

## **Turning up the Volume: Hearing Aid Regulation in the U.S.**

Sean F. Ennis

Organization for Economic Cooperation and Development

### **Abstract**

Hearing aid regulations, combined with the rules dictated by professional association, have led to reduced competition among U.S. hearing aid suppliers and to high prices for hearing aids. While the number of certified audiologists has steadily increased, prices for their services have not fallen significantly. An explanation for this is that the length of tests that audiologists administer (and which are recommended by their state professional associations) prior to issuing a hearing aid have increased substantially. So the number of audiologist appointments available has not increased linearly with the number of audiologists. Market evidence supports the statement that hearing aids are extremely expensive. Hearing aids cost about \$2,200 for a pair. Hearing enhancers, in contrast, which are used by hunters and have the same technical capabilities as hearing aids, can be obtained for \$300 a pair without seeing a specialist. The high prices of hearing aids lead to lower demand for hearing aids than would otherwise occur (only 20% of those who would benefit from them actually have a pair.) The paper argues that regulators have focused excessively on the medical benefits from mandatory examinations while ignoring the most important benefit of less extensive regulation: greater use of hearing aids as a result of lower prices in a less regulated market. Overall, the hearing aids regulations presents an interesting example of the strategic issues related to governmental regulations and rules and restrictions imposed by professional organizations that combine to reduce competition in the markets and loss of welfare.