



ASOHNS

THE AUSTRALIAN SOCIETY
OF OTOLARYNGOLOGY
HEAD AND NECK SURGERY



Hear now. And always



2020-21 Pre- Budget Submission

Keeping Senior Hearing Implant Users Connected

Proposal to fund the replacement hearing implant sound processors for over 65s

Summary

As the leading providers of technology, services, support for Australians with hearing implants, Audiology Australia, the Australian College of Audiology, the Australian Society of Otolaryngology Head and Neck Surgery (ASOHNS), Better Hearing Australia, CICADA Australia, CICADA Queensland, Cochlear Ltd and Independent Audiologists Australia, welcome the opportunity to make this Pre-Budget Submission.

To give Australians who are over 65 and have received a hearing implant to treat their hearing loss, equitable access to public funding for their hearing devices, we propose the Government:

1. Makes an **immediate and one-off injection of up to \$2.8 million** into the **Hearing Services Program** to keep our most vulnerable seniors connected to their communities by funding replacement of **obsolete cochlear and bone conduction implant sound processors for pensioners who are over 65** and have no other source of funding.
2. Establish a Commonwealth Department of Health led reference group including relevant Commonwealth and State agencies and consumer groups to develop a longer term, ongoing public funding pathway to provide over 65s with replacement sound processors according to clinical need.

This proposal reflects a short-term action of Australia's Roadmap for Hearing Health developed by the Hearing Health Sector Committee and reviewed by the Council of Australian Governments (COAG) Health Council in March 2019¹. Implementation would deliver tangible progress on a key recommendation.

Details of the submission and background information are provided in the following sections.

Please contact Cochlear's Senior Government Affairs Manager, Brooke O'Rourke (borourke@cochlear.com or 0431252024) for further information or to discuss this submission.

¹ " Extend coverage of the HSP to include cochlear implant speech processors, including addressing the gap in support for people over 26 and particularly those over 65", Roadmap for Hearing Health, p. 17, Key Actions, point 7.

[https://www1.health.gov.au/internet/main/publishing.nsf/Content/CDFD1B86FA5F437CCA2583B7000465DB/\\$File/Roadmap%20for%20Hearing%20Health.pdf](https://www1.health.gov.au/internet/main/publishing.nsf/Content/CDFD1B86FA5F437CCA2583B7000465DB/$File/Roadmap%20for%20Hearing%20Health.pdf)

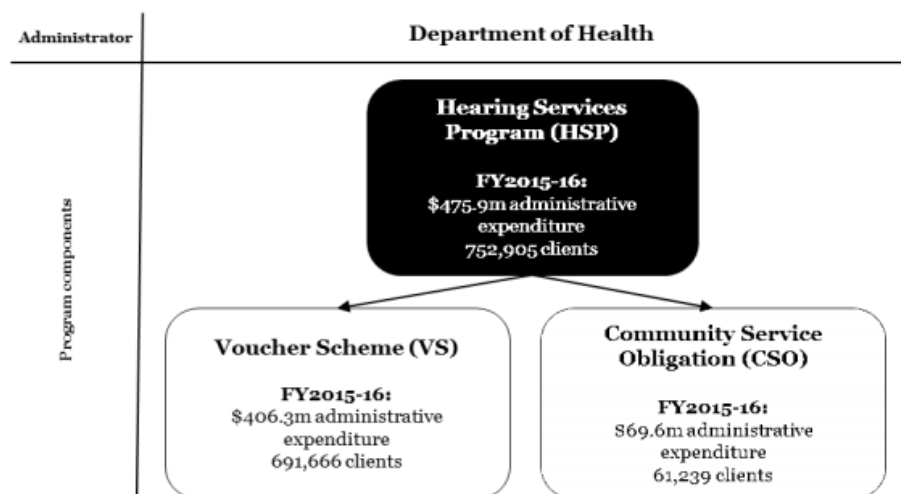
Commonwealth funding for access to hearing services and eligible hearing devices

The Australian Government provides access to publicly funded hearing services and devices through the Hearing Service Program (HSP). The HSP has two service delivery programs:

- Voucher Program (VP) - delivered to eligible clients by contracted private service providers and Hearing Australia. Clients are issued with a voucher for hearing services and fully or partially subsidised devices that they can use at a service provider of their choice; and
- Community Service Obligation (CSO) program—currently delivered by Hearing Australia under a Memorandum of Agreement with the Department of Health to meet the hearing needs of vulnerable groups, including children and young adults (0-26), eligible Indigenous Australians and eligible adults with complex hearing needs (including people with severe to profound bilateral hearing loss).

