

**HEARING SOLUTIONS
DECEMBER 2012 MEETING**

HIGH COST OF AIDS-HEARPO-FORUM

A LOOK AT THE HEARING INDUSTRY

Some Questions:

- Where else other than the hearing aid industry can you pay \$6,000 for a product and not know the make model and features?
- Aren't hearing aids just electronic devices just like thousands of similar devices that surround us 24/7?
- What electronic devices, other than hearing aids, can you name where the prices continue to go UP year after year?
- We are told the high prices of hearing aids are due to Research and Development. Doesn't everything sold in the US incur Research and Development?
- Why is it that every time a new technically advanced TV that comes out with a \$2,000 price tag for 3D or something else can be purchased for \$200 or \$300 a year or two later?
- Other electronic devices are engineered to be user friendly with manuals, reference guides and on-line manufacturer support to avoid costly hands-on servicing. Why does it have to be different with hearing aids?

Could it be Possible:

- Large manufacturers have successfully managed to control the retail market, suppress competition by acquiring promising new manufacturers and acquiring large providers that result in limiting transparency, affordability and accessibility. (The top 3 manufacturers control 64% of the global market).
- Manufacturers market their hearing aid products to Providers (not hearing aid users) and support bundling of Providers cost of running a small business into the price of hearing aids while simultaneously creating a dependency on providers for hearing aids, product information and advice.
- Manufacturers control and bundling in the retail market plays into the lack of transparency, misleading and sometimes fraudulent advertising and incomplete and/or misleading advice.

COULD WE BE IN THE BEGINNING STAGES OF EVOLUTIONARY CHANGE BASED UPON THE FOLLOWING?

- Internet Marketing successes
- Big Box Discount retailers like Costco and Sam's Club success.(SEE FORUM AND MEETING NOTES FOR PRESENTATIONS AND PROVIDER DETAILS).
- Unbundled marketing successes (among other examples a prominent California Audiologist began offering hearing aids at their cost with reasonable menu service prices). (SEE FORUM FOR MORE INFORMATION).
- Audiotoniq's concept of low cost aids, self programming, rechargeable batteries, 24 hour access and free unlimited life of the aids support. (SEE MEETING NOTES & FORUM FOR PRESENTATION AND PROGRESS UPDATES).
- Federal government funding research to improve accessibility and affordability in delivery systems and low-technologies. (DETAILS TO BE POSTED TO FORUM).
- VA pilot program to assist patients in programming hearing aids remotely. (DETAILS TO BE POSTED TO FORUM). Insurance companies such as Hi HealthInnovations and Aetna providing hearing aids at substantially lower prices. (DETAILS TO BE POSTED TO FORUM).
- Three National Audiology/Hearing Health Care Associations Communiqué to their members recommending they get aligned with the current "**paradigm shift to consumer-driven hearing health care**" demanding more transparency and cost reduction as it is not going away. (TO BE POSTED TO FORUM).

FOLLOWING IS A SLIDE PRESENTATION FROM THE LARGEST AND
OLDEST INTERNET HEARING AID PROVIDER

HearPO

Mission and Value Proposition

Company Overview



In 1995, HearPO was founded in New Mexico to provide a contracting network for Audiology clinics to participate in the managed care industry. **HearPO was designed by audiologists to meet the challenges of marketplace.** This design has grown to include contracted services not only with workers' compensation organizations, but also with employers and third party administrators, while providing cost containment to these organizations and high quality professional care.

In October 2002, Amplifon, the world's largest hearing aid distributor, purchased HearPO. **Amplifon is currently in 19 countries and has an international network of more than 4,000 locations.** This makes Amplifon the largest hearing care firm in the world.

