionised the market when it introduced the first digital completely-in-canal hearing aid, marking the point when the digital hearing aid became one of the most popular and celebrated solutions for people with hearing impairment.

Widex has strong links with Australian Universities and continues to focus on research and development and quality hearing care.

The Chief Executive Officer of Widex, Craig Curtis, is a Director of HCIA.