The 2019-20 Budget placed the total cost of the HSP at \$548 million² for FY19. Delivery of the VP, and specifically the cost of fully or partially subsidising hearing devices, constitutes the bulk of this cost.

The most recent publicly available information on the cost of the VP (a subset of the HSP as described above) were provided by the Review of the Services and Technology Supply in the Hearing Services Program completed in September 2017³. This put the FY15-16 cost of the VP at \$406 million (see diagram below.) Based on FY2019-20 Budget figures, the VP's cost is estimated at \$450 million.



Source

Department of Health and PwC analysis.

² <https://www.health.gov.au/sites/default/files/health-portfolio-budget-statements-2018-19.pdf> p 93

³ The Commonwealth Department of Health commissioned PwC to undertake the review http://www.hearingservices.gov.au/wps/portal/hso/site/about/whoarewe/publications/pwc_report_lp/lut/p/a1/04_Sj9CPykssy0xPLMnMz0vMAfGjzOK9A03NDD0NjLwtwvzdDBwd_UJ9vNxMjAz8DYAKIvEoMDAIr8BDuBoQEi_FxEWGBX5Ovum60cVJZk6GbmpeXrR5Rn5CcWpZan6kcUICblZCaD_VsM5JUnxxelFuQXlctnFOiH60fhNR7kPbACPO4vyA2NqPjxsvRMV1QEABliu5E!/dl5/d5/L2dBISevZ0FBIS9nQSEh/

Over 65s with hearing implants do not receive equitable levels of support

With only rare exceptions, hearing implant recipients who are over 65 don't have access to public funding for hearing implant replacement sound processors through the Commonwealth or State health, disability or aged care systems.

People who are 65 or older are the largest segment for implant surgeries in Australia accounting for 43 per cent of cochlear implant surgeries in FY2018⁴. Since FY2001 around 40 per cent of all surgeries for people aged 65 or older have been publicly funded (see Table 4 on page 9).

The HSP CSO program funds sound processor parts and repairs for eligible people including aged pensioners who enter into a maintenance agreement with Hearing Australia. However, the HSP does not fund implant sound processor replacements for anyone over 26.

The *Australian Hearing Services (Declared Hearing Services) Determination 2019* specifically excludes the provision of cochlear implant speech processor units from the definition of services that are declared services (and therefore available to people eligible to access the HSP) for all classes of people other than young Australians under 26.

Many hearing implants recipients can participate in National Disability Insurance Scheme (NDIS.) In keeping with their NDIS plan objectives, the recipient may receive replacement sound processors. If an implant user enters the NDIS before turning 65, they may continue to access funding through the NDIS after they turn 65. However, the NDIS is not available for those who are implanted after they turn 65.

All States deliver hearing implant surgical programs through their public hospital system. These programs fund surgery, initial implant systems and some after care. With the exception of South Australia, which has provided an allocation of funding for replacement cochlear sound processors through the Flinders Medical Centre, these programs currently do not fund replacement sound processors for any recipients.

The NSW Government established a one-off program in FY2016-2017 to address this gap and funded replacement technology for more than 250 seniors using soon to be obsolete sound processors over three years. This program has now ended. No other State has established a similar program.

Urgent funding required to address immediate impact of technology obsolescence

Around Australia, there are an estimated 350 people over the age of 65 with cochlear or bone conduction implants relying on sound processors that are obsolete. This estimate is inclusive of all implant brands available in the Australian market.

