

- If you are viewing this course as a recorded course after the live webinar, you can use the scroll bar at the bottom of the player window to pause and navigate the course.
- This handout is for reference only. It may not include content identical to the PowerPoint. Any links included in the handout are current at the time of the live webinar, but are subject to change and may not be current at a later date

© continued.com, LLC 2017. No part of the materials available through the continued.com site may be copied, photocopied, reproduced, translated or reduced to any electronic medium or machine-readable form, in whole or in part, without prior written consent of continued.com, LLC. Any other reproduction in any form without the permission of continued.com, LLC is prohibited. All materials contained on this site are protected by United States copyright law and may not be reproduced, distributed, transmitted, displayed, published or broadcast without the prior written permission of continued.com, LLC. Users must not access or use for any commercial purposes any part of the site or any services or materials available through the site.

An Audiologic Care Delivery Model for the 21st Century

Kim Cavitt, AuD
Audiology Resources, Inc.
President, Academy of Doctors of Audiology

**How Do More Than 65% of the
Hearing Aid Dispensing Practices
Price Their Hearing Aids?**

In a Bundled Manner

Why Do This?

The goal of today's presentation is to set the stage for the presentations this week.

We want attendees to be open to a new way of thinking about hearing aid delivery and pricing.

We want attendees to make informed decisions rather than fear based decisions.

What is Bundling?

Billing all items and services associated with the evaluation, fitting, and management of a hearing aid, as well as its related goods, under one code on the date of fitting.

4

Why do the Majority of Practices Bundle Their Hearing Aid Pricing?

Honestly, because that is how hearing aid pricing has always been; long before audiologists began dispensing hearing aids in 1978

Why???

Despite changes in medical and retail sales, the influx of audiologists into the delivery paradigm, and changes in technology, hearing aids are delivered in essentially the same manner as they were 50 years ago

Do You Buy
“Commodities” the
Same Way Today as
You Did in 1970?

The Answer....

Has to be “No” for Most
of Us...but we are forcing
our patients into the
same delivery and pricing
model we have always
had.

What is this Bundled Pricing Strategy Actually Based On?

- Typically, nothing tangible.
- Rather it is typically a rudimentary calculation of invoice times X

9

Why we Need to Move Past 1970: The New Norm

- The “status quo” may no longer suffice.
- We have to differentiate ourselves and our services from these disruptive forces that now exist in the marketplace.
 - How do we price the product and value the service?
 - How do we provide care and services not offered or available through these disruptive entities?
 - How do we embrace these patients who have procured their devices by “disruptive” means?
 - Do we turn them away?
 - Do we engage the “price shoppers”?
 - How do we expand our focus from just selling a “widget” or a “commodity”?

10

Your “Real” Competition

- ▶ Your Manufacturers You Work With:
 - Sonova (Phonak), William Demant (Oticon), Starkey, Great Nordic (GN Resound) and Siemens all own clinics and “direct to consumer” enterprises (EPIC, AHAA, HearUSA, and Hearing Planet).
- ▶ Your Third-Party Payers (which you voluntarily participate with):
 - HiHealth Innovations
 - Medicaid.

11

Your “Real” Competition

- ▶ Medical Community:
 - Otolaryngologists.
 - Internists.
 - Optometrists.
- ▶ Third-Party Administrators:
 - HearPO.
 - EPIC.
 - TruHearing.
 - HearUSA.

12

Your “Real” Competition

► Big Box Retailers:

- Sears.
 - Miracle Ear.
- Walmart/Sam’s Club.
 - Hearing Review has estimated that 200 of the 620 Sam’s Club locations offer hearing aids.
- Costco
 - Second largest dispenser of hearing aids in the US to the VA
 - Per Hearing Review, has seen 20–25% growth in number of units dispensed.

13

Your “Real” Competition

► Apps:

- Ear Machine.
- I-Hear.
- Sound Focus.

► The Government:

- Expansions of VA and Medicaid Benefits and Coverage.
 - Many of these patients would have privately paid for hearing aids 10 years ago.

14

Your “Real” Competition

► Online Retailers / Mail Order Retailers:

- Ebay.
- Audicus .
 - <http://www.audicus.com/pages/online-hearing-aids?qclid=CLy8tonduboCFYg7Mgodij0A5w>
- MD Hearing Aid.
 - <https://www.mdhearingaid.com/shop/mdhearingaid-pro/>
- Embrace Hearing.
 - <http://www.embracehearing.com>

15

Your “Real” Competition

► Online Retailers / Mail Order Retailers:

- Hearing Planet.
 - www.hearingplanet.com
- Lloyds.
 - <http://www.lloydhearingaid.com>
- Hearing Help Express.
 - <https://www.hearinghelpexpress.com/default.aspx>
- Advanced Affordable Hearing.
 - <http://advancedhearing.com/quality-low-priced-hearing-aids>

16

How Will You Differentiate Yourself in the Marketplace and Compete????

- ▶ Products:
 - Expand the “products” we offer to our patients.
 - Maybe it is time to kick it old-school and have a less product based practice and a more service based practice.
 - THIS is what differentiates us from our competitors and the “disruptions.”
- ▶ Expertise and Services:
 - Raise the level and standard of care.

