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## Pricing Strategies and Delivery Models for Audiology Items and Services

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## Learning Objectives

After this course, participants will be able to:

- Describe the pros and cons of the different hearing aid pricing models.
- Define the differences between bundled and unbundled pricing.
- List what constitutes a current bundled hearing aid price.



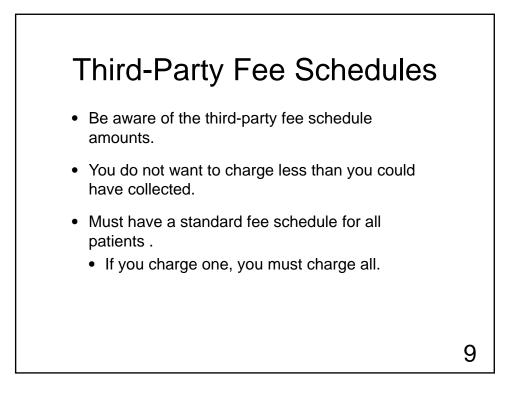
- Most pricing strategies I see in this industry are based on NOTHING.
- You CANNOT be afraid to charge for your time and services.

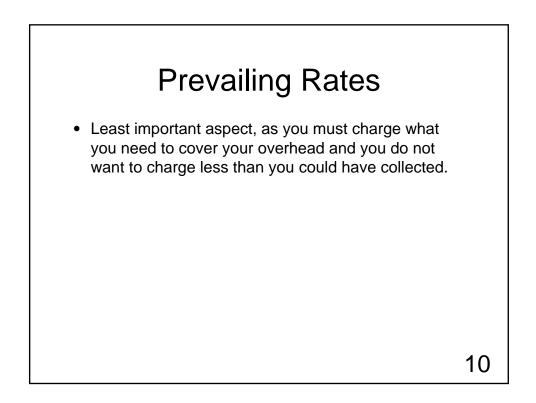
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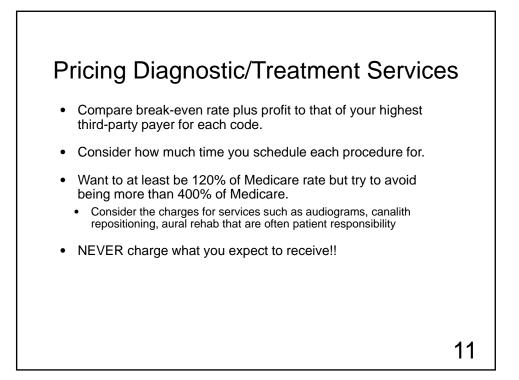
## **Pricing Strategies**

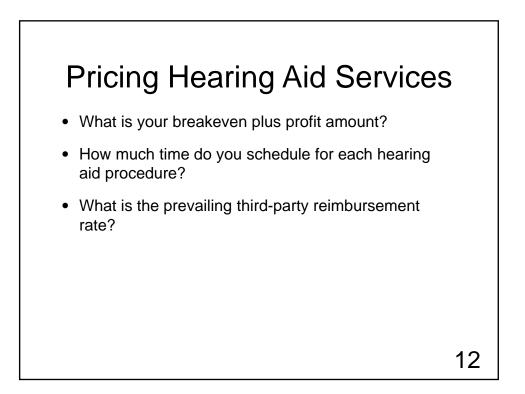
- All prices should reflect:
  - An understanding of your personal breakeven analysis.
  - An understanding of your third-party payer fee schedules.
  - An understanding of the prevailing rates in the area.

#### **Breakeven Analysis** Breakeven analysis is what does your practice needs to bring • in, per hour, per full-time equivalent provider to cover your expenses (salary, overhead, calibration, fixed costs, benefits, annual fees, etc.). Hearing aid procurement costs are not here as they are variable. http://www.audiology.org/sites/default/files/20141001\_AAA\_Guide2Itemiz ingUrProfeServices.pdf You want to add a "profit" amount to this. • This is the minimum you can charge. • You base your fees for items and services where no fee . schedule exists. • Based upon the time required to complete the procedure. 8









# 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.

13

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 Bundle???