As obsolete technology is no longer manufactured, access to spare parts becomes increasingly impractical. All hearing implant manufacturers are continually improving sound processors and accessories. However, there is also a practical requirement to eventually discontinue selling and supporting older model sound processors, some introduced more than 20 years ago.

This is a normal part of the technology lifecycle which is not unique to implant sound processors. Just like other consumer technology such as mobile phones, as newer generations of sound

⁴ Australian Institute of Health and Welfare, Procedures and healthcare interventions datacubes FY2001 to FY2018; <https://www.aihw.gov.au/reports/hospitals/procedures-data-cubes/contents/data-cubes>. We have used the 0-24 age group rather than 0-18 to more closely reflect the availability of funding for hearing support for people aged 0-26 under the Hearing Services Program.

processors become available, older products are discontinued and over time services and repairs are cease

Historically, each generation of implant sound processor is sold for roughly 10 years (from time of release to cessation of sale) and supported for an additional 5-10 years before repairs and parts can no longer be provided. For example, by 31 December 2019 Cochlear Ltd will no longer provide parts or repairs for Freedom® cochlear implant sound processors which were first made available in the Australian market in 2005.

More than half of Australian aged over 65 have private hospital treatment cover⁵. However, as previously noted, over the past 10 years 40 per cent of cochlear implant recipients over 65 relied on a public implantation program for their surgery. The figures for FY2018, the latest publicly available figures, show the split between public and private has remained relatively constant with around 40 per cent using the public system. Most, if not all, of these people will not have private health insurance to support the necessary periodic replacement of a sound processor.

Many seniors in this situation are currently relying on donations or other ad hoc supports to keep them hearing. If they had less severe hearing loss or were still using hearing aids that were not providing clinical benefit, the HSP would either fully or partially subsidise the purchase of replacement hearing aids.

This situation is inequitable and disadvantages some of our most vulnerable Australians – seniors with severe to profound hearing loss. In addition, as the majority of these seniors were initially implanted through a State public implant program, if their sound processor technology is not upgraded, and at worst they are left without a functioning implant, the value of the initial funding is eroded and potentially even wasted.

Hearing loss is linked to higher risk of social isolation, depression and cognitive decline

Many Australians impacted by untreated hearing loss experience social withdrawal, anxiety, depression and low health status. In older adults, there is a clear association between hearing loss, cognitive decline and dementia and a greater risk of injury due to falls and other accidents.

The Lancet Commission on Dementia Prevention, Intervention and Care 2017⁶ identified hearing loss in mid and late life as the single biggest modifiable risk factor for dementia. Studies have shown mild hearing loss increases the risk of dementia two-fold, moderate hearing loss increases the risk three-fold and severe hearing loss increases the risk five-fold⁷. Further, evidence from the United States shows people with hearing loss are 47 per cent more likely to be hospitalised than those without hearing loss⁸.

People get a hearing implant because it is the only option available to give them functional hearing and keep them socially, emotionally and cognitively connected. Given the growing evidence about the impact of untreated hearing loss on the mental and cognitive health of older people, it is critical that every effort is made to keep these people hearing by ensuring their hearing implant is operational.

⁵ Private health insurance membership and coverage statistics September 2019, Australian Prudential Regulatory Authority <https://www.apra.gov.au/quarterly-private-health-insurance-statistics>

⁶ <https://www.thelancet.com/commissions/dementia2017>

⁷ *Dementia incidence in 639 adults followed for >10 years in the Baltimore Longitudinal Study of Aging; Lin et al., Arch Neuro., 2011*

⁸ Reed et al (2019) Trends in Health Care costs and utilisation associated with untreated hearing loss over 10 years; JAMA Otolaryngology-Head and Neck Surgery 145(1) 27-34

Recommended short-term action

A one-off injection of funds to the HSP to address the backlog of people aged 65 and older using an obsolete sound processor. This would leverage existing administrative arrangements for the delivery of a one-off support

Proposed Funding Commitment for Budget 2020-21: Up to \$2.8 million over the forward estimates to replace obsolescent sound processors and administration. This estimate is based on 350 devices at prostheses list prices of \$9,078 for Nucleus 7 sound processor for cochlear implants and \$6,484 BAHA 5 sound processor for bone conduction implants⁹. The actual cost will depend on further analysis of the number of people affected and the mix of brands used by these people (prostheses list price of replacement cochlear implants and bone conduction sound processors vary slightly between manufacturer).

