



California Academy of Audiology  
*Hear and Be Heard...*

Ms. Donna Martinez, Chief  
Office of Medi-Cal Procurement  
MS 4200  
P.O. Box 997413  
Sacramento, CA 95899-7413

March 17, 2008

Dear Ms. Martinez,

The California Academy of Audiology (CAA) would like to respond to the Office of Medi-Cal Procurement regarding your recent request for input pertaining to the upcoming Hearing Aid Request for Proposal (RFP). After reading the “Interested Party” letter of 2/25/08, CAA has several concerns that speak to the initial intent of the Medi-Cal budget trailer language that brought us to this point. The trailer bill language assured the Legislature that the outcome of the change in the procurement process for hearing aids would save the state millions of dollars, as well as ensure better access to improved services. The following is a summary of your stated requirements, and our concerns regarding them:

- **“The cost of contract must remain budget neutral or save the state money”** and the **“contractor must increase reimbursement rate to the provider,”** Both of these requirements deny the fundamental premise and spirit which led to the legislature passing this language. The required increase in reimbursement rates will neither save the state millions of dollars nor improve access to hearing aids for California's hearing impaired adults and children. In fact, the requirement that the RFP only create neutral accounting is also in violation of the trailer language since millions of dollars were to be saved by this change in the procurement process, which cannot occur with a budget that remains neutral. Unless the said increases make up for the revenue lost to the providers who will no longer make any profit from hearing aid dispensing to Medi-Cal recipients, it is likely that providers will withdraw from participating in the Medi-Cal program if their income levels decrease due to this change. This will clearly create a severe access issue for California's hearing impaired.
- **“maintain varying product choices”**: Unless all hearing aid manufacturers agree to pricing well below the already very low prices currently offered for Medi-Cal patients, a contractor cannot comply with this aspect entirely, i.e. choices may be limited, especially for smaller manufacturers who are unable to provide the cost reductions to the state only realistically possible for larger companies. This is especially concerning given the current procurement flexibility afforded providers of CCS, as the amplification needs of hearing impaired children necessitate the diversity of options currently available through the Early and Periodic screening, Diagnosis and Treatment (EPSDT) program. Reducing those product choices will have a negative impact on our ability to habilitate the children and may not comply with B&P chapter 7.5, Article 3, Paragraph 3365.6 which states that “no hearing aid shall be sold by an individual licensed under this chapter, to a person 16 years of age or younger, unless within the preceding six months a recommendation for a hearing aid has been made by both a board-certified, or a board-

eligible physician specializing in otolaryngology, and by a state licensed audiologist.” Will the contactor have the ability to provide any hearing aid that an audiologist recommends for a child?

- **“contractor to purchase and distribute...to the providers”**: Won't the postage and handling costs cut into the savings on hearing aid costs? How will the providers handle repairs and remakes within the trial period?
- **“contractor to reimburse provider directly for dispensing hearing aids...”**: This implies the contractor will need to establish a personal electronic accounting system for payments which will absorb much of the cost savings proposed for hearing aid purchases. Who will decide what “related equipment” will be purchased by the contractor vs. the dispensing provider?
- **“contractor shall have pre-established accounts with manufacturers and shall have a sufficient supply of hearing aids and related equipment in stock...”** : A vast majority of adult hearing aids are custom made, thus how will the provider continue to obtain these instruments as they cannot be stocked?

We have outlined above our specific concerns regarding the contract requirements as stated by your office. We continue to have numerous unanswered questions and concerns regarding the premise of the RFP process. Although we have issues with the current reimbursement rate for services and related products for Med-Cal recipients, CAA is particularly concerned with the state of the California Children’s Services (CCS) Program and the significant lack of providers for that program. The access issue for the state’s hearing impaired children covered by CCS is poor at best, and unless the proposed procurement plan ensures that providers for both CCS and Medi-Cal will not lose any funding by this contract, it is likely that they will withdraw from participation creating a greater consumer access issue. That would be a clear violation of the word and intent of the trailer language.

Respectfully submitted,

The Board of Directors and the membership of  
The California Academy of Audiology

Cc: Assembly Member Patty Berg  
Barry Brokaw  
Assembly Member Dave Jones  
Stan Rosenstein  
Irv White