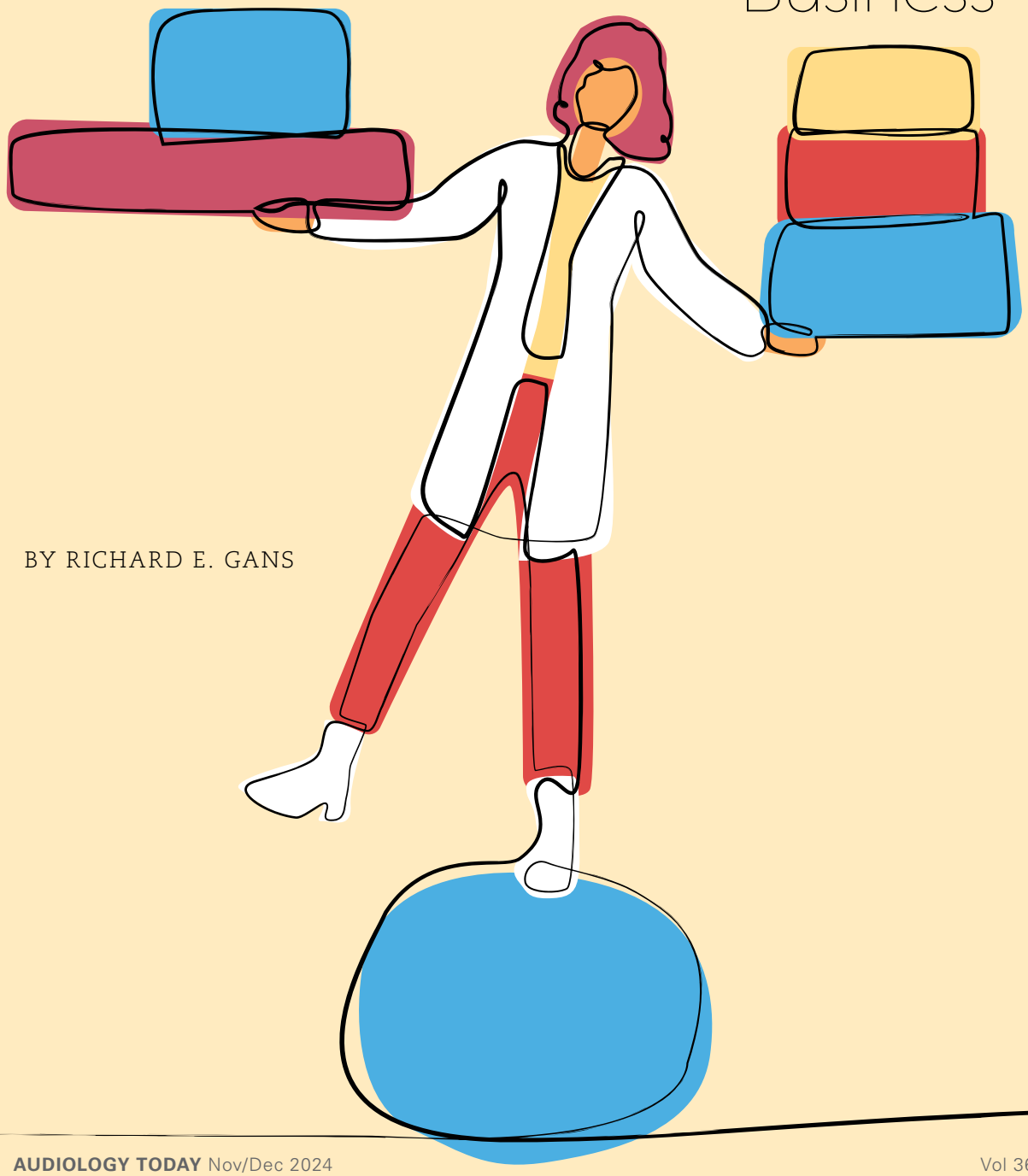
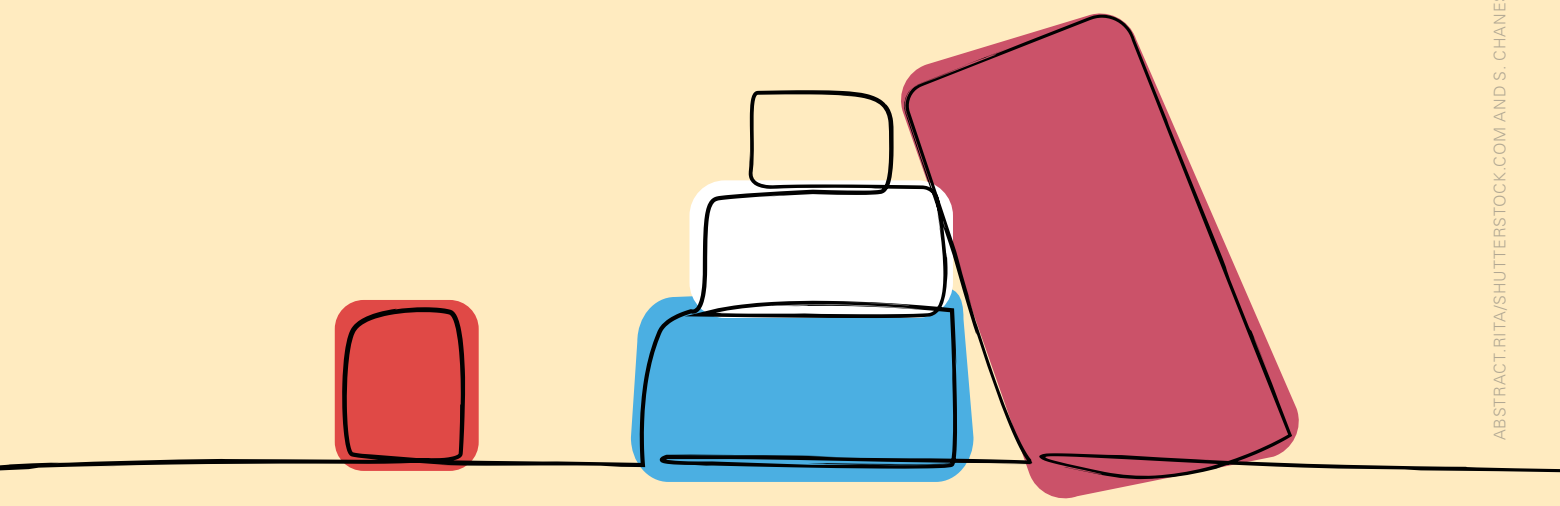
Building Blocks of a Balance Business