Estimate of 65+ hearing implant users with obsolete technology

	NATIONAL	NSW/ACT	VIC	QLD	WA	SA	TAS
Adults	230	4*	50	72	41	45**	19
Cochlear Implant SP							
Bone Anchored SP	120	50	26	13	24	4	3
Total	350	54	76	85	65	49	22

* The NSW State funded program largely resolved the immediate obsolescence issue for those with cochlear implants. The remaining people were under 65 when the program was running and have now turned 65.

** It is anticipated funding recently allocated for sound processor replacements at Flinders Medical Centre will have largely addressed this issue in South Australia in the immediate term. However, this needs to be validated.

Recommended medium-term action

Given the number of people who are being implanted for the first time at 65 or older and the intersection of health, disability and ageing policy and funding issues, this is an ongoing funding gap that will require discussion between Commonwealth and States to establish a longer-term, practical solution.

We propose the Commonwealth Department of Health engage relevant stakeholders including Hearing Australia, NDIA, State Health Departments, clinicians and hearing implant recipients to develop an agreed view of future demand, potential cost/benefit, appropriate funding mechanisms and potential administrative/delivery models. It is expected this process would also require consideration of how people over 65 are more broadly supported by the Hearing Services Program to access hearing devices and other supports that address their specific needs.

⁹ <https://www1.health.gov.au/internet/main/publishing.nsf/Content/health-privatehealth-prostheselist.htm>

Background

Hearing loss and cochlear implants

A 2017 report prepared by Deloitte Access Economics estimated that 3.6 million, or one in six, Australians are deaf, hard of hearing or live with hearing loss¹⁰. This number is expected to double to 7.8 million by 2060, largely due to the ageing population. More than one third of Australians aged 65 have a disabling hearing loss.

The Deloitte Report also estimated up to 280,000 Australians have severe to profound deafness or hearing loss¹¹. A person with severe hearing loss will have difficulty understanding normal speech even when wearing hearing aids but may hear loud voices at close distances (up to one metre). A person with profound hearing loss will always have trouble understanding conversational speech even with hearing aids and would not detect even the loudest components of shouting unaided.

There are different types of hearing loss which affect the potential range of treatment options. Sensorineural hearing loss occurs when the inner ear (cochlea) or hearing nerve is damaged or does not work properly. Common causes include: congenital hearing loss, ageing, exposure to loud noise, head injury, and adverse reactions to medications. With sensorineural hearing loss, sounds are not only softer, but also difficult to understand — especially when it is noisy.

For many people with severe to profound sensorineural hearing loss, hearing aids are insufficient or ineffective. A cochlear implant (CI) system is the only viable option to give these people functional hearing particularly speech understanding. A CI system consists of two parts:

- the surgically placed Implant that is designed to be last many decades and;
- the externally worn sound processor which is fitted by an audiologist, is intended to be worn every waking hour of the user, and will need to be maintained and periodically replaced with a new sound processor.

Both the implant and sound processor work together to address sensorineural hearing loss. Each is integral to the operation of the other component. Refer to Appendix A for more detail on how CIs work.

Cochlear implantation in Australia

It is estimated around 14,000 Australians have CIs on either one ear or two ears (bilateral). Australia leads the world for cochlear implantation in children with around 90 per cent of all children who could benefit from a CI being implanted. In contrast the rate of implantation for adults is at about 11 per cent.

The following tables show the number of ears implanted in Australia each year since Financial Year (FY) 2000-2001 to FY 2017-18 (the latest figures available) and the cumulative number of ears implanted. Given a bilateral implantation rate of around 30 per cent has been established since FY07, it is estimated around 1,200 people were implanted in FY18.