Today, HearPO is a national network of hearing health care professionals with over 2,700 locations across the U.S. **We provide national hearing care coverage for organizations of any size.**



Cause

Noise (#1 reason for hearing loss)	Trauma
Presbycusis (loss due to aging)	Heredity
Ototoxic drugs	Disease-Diabetes
Tumors	Leading Birth Defect in Children



Effect

Social/Emotional Impact with Hearing Loss

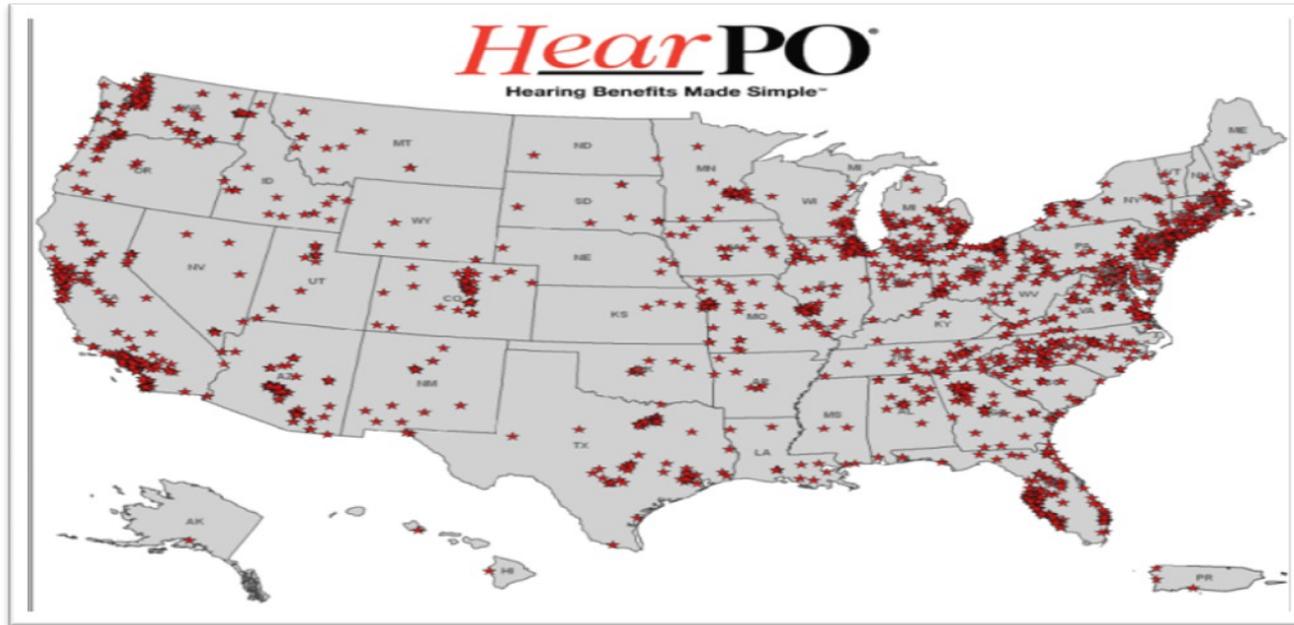
Depression	Anxiety
Paranoia	Quality-of-Life
Social Isolation	

Mission and Value Proposition

“Hearing Benefits Made Simple”



Nationwide Provider Network



Nationwide Provider Network

Bringing Manufacturers and Professionals together to offer the highest quality of products in the industry