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

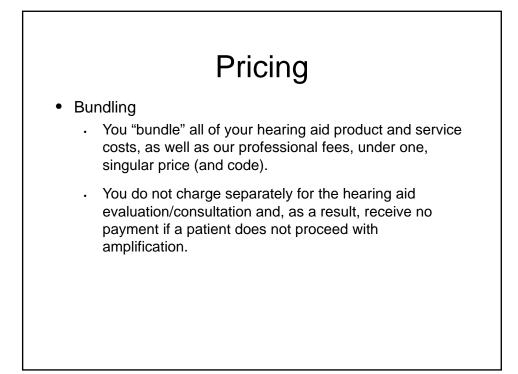
Do You Buy "Commodities" the Same Way Today as You Did in 1970?

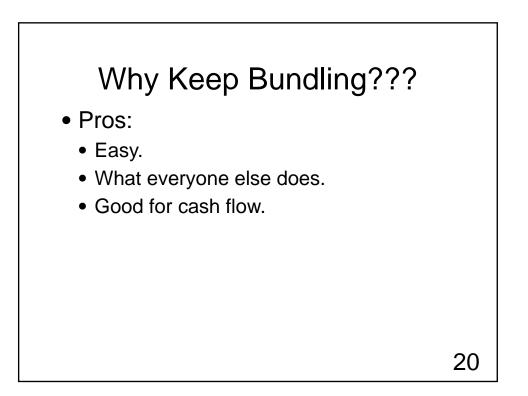
# The Answer....

