

The Commissioners  
National Commission of Audit

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This submission addresses issues in the Hearing Services Program (HSP) which is managed by the Office of Hearing Services (OHS). These issues have significant Budgetary and consumer welfare implications.

### Introduction

The HSP program is internationally acclaimed for its provision of hearing aids to eligible clients (Pensioners, Veterans, “Children”, and some other Community Service Obligation (CSO) client groups).

Services are provided by Australian Hearing (a Government-owned business enterprise) to all target groups, and by contracted private providers to Veterans and Pensioners.

The indirect cost of untreated hearing loss (which includes unsuccessfully treated hearing loss) far outweighs the direct cost of treatment<sup>1,2</sup>. This is recognised by the establishment and continuing Commonwealth funding of hearing services. For this funding to be justified, it is vital that hearing services lead to effective remediation of the communication problems caused by hearing loss.

The authors of this submission are clinical audiologists with 75 years combined experience in rehabilitative audiology. We are committed to improving delivery of hearing care. In 2000 we were involved in the development of EARtrak as a quality measurement and management system for audiological practices. EARtrak became a stand-alone company in 2005. EARtrak is currently used by a small number of quality focused practices in Australia, New Zealand, and USA.

This submission is not an attack on the Program as a whole, but offers a new way to deliver cost-savings while improving outcomes for eligible clients of the HSP.

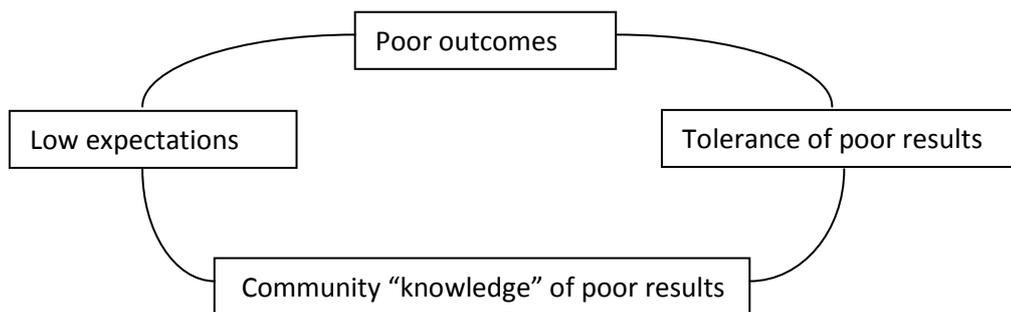
### Performance of the HSP

There is limited published information on the performance of the HSP. The most recent report<sup>3</sup> (2012) shows 13% clients cease to use their hearing aids within 3 months of the fitting. Earlier reports<sup>4, 5</sup> showed more than 30% clients either did not use their hearing aids or used their devices for an insignificant amount of time. This is a high level of wastage of Government funding in the short term. In the longer term, people with untreated or poorly treated hearing loss are a burden on Government expenditure in health and aged care. This is projected to increase significantly with the aging of the population<sup>1</sup>.

## Problems with the HSP

The HSP has some similarities to the “pink-batts” program, where a prime driver for accessing the system has been “push” from providers, who actively promote “free” services to induce take-up. The HSP is an uncapped “entitlement” program, with a growth rate in excess of the growth in population of the target groups, largely driven by this activity.

A system that results in a high number of “failed” hearing aid fittings creates a low expectation of benefit among consumers. This creates a vicious cycle of-



Consumers do not enforce quality performance from service providers (poor expectations = few complaints). (As a quick check on our credibility, we ask the reader to poll the feeling about hearing aids in the next group they are in. We expect the consensus to be negative, but maybe a successful user will give a positive story, and preface that story with “I was lucky...”)

OHS has attempted to improve service delivery by a plethora of regulations, contracts, audits, standards, etc which was described in a recent regulatory review<sup>6</sup> “the scheme includes numerous examples of overlapping, redundant and excessive regulation.”

The Australian National Audit Office examined KPIs applying to OHS and the HSP and found they generally measured activity, rather than performance in meeting program goals<sup>7</sup>.

Similarly, HSP provider payments are tied to processes (getting hearing aids on ears), not outcomes (reducing the burden of hearing loss).

## A suggested improvement

It is possible that

- the Program could be stripped of “cowboy” providers who push unwanted and/or ill-supported fittings,
- Budget wastage could be reduced, and
- end-user benefit could be enhanced.

These improvements fit well with the NCoA’s terms of reference. We believe that the KPI’s applying to OHS relationships with contractors should be simplified to -

“Providers shall be measured at a clinic-by-clinic level on a uniform, independent, detailed quality assessment derived from end-user outcomes, and providers failing to meet Program expectations shall be removed from the Program.”

This change could be implemented in advance of legislative and regulatory simplification, allowing a rapid demonstration of the benefit of such reform. This reform has the added benefit that it involves no reduction in entitlements for eligible consumers of hearing services.

We commend this proposal for your consideration.

Yours sincerely

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