**Hearing
Health Care
Professionals**

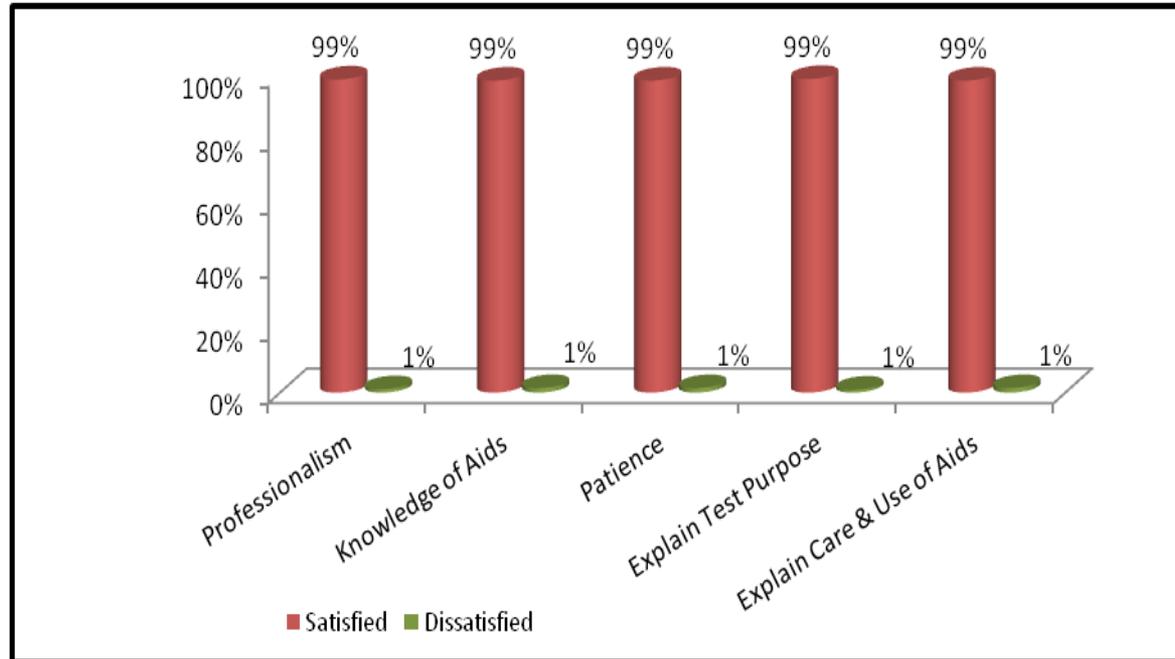
HearPO Provider Network is composed of 2700 professionals

Licensed and Credentialed Audiologists or Hearing Instrument Dispensers

Credentialed providers that have had over 95% patient satisfaction score for over a decade

Nationwide Provider Network

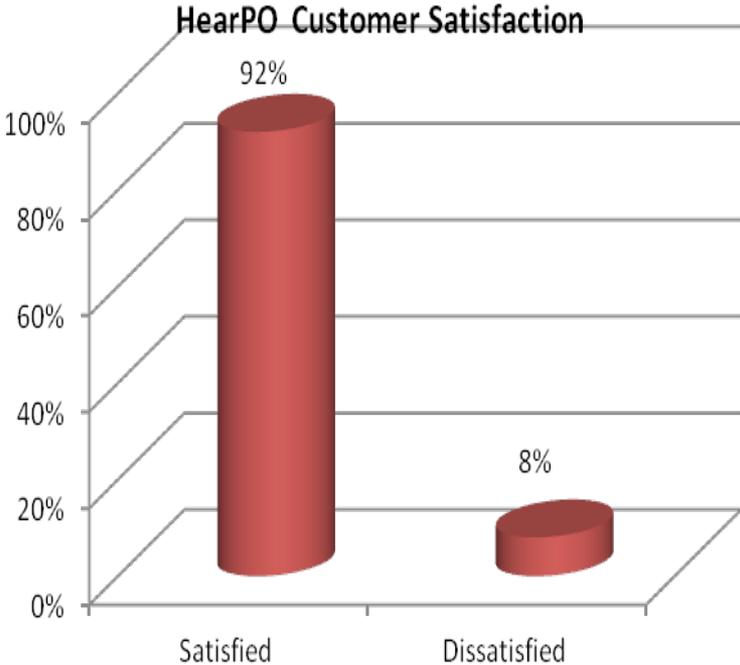
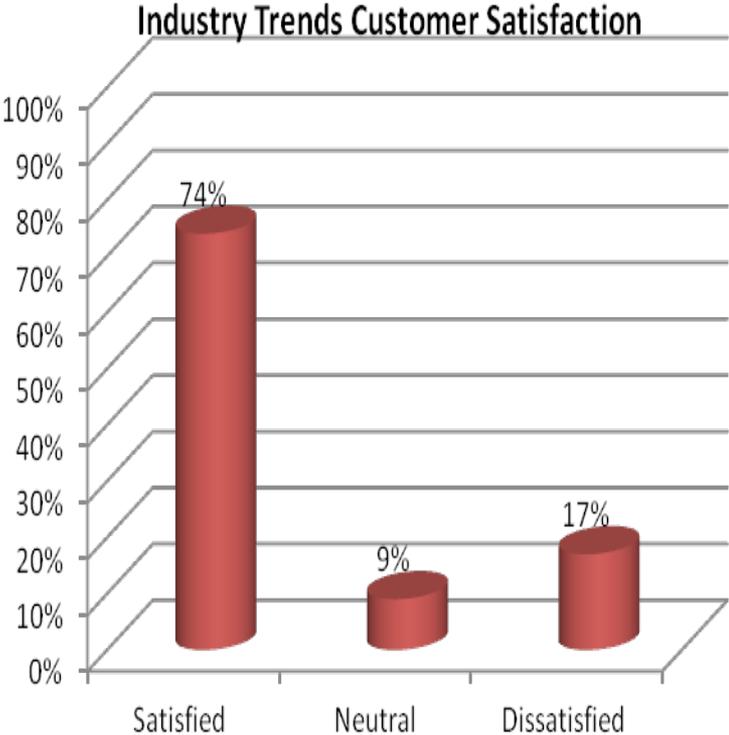
Quality of Professional