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



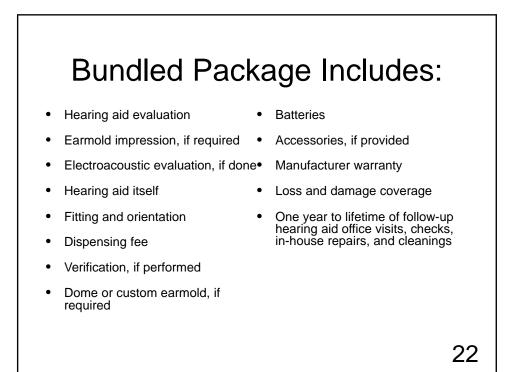


## Why Keep Bundling???

#### • 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.

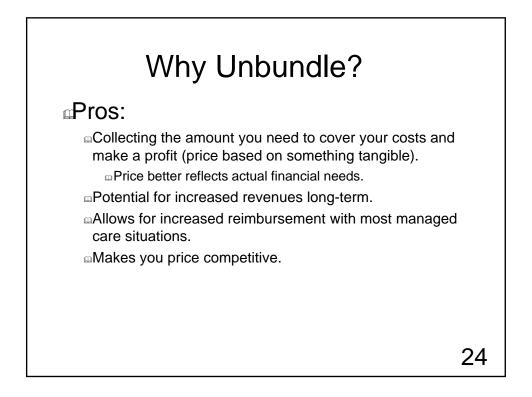


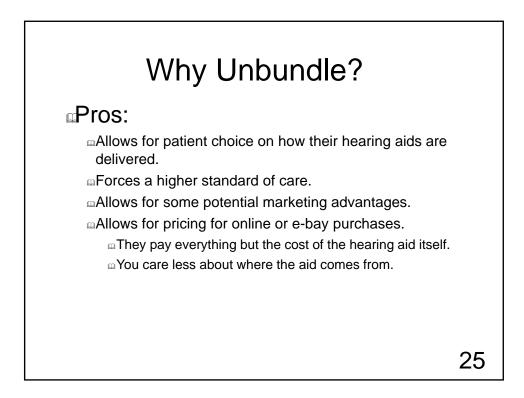


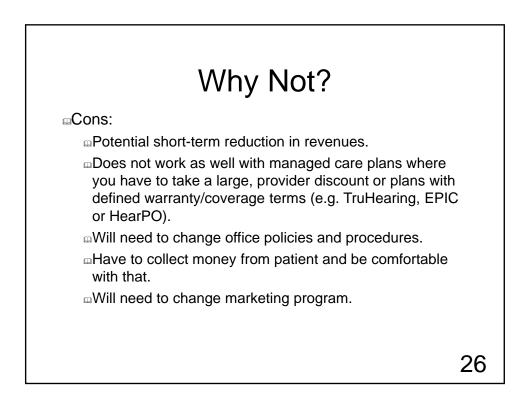
## What is Unbundling?

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









## Hardest Parts of Taking the Leap to Itemization

- Analyzing financial needs
  - - What are the risks versus the rewards?
- Overcoming fear of the unknown
  - The "unknown" should be reduced if you have a strong knowledge of your financial needs

# Hardest Parts of Taking the Leap to Itemization

- Overcoming fear of change
- Valuing yourselves, your skills, and your time
- Being forced to practice audiology.

## Hardest Parts of Unbundling

- Charging for testing and hearing aid evaluations in a world of "free"
  - Is it really "free" and what are they really getting?
- Practicing a "doctor" mentality and "prescribing" solutions rather than "selling" a product

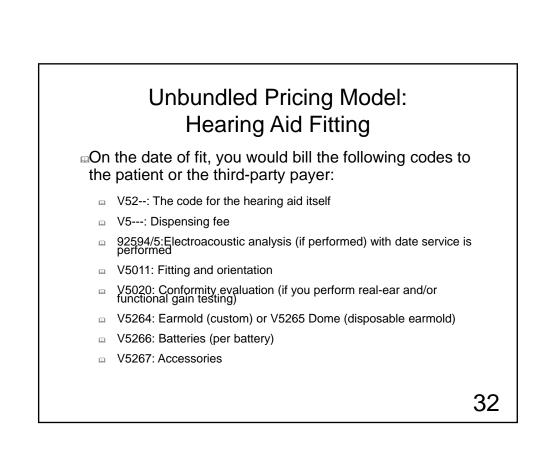
## Hardest Parts of Unbundling

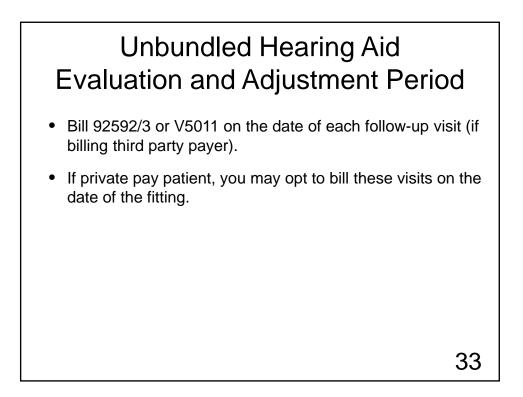
- Letting patients make decisions
  - A letting them live with the consequences of those decisions
- Raising the bar on the standard of care you provide
  - Patients are not willing to pay for the privilege of you selling them something

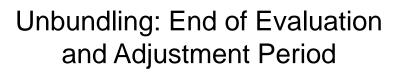


On the date of the hearing aid evaluation, you bill the hearing aid evaluation (92590/1 or V5010; whichever pays more for your average third-party hearing aid contract) to the third-party payer or patient, even if they do not proceed with amplification.

- Most third-party payers who cover hearing aids cover hearing aid evaluations.
- You would also bill for the earmold impression (V5275), if a custom earmold is warranted.







