

# State Income Tax Credit for Hearing Aids

## Statement of Problem

Hearing aids are the third most expensive purchase consumers make after purchasing a home or car. This is not a onetime purchase as the average life of a hearing aid is 4.1 years (MarkeTrak VIII 2008 Survey). Medicare and most insurance policies do not cover hearing aids and Michigan's Medicaid program does not cover hearing aids for adults. For 71.4% of hearing aid purchases, there is no third party payment, placing the entire burden of the cost of hearing aids on the consumer (MarkeTrak VIII 2008 Survey). This financial burden is a major reason that of the 95% of people with hearing loss who would benefit from hearing aids, only 22% have purchased them. Without benefit of this medical necessity a person may experience social isolation, depression, education and financial disadvantages, leading to decreased quality of life.

## Facts

- The average price of a basic hearing aid increased 16.9% to \$1,601, or \$3,200 for two hearing aids. Behind the ear (BTE) hearing aids increased by 18.1% (MarkeTrak VIII 2008 Consumer Survey).
- Many consumers require hearing aids that provide programming more suitable to communication needs in employment situations and their roles in the community and family. It is possible for an individual to pay upwards to \$7,000 - \$8,000 for a pair of hearing aids.
- Many adults with hearing loss as well as parents of children with hearing loss cite financial constraints as a reason for not purchasing hearing aids.
- Individuals with the most serious hearing loss can be expected to earn \$12,000 less per year than an individual with a mild hearing loss (Better Hearing Institute, 2007).
- Untreated hearing loss leads to loss of employment and independence and may result in additional costs to employers, health programs and insurances.
- The estimated cost of lost earnings due to untreated hearing loss is \$122 billion while the cost to society in terms of unrealized federal taxes is \$18 billion (Better Hearing Institute, 2007).

## Solution

Support HB 4240 introduced by Representative Bill Caul. This bill will provide a state income tax credit up to \$500 per hearing aid. The tax credit would not be available to taxpayers whose modified adjusted income exceeds \$200,000 for any taxable year.

Support SB 403 introduced by Senator Hunter. This bill allows the taxpayer to claim a credit equal to the cost paid in the tax year to purchase a hearing aid for the taxpayer, their spouse or a dependent of the taxpayer.

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**The above fact sheet is included in the booklet sent to legislators. The "Solution" above is what we would like to see legislators do regarding this issue. How can you advocate for this issue? Please read on.**

Urge your representative to support HB 4240. Contact Rep. Kate Ebli, chair of the Tax Policy Committee and urge her to conduct a hearing on this bill. To track this bill, go to:  
[http://www.legislature.mi.gov/\(S\(5sas3155wtkwqh3wcf3yh\)\)/mileg.aspx?page=home](http://www.legislature.mi.gov/(S(5sas3155wtkwqh3wcf3yh))/mileg.aspx?page=home).

If your representative serves on the Tax Policy Committee, urge him or her to support this bill. To learn which Representative serve on the Tax Policy Committee go to:  
<http://www.house.mi.gov/committeeinfo.asp?lstcommittees=Tax%20Policy>

Urge your senators to support SB 403. To track this bill, go to:  
[http://www.legislature.mi.gov/\(S\(gsk0su5541mtdvmfmhqprs45\)\)/mileg.aspx?page=getobject&objectname=2009-SB-0403&query=on](http://www.legislature.mi.gov/(S(gsk0su5541mtdvmfmhqprs45))/mileg.aspx?page=getobject&objectname=2009-SB-0403&query=on).

Urge Senator Nancy Cassis, chair of the Finance Committee to conduct a hearing on SB 403.