¹⁰ The Social and Economic Cost of Hearing Loss in Australia June 2017, Deloitte Access Economics commissioned by the Hearing Care Industry Association <http://www.hcia.com.au/hcia-wp/wp-content/uploads/2015/05/Social-and-Economic-Cost-of-Hearing-Health-in-Australia-June-2017.pdf>

¹¹ As above page 20

Table 1 – Number of ears implanted annually¹²

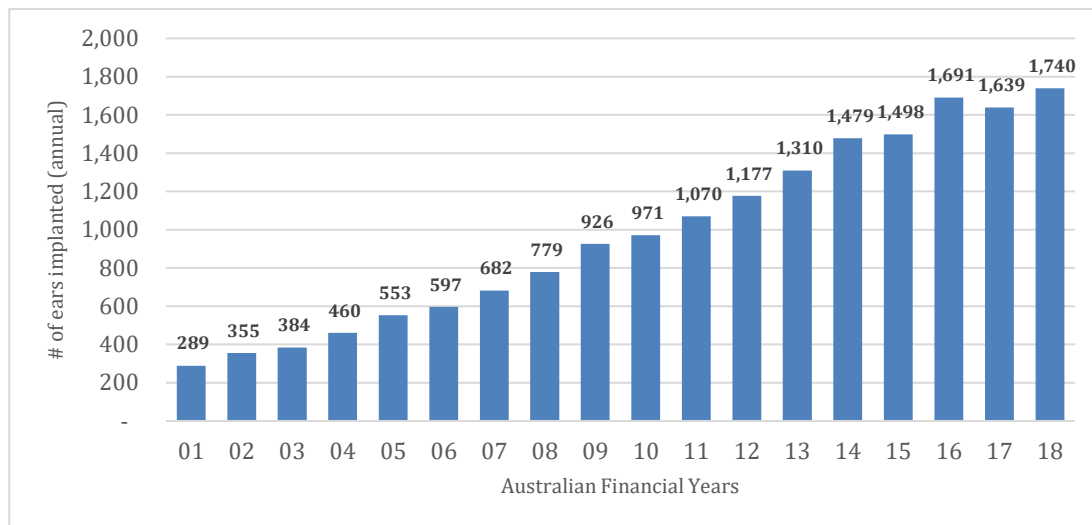


Table 2 – Cumulative ears implanted by year¹³

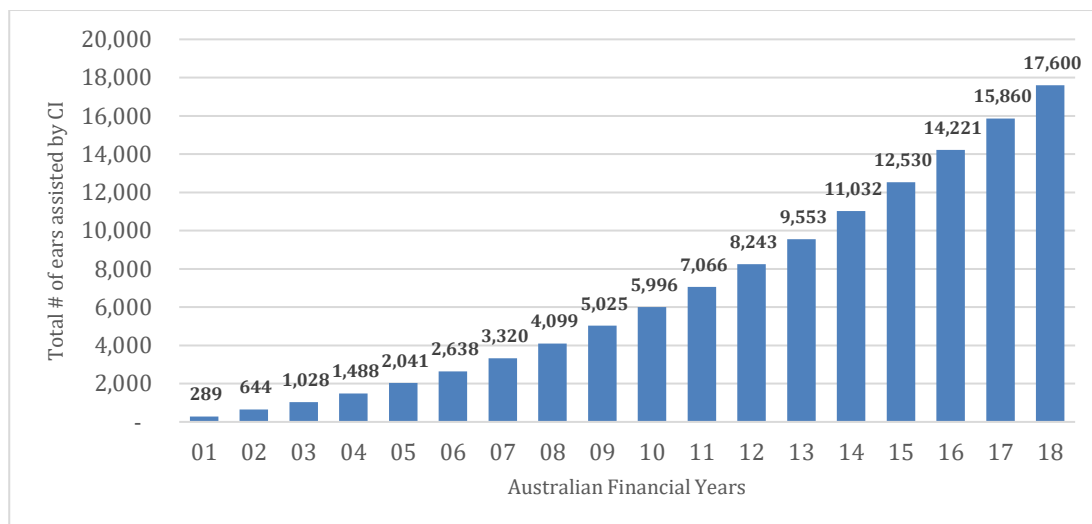
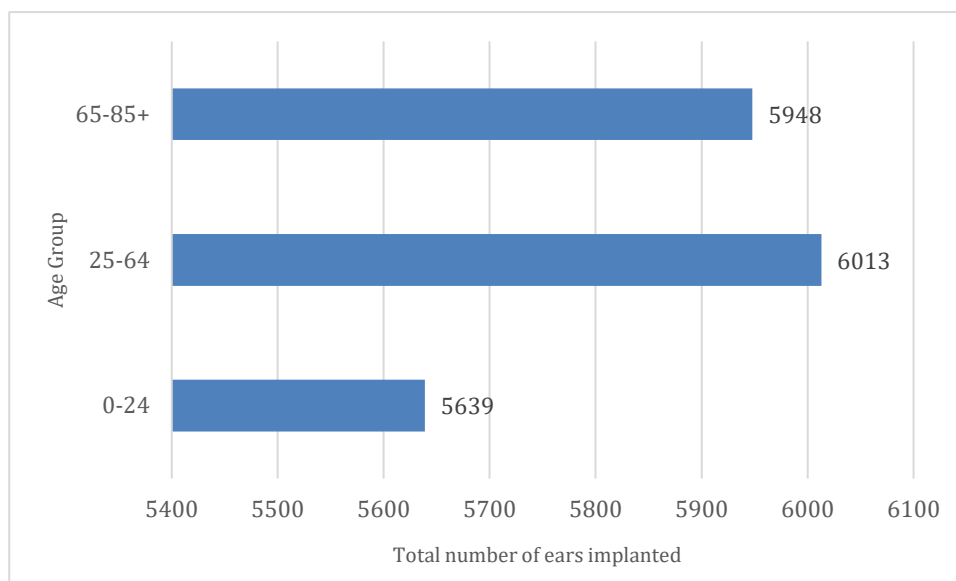


Table 3 shows the number of ears implanted between FY01 and FY18 according to age group. Nearly 70 per cent of all CI surgeries have been performed on people over 25 (34 per cent for ages 25-64 and 34 per cent for people aged 65 – 85+).

¹² Australian Institute of Health and Welfare, Procedures and healthcare interventions datacubes FY2001 to FY2018; <https://www.aihw.gov.au/reports/hospitals/procedures-data-cubes/contents/data-cubes>

¹³ As above.

Table 3 – Total ears implanted by age group between FY01 and FY18¹⁴



While 66% of current CI users had surgery before they were 65, implantation in over 65's has grown faster than all other age groups, consistent with the prevalence of hearing loss in older age groups.

Over the last 3 years, the 65 and over age segment has been the only one that has grown considerably - by 12 per cent (0-24 grew 2 per cent and 25-64 grew 3 per cent). In FY18 people over 65 accounted for 43 per cent of all CI surgeries.