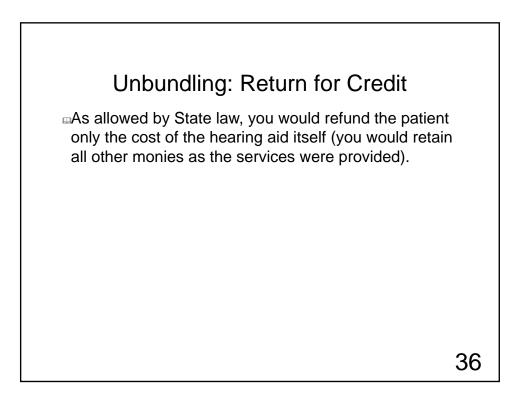
On this date, the patient has four choices:

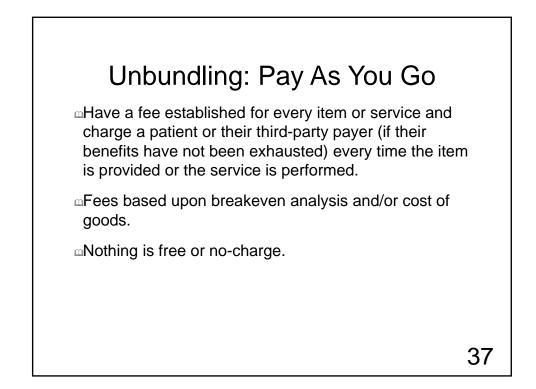
- Exchange the hearing aid.
- Return the hearing aid for credit.
- Keep the hearing aid and "pay as you go" for service.
- Keep the hearing aid and purchase a service package.

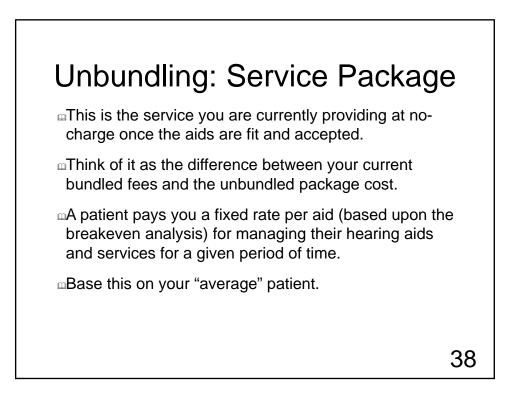


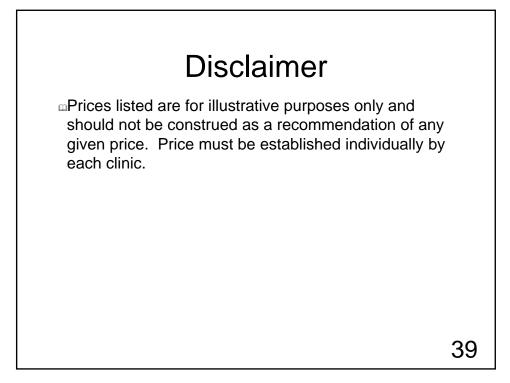
- What was the reason for the exchange?
- Can charge a patient a second fitting fee.

