Adding Hearing, Vision Coverage to Medicare Could Address Unmet Needs at a Modest Cost

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As Congress debates expanding Medicare coverage to include benefits for vision and hearing services, an analysis by the Urban Institute reports that doing so would reduce out-of-pocket spending for beneficiaries and provide needed benefits to lower-income individuals. Moreover, the authors found, doing so would incur a relatively small increase in overall Medicare spending.

Approximately 1 in 3 individuals has a vision-reducing eye condition by age 65 years, and nearly half of Medicare enrollees self-report varying degrees of hearing loss. The report notes that most of the cost of vision or hearing services for those requiring such care is paid out of pocket by the patients themselves, and that evidence suggest that people with lower incomes “may have considerable unmet needs” for eyeglasses, hearing aids, and related services.

Traditional fee-for-service Medicare does not cover routine preventive eye exams for eyeglasses or contact lenses for all beneficiaries. Nearly all individuals enrolled in Medicare Advantage plans have access to vision benefits that cover such exams and glasses or contacts, but such coverage is currently limited to an average of $160, with the enrollee paying the balance out of pocket.

Traditional Medicare also does not cover hearing aids or exams for fitting them. Although most people enrolled in Medicare Advantage have access to supplemental hearing benefits that include some coverage for hearing aids and hearing exams, most still incur considerable out-of-pocket costs from copays, frequency limits, or annual dollar limits for hearing aids.

People with lower incomes who are dually enrolled in Medicare and Medicaid may have access to vision or hearing benefits, but such access depends on their state of residence.

The authors found that $5.4 billion of the $8.4 billion that Medicare enrollees spent on routine vision services in 2020 was paid out of pocket by enrollees, as was $4.7 billion of the $5.7 billion spent on hearing services.

However, spending on both vision and hearing services in 2020 was relatively small compared with total Medicare spending (for Medicare, out-of-pocket, and third-party expenditures) of $1.1 trillion.

Average expenditures for the nearly 31% of Medicare enrollees who used routine vision services in the past year was $411, of which $263 (nearly 64%) was paid out of pocket. People with coverage through traditional Medicare spent more (with an average expenditure of $437, of which $268 was out of pocket) compared with Medicare Advantage enrollees (with an average expenditure of $361, of which $252 was out of pocket), but enrollees in traditional Medicare paid a smaller share of the total out-of-pocket than those with Medicare Advantage (61.4% vs 69.8%).

“This suggests Medicare Advantage plans provide less coverage of vision services than the coverage some [fee-for-service] enrollees had through Medicaid, Medigap, retiree, or other supplemental plans,” the report said. The authors also noted that despite Medicare Advantage plans frequently providing vision services, these plans covered only 30% of overall vision spending.

The analysis also revealed that within the past year, only a small share of Medicare beneficiaries (6.5%) had a routine hearing service—a visit to an audiologist or getting hearing aids. But among those who did, the cost was high, $1302 on average, most of which ($1068) was an out-of-pocket expense.

The patterns of spending and out-of-pocket costs were similar for the 6.7% of people enrolled in traditional Medicare who received hearing services in 2020 ($1379 average total spending, of
which $1134 was out of pocket) compared with the 6.2% of Medicare Advantage enrollees who used hearing services ($1127 total spending, with $919 out of pocket).

"Thus, fewer Medicare enrollees used hearing services than vision services, but average expenditures for hearing services were substantially higher and insurance covered less hearing benefits," the authors said. This finding implies that more people would benefit from an expansion of Medicare to include vision services, whereas expanding Medicare to include hearing benefits would provide substantially more help to a smaller number of people, they noted.

Spending on vision services was considerably less than spending on hearing services. Only 6.6% of the Medicare enrollees who use vision services had spending that exceeded $1000, whereas 27.5% of those who used routine hearing services had spending that exceeded $1000.

The analysis also found "a significant income gradient" for both types of services, meaning that both the proportion of those getting vision and hearing services and the amounts spent rose sharply with income. Annual spending on vision services was just $290 for Medicare beneficiaries with incomes below the poverty level, rising to $465 for those with incomes above 400% of the federal poverty level.

The discrepancy was even larger for spending on hearing services, with average expenditures of just $659 for those below the federal poverty level compared with $1659 on average for their higher-earning counterparts. The findings suggest that there is "a vast unmet need" for eyeglasses, hearing aids, and related care among low-income Medicare enrollees, and that the quality of glasses and hearing aids also reflects enrollees' economic status.

If Medicare were to cover visual and hearing services to help address this unmet need, use of such services and spending "would increase substantially," the report said, adding that "the data still suggest covering either or both services would only be a small add-on to current Medicare spending."

ARTICLE INFORMATION

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