Funding for cochlear implant surgery – private and public

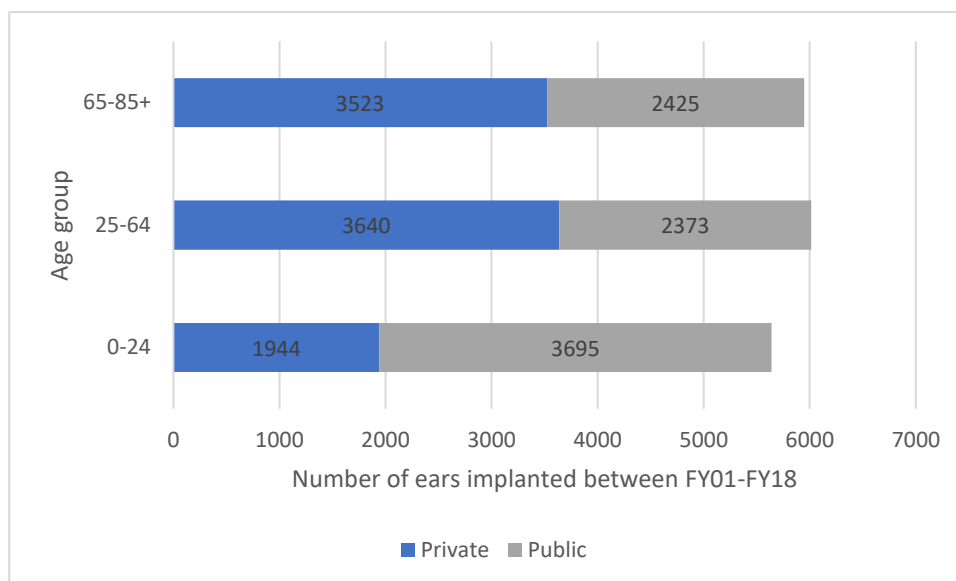
Cochlear implantation surgery is available in both the public and private health systems. Cover for CI surgery is now mandatory in Gold and Silver private health insurance hospital products¹⁵. As Table 4 indicates, between FY01 and FY18, the overall split between public and private has been roughly 50/50.

However, the comparison according to age group shows 65 per cent of people aged between 0-24 are publicly funded whereas people aged more than 25 are much more likely to use private health insurance for their surgery, with public funding rates of 39 per cent of people aged between 25-64 and 41 per cent for people aged 65 – 85+.

¹⁴ Australian Institute of Health and Welfare, Procedures and healthcare interventions datacubes FY2001 to FY2018; <https://www.aihw.gov.au/reports/hospitals/procedures-data-cubes/contents/data-cubes>. We have used the 0-24 age group rather than 0-18 to more closely reflect the availability of funding for hearing support for people aged 0-26 under the Hearing Services Program.

¹⁵ <https://www.health.gov.au/resources/publications/private-health-insurance-reforms-gold-silver-bronze-basic-product-tiers-fact-shee>

Table 4 – Comparison of CI surgeries completed with public and private funding¹⁶



This reflects the historic and current prioritisation of children for CI surgery in the public system and inadequate allocation of resources for adult implantation in some States.

Funding for cochlear implant sound processors – Private Health Insurance, NDIS and the Hearing Services Program

Funding for cochlear implantation surgery and CI systems (including the initial sound processor required to make the implant work) is provided separately to funding for replacement sound processors which will be needed throughout the life of the CI user.

Many private health funds make funding for replacement sound processors available as an ex gratia payment in relation to a hospital product that covers implantation. With the exception of South Australia, the State public CI programs do not fund replacement sound processors.

For most CI users aged between 26 and 64, the NDIS now provides a pathway to access government support for their disability post-implantation, often for the first time. This includes funding to maintain their CI sound processor (sound processor) and replace it with a new one when necessary due to wear and tear, obsolescence or clinical necessity.

Leaving aside the support that is now available under the NDIS, the Hearing Services Program (HSP)¹⁷ is the major source of funding for CI users to maintain and/or replace their sound processor if functionally required.

¹⁶ Australian Institute of Health and Welfare, Procedures and healthcare interventions datacubes FY2001 to FY2018; Medicare online database of items processed for MBS item 41617 (insertion of cochlear implant) between FY01 and FY18
http://medicarestatistics.humanservices.gov.au/statistics/do.jsp?_PROGRAM=%2Fstatistics%2Fmbs_item_standard_report&DRILL=ag&group=41617&VAR=services&STAT=count&RPT_FMT=by+state&PTYPE=finyear&START_DT=200007&END_DT=201806

¹⁷ <http://www.hearingservices.gov.au>

About Audiology Australia

Audiology Australia is a not-for-profit, professional member association, which represents more than 2,900 audiologists across Australia. Audiologists are university trained health professionals who specialise in the identification, diagnosis and rehabilitation of hearing loss, tinnitus and balance disorders.

Membership with Audiology Australia as an Accredited Audiologist is a requirement to provide government-funded audiological services such as those funded via:

- Department of Health's Hearing Services Program
- Medicare
- NDIS
- State and Territory workers' compensation schemes (such as Workcover)
- Department of Veterans' Affairs.