BY RICHARD E. GANS

Any new business venture that requires a significant commitment of time, money, and human resources should not be taken lightly. This article is intended to help audiologists thinking about adding balance to their practice ask the right questions during their planning.



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Introduction

The profession of audiology has changed in so many ways over the past two decades due to both internal and external forces. These include improved digital hearing aids, wide application of cochlear implants, decrease in middle-ear disease, greater acceptance of amplification, changes in reimbursement, increased competition in delivery models, decreased number of manufacturers, transition to a doctoring profession with exponential increase in student debt, and growing population of older adults as the baby boomer wave continues to hit. These forces had both positive and negative effects on how and where we practice and the economic and professional opportunities available to us.

As audiologists, we are continually looking for "the next best thing" to improve our professional knowledge, enhance clinical skills, and grow professionally and financially, whether it be by embracing auditory processing disorders testing, tinnitus, or cognitive health into the practice. Historically, the most consistent, financially viable, and sustainable subspecialty of vestibular-balance neurodiagnostic testing has often gone unrealized. Any new business venture that requires a significant commitment of time, money, and human resources should not be taken lightly. This article provides the reader with a 35,000-foot view of the right questions to ask before undertaking the venture.

Opportunity

It is estimated that more than 100 million Americans seek care every year for a wide variety of equilibrium conditions, typically including symptoms of dizziness, vertigo, falls, or near falls. Dizziness and vertigo are the third most common complaints heard by physicians from all age-groups preceded only by headache and lower back pain (Murphy et al, 2022). Equilibrium disorders can affect individuals due to familial or acquired conditions. TABLE 1 provides a list of the most common otologic and nonotologic conditions associated with causation of dizziness, vertigo, and elevated fall risk. The phrase "step away from the ear" clearly is revealed when one notes the large category of nonotologic conditions (Chua et al, 2022). In fact, one of the best guarantees of success of a balance service is to expand the aperture or bandwidth well beyond ear-related conditions. Building a strong

TABLE 1. Common Otologic and Nonotologic Causations

OTOLOGIC	NONOTOLOGIC
Benign paroxysmal positional vertigo	Migraine
Vestibular neuritis	Diabetes
Labyrinthitis	Cardiovascular disease
Labyrinthine concussion	Neurodegenerative conditions
	Concussion
	Stroke
	Vestibulotoxicity

TABLE 2. Reimbursement by Test, Current Procedural Terminology, and Corresponding Cost or Equipment

TEST	CURRENT PROCEDURAL TERMINOLOGY	MEDICARE MAXIMUM ALLOWABLE	APPROXIMATE EQUIPMENT COST
Rotary chair	92546	$136.69	$55,000
Videonystagmography	92540	$108.30	$35,000
Caloric	92537	$40.36	$9,000
Auditory brainstem response–neurodiagnostic	92653	$85.04	$20,000
Electrocochleography	92584	$110.00	Included with evoked potential auditory brainstem response No charge
Combined vestibular myogenic potentials (ocular and cervical)	92519	$130.14	Included with evoked potential auditory brainstem response No charge
Vertical channel (add-on)	92547	$10.98	No charge

medical referral base should be expanded well beyond otolaryngology into neurology, cardiology, internal medicine, gerontology, and physical medicine and rehabilitation, and more (Gans et al, 2024).