17

How Will You Differentiate Yourself in the Marketplace and Compete????

- ▶ Promotion:
 - Marketing strategies will need to change.
- ▶ Pricing:
 - Unbundling/Itemization.

18

Products:

- Assistive Listening Devices
- FM/DM Systems
- Accessories
- Tinnitus Maskers
 - Affects 20% of patients.
- Over the Counter Supplements

19

Expertise and Services

- Patient education and training programs for non-traditional purchases.
- Aural rehabilitation.
- Tinnitus evaluation and management.
- Vestibular rehabilitation.
- Auditory processing screening, evaluation, and treatment.
 - Primarily cash services.
 - All can influence patient performance and satisfaction with amplification.

20

Expertise and Services

► Examples:

- 10 hearing impaired patients who each paid \$100 for a one hour aural rehabilitation group class.
- Two patients undergo a two-hour comprehensive tinnitus evaluation and treatment session.
- Two patients undergo auditory processing evaluation and counseling.
- 12 patient have an Epley maneuver.
- 15 hearing impaired patients paid \$75 each for Ear Machine training class.
- Each of these situations could generate \$1000 in revenue with no no charge follow-up!!!

21

Promotion

- Do we continue to market “price” when consumers can obtain amplification for sometime a fraction of the “price” we are touting?
- Do we market a “commodity” when that “commodity” can purchased less expensively elsewhere?
- Do the strategies of old (direct mail, newspaper, yellow pages) hold up in a digital, social media driven marketplace?
- Does your marketing tell consumers anything about what makes your practice different?

22

Pricing

► Bundling

- You “bundle” all of your hearing aid product and service costs, as well as our professional fees, under one, singular price (and code).
- You do not charge separately for the hearing aid evaluation/consultation and, as a result, receive no payment if a patient does not proceed with amplification.

Why Keep Bundling???

- Pros:
 - Easy.
 - What everyone else does.
 - Good for cash flow.
- Cons:
 - Price often based upon nothing meaningful.
 - Not how insurance pays for items and services.
 - No patient choice.
 - Prices are not transparent.
 - Increases patient costs for many.
 - Does not reflect your professional time.
 - May be collecting less than you need to receive to cover the “average” patient.

24

Bundled Package Includes:

- ▶ Hearing aid evaluation
- ▶ Earmold impression, if required
- ▶ Electroacoustic evaluation, if done
- ▶ Hearing aid itself
- ▶ Fitting and orientation
- ▶ Dispensing fee
- ▶ Verification, if performed
- ▶ Dome or custom earmold, if required
- ▶ Batteries
- ▶ Accessories, if provided
- ▶ Manufacturer warranty
- ▶ Loss and damage coverage
- ▶ One year to lifetime of follow-up hearing aid office visits, checks, in-house repairs, and cleanings

25

What is Unbundling?

- Charging separately for each item or service as it occurs.
- Breaking the “bundled” cost into each individual piece or aspect of service .

26

Why Unbundle?

- Pros:
 - Collecting the amount you need to cover your costs and make a profit (price based on something tangible).
 - Price better reflects actual financial needs.
 - Potential for increased revenues long-term.
 - Allows for increased reimbursement with most managed care situations.
 - Makes you price competitive.

27

Why Unbundle?

- Pros:
 - Allows for patient choice on how their hearing aids are delivered.
 - Forces a higher standard of care.
 - Allows for some potential marketing advantages.
 - Allows for pricing for online or e-bay purchases.
 - They pay everything but the cost of the hearing aid itself.
 - You care less about where the aid comes from.

28

Why Not?

- Cons:
 - Potential short-term reduction in revenues.
 - Does not work as well with managed care plans where you have to take a large, provider discount or plans with defined warranty/coverage terms (e.g. TruHearing, EPIC or HearPO).
 - Will need to change office policies and procedures.
 - Have to collect money from patient and be comfortable with that.
 - Will need to change marketing program.

29

Hardest Parts of Unbundling

1. Analyzing financial needs
 - What are the risks versus the rewards?
2. Overcoming fear of the unknown
 - The “unknown” should be reduced if you have a strong knowledge of your financial needs
3. Overcoming fear of change
4. Valuing yourselves, your skills, and your time

Hardest Parts of Unbundling

5. Charging for testing and hearing aid evaluations in a world of “free”

- Is it really “free” and what are they really getting?

6. Practicing a “doctor” mentality and “prescribing” solutions rather than “selling” a product

7. Letting patients make decisions

8. Raising the bar on the standard of care you provide

- Patients are not willing to pay for the privilege of you selling them something

What's Next?

- This week you will be exposed to various different unbundled models
- Friday, January 9 there will be a live panel discussion on this topic.
 - Please join us and pose questions to the group



The Power to Practice

AudiologyOnline

**Business Essentials for the New Millennium
Webinar Series**

- Advanced Transaction Strategies: Buying and Selling a Practice
- Nuts and Bolts of Unbundling: Virtual Conference
- Competitive Analysis: Differentiating Your Practice
- The Next Generation: Transitioning Ownership of Your Practice

Register at: www.audiologyonline.com/ada