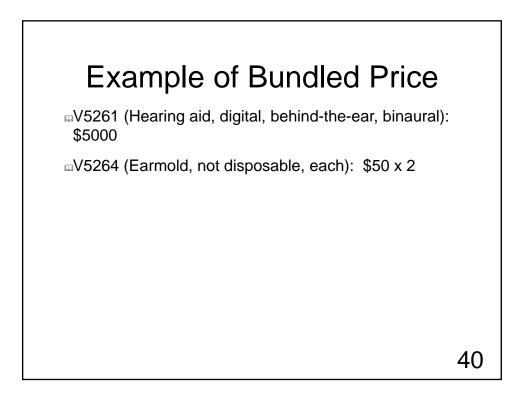


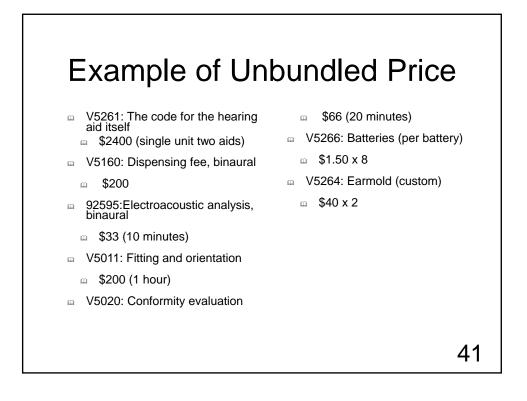


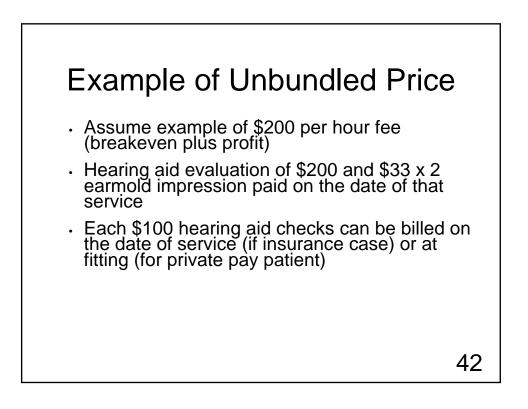














- \$266 paid on date of hearing aid evaluation
- \$2991 paid on date of fitting

 \$200 paid on each date of service for two, 30 minute follow-up visits within evaluation and adjustment period

Collected \$3457 by date of acceptance



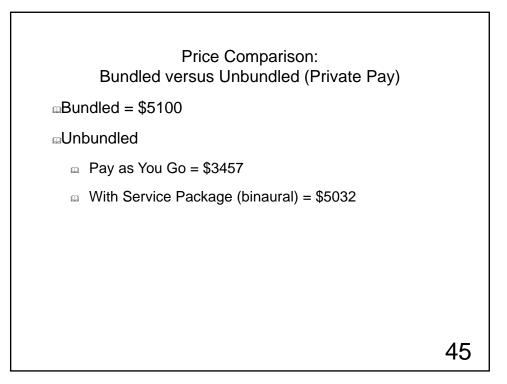
### Unbundled Pricing Model Example: After the Fitting

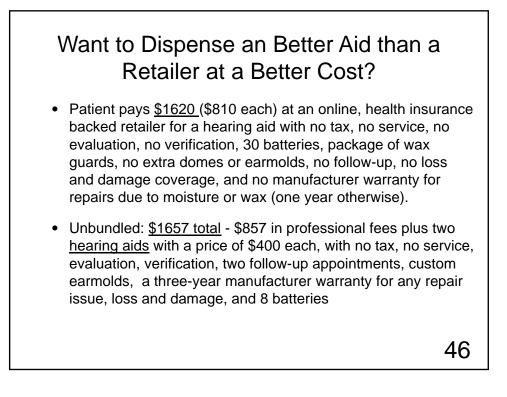
□Pay as You Go:

- \$100 for every 30 minute hearing aid check
- \$50 for every 15 minute reprogramming
  - Does not matter if one or two aids; it is all about the time scheduled (as you cannot see anyone else).

#### Three-year Service Plan:

\$875 for one aid (three hearing aid checks, three re-programmings, three in-house repairs, 75 batteries; \$862 rounded up) or \$1575 for two aids (six hearing aid checks, three re-programmings, six inhouse repairs, and 150 batteries).





## How it Helps with An Insurance Case

- Bundled: You bill an insurance carrier for \$4000 for binaural, digital, behind the ear hearing aids using V5261. Insurance pays <u>\$1800</u> (\$900 each). The patient cannot be balance billed. You have manage that aid for the same number of years as you would a private pay patient.
- Unbundled: <u>\$2175 total</u> You bill an insurance carrier in an unbundled manner and receive \$1800 for the hearing aids, \$50 for the HAE, \$40 for the EMI, \$80 for the HAF, \$80 for the dispensing fee, \$25 for the EAA, \$60 for the REM, \$40 for the EM. This patient can pay as they go for service or purchase a service plan, just like their private pay counterparts.