Commitment & Quality and Customer Satisfaction

Industry leader in customer satisfaction

Customers Satisfaction Industry Trends vs. HearPO Customers



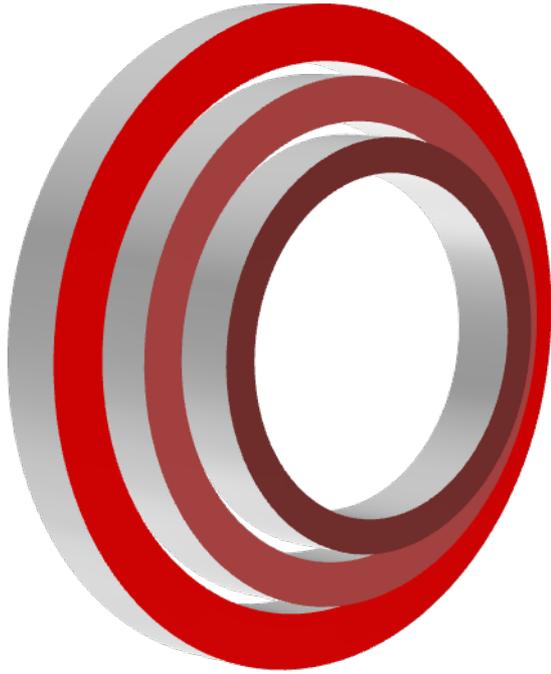
Price Consistency

Bringing Manufacturers and Professionals together to offer the highest quality of products in the industry



Easy Referral Process

Committed to a simple process “easy access” for patients



1

Call 1-877-443-2776

A Client Services Representative will assist you in finding a hearing care provider near you.

2

Our representative will explain the HearPO process and **assist you in making the appointment** with the hearing care provider.

3

HearPO will send an authorization packet. **To ensure your HearPO benefit is activated.**

Patient Testimonial

I have been wearing hearing aids since 2002 and I never leave the house without them. I am now purchasing my third pair of hearing aids and my experience with the HearPO process has been so pleasant. Not only has the HearPO experience been easy but the pricing can't be beat. Thank you HearPO for satisfying my needs and giving me the gift of hearing.

Harriet F., Evergreen Park, IL





1-877-443-3315



Jill.Gerloff@amplifon.com



www.HearPO.com/



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Plymouth, MN 55446

ADDITIONAL INFORMATION ON HEARPO AND THEIR PROGRAM CAN BE FOUND ON THE FORUM UNDER THE TOPIC “HEARPO” WHICH INCLUDES:

- A complete “big picture” history including all partners, owners and affiliates.
- Corporate information.
- Local contracted providers and information about them
- Pricing and price quote comparisons
- Group member comments and suggestions
- How to use the program from a members perspective
- Coupons and discounts
- Exhibits
- Pros and cons

HEARING SOLUTIONS FORUM-ACCESS AND USE

After the meeting a tutorial session was conducted for members who were interested in instructions, receiving tips and techniques in quick access and navigating the Hearing Solutions Forum.

Also covered was the use of Topics and Posting tips and techniques.

All Hearing Solutions members received an email containing detailed instructions on the use of the Hearing Solutions Forum.