



**Economic Affairs Interim Committee**  
**63rd Montana Legislature**

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updated May 9, 2014

**Memo**

To: Economic Affairs Committee Members  
From: Pat Murdo, Committee Staff  
Re: Board of Hearing Aid Fees in Nearby States

At the January 2014 Economic Affairs Committee Sen. Dick Barrett asked for followup information regarding hearing aid dispenser licensing costs in other states, particularly those referenced during the public comment period related to licensing boards that are having financial problems. A member of the Board of Hearing Aid Dispensers had provided information to the Committee showing that Idaho and South Dakota both had far lower licensing fees than the \$1,500 annual cost to license a Montana hearing aid dispenser. This background report provides additional information.

**Idaho**

Idaho Bureau of Occupational Licenses oversees 29 boards, including the Idaho Speech and Hearing Services Board, which licenses:

- speech language pathologists
- audiologists - 103 current licensees
- hearing aid fitters and dispensers - 90 current licensees

The 7-member Board consists of:

- 2 speech language pathologists
- 2 audiologists
- 1 hearing aid dispenser/fitter
- 1 licensee of any of the three occupations
- 1 public member

FY 2014 Starting Cash	Budget	Revenues as of 2/28/2014	Expenditures as of 2/28/2014	Balance as of 2/28/2014
\$97,925	\$67,000	\$72,960	\$63,366	\$107,519
Personnel	\$40,000			
Operating	\$25,000			
Exam Costs	\$7,000			

**Licensing costs** for hearing aid dispensers/fitters:

- \$30 - new license application fee
- \$100 - new license

\$125 - annual renewal fee  
\$65 - inactive license fee

#### Budgeting factors

The Board contracts with the Idaho Bureau of Occupational Licenses, which provides for indirect costs for administrative, investigative, and fiscal budget aspects. The administrative costs are based on the average of the four previous fiscal years, and the investigative costs are averaged over the past five years. The fiscal costs are based on the total number of individual records plus the total financial transactions processed in the previous fiscal year. These costs increased slightly from FY 2013 to FY 2014: administrative up 0.11% to 2.31%, investigative up 0.7% to 1.47%, and fiscal up 0.12% to 1.42%.

Fines -- Limited to \$1,000 or less for each violation.

Disciplinary costs and attorney fees may be assessed against a licensee for an investigation or administrative proceeding.

Disciplinary proceedings and investigations? - No indication of numbers

The Board's rules provide that a written contract must give the consumer 30 days to cancel the purchase and obtain a refund (IDAPA 24.23.02) The 30-day trial period is the same as in Montana.

#### Of interest:

A legislative audit in September 2013 found that one-third of Idaho's boards had negative cash balances totaling almost \$622,000, a situation that was allowed in part because the contract between the Bureau and the Board allowed for the Bureau to pay expenses under unique circumstances and the Bureau Chief considered investigative and disciplinary actions to be unique circumstances. The cash balance of all boards was sufficient to cover the negative cash balances of the 10 boards. The audit recommended that the Bureau and the boards develop performance criteria to evaluate the boards' self-sufficiency. The Bureau's response was to note its goal of having 1.5 times each board's operating expenses in reserve.

### **South Dakota**

Board of Hearing Aid Dispensers and Audiologists - part of Department of Health, which charges indirect costs for attorney, printing, other services.

Board members serve as investigators (no outside investigators)

#### Board consists of:

- nonvoting executive secretary;
- 2 hearing aid dispensers;
- 2 audiologists;
- a public member

#### Licensees:

- Hearing Aid Dispensers - 68
- Audiologists - 72

#### **License costs:**

\$200 for hearing aid dispenser application (includes cost of first exam)

\$200 for endorsement application  
 \$100 for provisional dispenser application  
 \$200 for annual hearing aid dispenser license

No disciplinary actions from 2010 through 2013.  
 Bill passed in 2013 requires refund of full purchase price, less maximum of 10% within 30 days of delivery.

Budgeting factors: South Dakota contracts with a management consultant and has no state employees. The contract for 2013 (if I read the information right) was \$18,632. An additional \$600 was requested for a proposed cost of \$19,232. The consultant pays directly for a staff of 3. Cost covers unreimbursed commercial liability, errors and omissions, and auto insurance as well as reimbursed rent, phone and internet services, postage and miscellaneous expenses. Legal consultant is retained for administrative rule changes and complaint investigations.

July 2012- June 2013 Starting Cash*	Budget	Revenues	Expenditures	Ending Balance as of 6/30/2013
\$58,738		\$29,389	\$21,692	\$66,435
Board costs requested	\$1,113			
Contracted services	\$20,440			

\*The information is from p. 14 of an Expenditure Summary provided by board staff.

### Wyoming

Board of Hearing Aid Specialists has 5 members of which 3 are hearing aid specialists, 1 is a certified otolaryngologist, and 1 is an audiologist.

#### **Fees:**

Application	\$200
Examination	\$100 for written exam, \$300 for practical exam
Temporary Permit	\$300
Renewal	\$300

Laws and regulations do not provide for refund of devices or a trial period.

#### **Selected Other State Licensing Fees:**

Minnesota	Annual renewal for hearing instrument dispensers - \$600 Surcharge fee - \$100
	<ul style="list-style-type: none"> <li>The Minnesota Department of Health's Health Occupations Program includes licensing and regulation of audiologists, speech-language pathologists, and hearing instrument dispensers among others. The "Activity" also operates a consumer information center regarding hearing aids. Licensing fees pay for investigating complaints and enforcement actions as well as for the consumer information center.</li> <li>Minnesota law requires assistive device replacement or refund (325G.205)</li> </ul>