Private healthcare funds also require that the audiologist is a member of Audiology Australia for hearing service fees to be reimbursed

About the Australian College of Audiology

Australian College of Audiology's (ACAud) aim is to promote and develop the science and practice of hearing care through the education and support of its members. Members are professional practitioners who provide hearing care and are located throughout Australia.

Objectives of ACAud include:

- Support members in the provision of optimal hearing care to their clients
- Establish and evaluate standards of clinical competency, ethics and codes of practice for members
- Ensure members have appropriate and continuing educational opportunities
- Promote research in the field of audiology and hearing care
- Promote public awareness of audiology and community support for hearing care

About the Australian Society of Otolaryngology Head and Neck Surgery (ASOHNS)

ASOHNS is the representative organisation for Ear Nose and Throat Head and Neck Surgeons in Australia, and dates from 1950.

ASOHNS Members are Specialist Surgeons who investigate and treat conditions of the ear, nose, throat, and head and neck, such as:

- nasal and sinus conditions
- snoring and breathing problems
- tonsillitis
- cancer of the throat, voice problems
- plastic surgery of the nose and face
- hearing difficulties and deafness
- tumours of the head, neck and ears

About Better Hearing Australia

Better Hearing Australia is a national organisation for all people in Australia with hearing loss or impairment. We are the longest-running hearing advocacy and consumer advice organisation in Australia. We are supporting people with hearing loss by:

- Creating awareness of their specific needs
- Advocating for their needs through timely and effective interventions that improve quality of life
- Assisting them to maintain their economic independence and social connectedness
- Our goal is to enhance a person's wellbeing through developing good communication and life solutions by the provision of education, support and advocacy.

About CICADA Australia Inc

The Cochlear Implant Club and Advisory Association (CICADA) is a registered charity and volunteer group supporting people with cochlear implants. We provide support to hearing impaired Australians through information, education, advocacy and social events. CICADA Australian Inc is affiliated with other and independent CICADA associations in other states and regions of Australia.

About CICADA Queensland

CICADA Queensland is a completely independent not-for-profit support organisation staffed by volunteers. We aim to help hearing-impaired people who have a Cochlear Implant – and people who are thinking about getting one – connect with others in a similar position and make new friends in a supportive environment. We are also involved in championing hearing-impaired and cochlear implant recipients' rights and awareness in the broader community. CICADA Queensland is affiliated with CICADA Australia, Inc.

About Cochlear Limited

Cochlear is the global leader in implantable hearing solutions - including cochlear, bone conduction and acoustic implants. Today, operated out of its global headquarters at Macquarie University, Cochlear is a Top 50 ASX-listed company with annual revenues of \$1.4 billion, 95 per cent which is earned from exports around the world. Cochlear is supported by a workforce of 4,000 employees.

Cochlear invests AUD\$180 million each year in research and development and participates in over 100 collaborative research programs.

Cochlear strives to help people “Hear now. And always” – through a lifetime of hearing through the best possible support.

About Independent Audiologists Australia

Independent Audiologists Australia (IAA) is an incorporated association of audiologists who own and operate their practices across more than 200 sites across Australia.

IAA set standards for members to ensure quality, integrity and independence in hearing and balance care promoting a high standard of knowledge and reputable conduct amongst

audiologists in private independent practices. Support for members is provided through an ongoing education program and advocacy for the profession.

Our members hold specialized University qualifications in audiology, adopt quality clinical and ethical standards and offer independent choice of hearing devices based on individual need identified through professional diagnostic assessment.

Appendix A

How a cochlear implant works

Hearing with a cochlear implant

1. Microphones on the sound processor pick up sounds and the processor converts them into digital information.
2. This information is transferred through the coil to the implant just under the skin.
3. The implant sends electrical signals down the electrode into the cochlea.
4. The hearing nerve fibres in the cochlea pick up the signals and send them to the brain, giving the sensation of sound.