The need for balance diagnostics is further amplified when considering the number one fear of older adults—loss of independence and the ability to age in place. This is strongly associated with fear of falling (Iwasaki and Yamasoba, 2014). Given the exponential growth of this older cohort group, this is a significant and growing segment of the population. The older population is also confronted with numerous medical comorbidities complicating their management with the increased prevalence of falls. This contributes to considerable morbidities and mortality, with balance-related falls being the number one cause of accidental death for this population (Reider et al, 2024). Audiology practices that participate in the provision of neurodiagnostic services have the opportunity to bring great value to patients, their families, and the health system, including both government and commercial payers (Gans, 2011).

Reimbursement and Insurers

Payment for diagnostic vestibular tests has been stable for at least a decade. In addition, new codes for vestibular evoked myogenic potentials came out in 2021. When considering the equipment cost and time return on investment ratio, one can see it is fair, is reasonable, and represents a good return on investment. Medicare Part B national averages by the Current Procedural Terminology (CPT) codes and tests are shown in TABLE 2. The Centers for Medicare and Medicaid Services (CMS) guidelines require participating providers to be paid within two weeks, and no preauthorizations are required. Medical necessity and an appropriate medical referral are necessary for all Medicare billing, as is, of course, standard practice.

Medicare Advantage plans and commercial insurers often require a preauthorization. A good scheduling and billing department or service should minimize denials and delays in payment. When conducting any tests that do not have a CPT (for example, video head impact test), the patient can sign an Advanced Beneficiary Notification and pay privately outside of the Medicare or other insurance payers. There are some commercial or Medicare Advantage payers that prohibit billing outside of the contracted tests. Therefore, when crafting contracts with third-party payers, it is a good idea to include all tests and associated fees you plan to use early on in the relationship.

Challenges?

Using the well-known strengths, weaknesses, opportunities, and threats (SWOT) analysis will typically provide a quick thumbnail of the likelihood of success or struggle. A sample SWOT analysis is shown in TABLE 3. No venture can succeed without focus, determination, and work. The addition of neurodiagnostic testing within an audiology practice is no different. The cost of equipment, time needed for the learning curve, and personnel costs cannot be ignored. TABLE 4 provides a checklist of those items that should be included in any SWOT analysis. The first real question, even prior to SWOT, should be, Why? Most importantly, if the practice has a strong historical dispensing foundation and is accustomed to a cash-based revenue stream, the medical model of neurodiagnostic and its dependency on an insurance payment system must be considered. The pivot to a medical model has many benefits but is dependent on a sustainable referral base and an understanding of the Medicare Advantage plans and commercial payer system.

Plan, Plan, and Plan to Recalibrate

There is no one best approach to adding balance services, other than to plan, evaluate the opportunities, and consider the downside. TABLE 5 provides an overview of the potential pros and cons of adding balance

TABLE 3. Sample Strengths, Weaknesses, Opportunities, and Threats Analysis

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
Good existing medical referrals and relationships	No experience with neurodiagnostics beyond videonystagmography	5 referring medical practices have told us that they would refer at least 6–8 patients per month	Reduction in reimbursement
Experience with audiology insurance billing	Have not billed vestibular codes	3 physical therapy clinics nearby are supportive	Loss of staff
Staff is interested and very excited		Need only 3 patients per week for breakeven	Change in referral sources
Financing of medical equipment is historically at competitive rates and tax deductible		Existing database of 6,500 patients with hearing aids and “tested not sold” can be contacted	New competitors

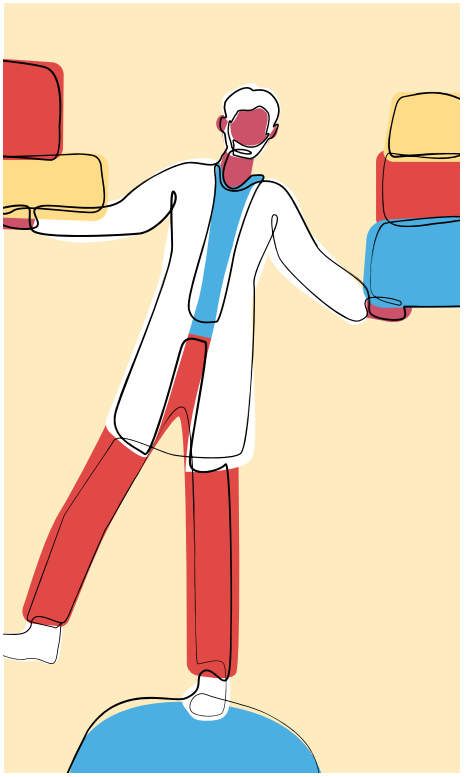
TABLE 4. Checklist of Items to Include in Strengths, Weaknesses, Opportunities, and Threats Analysis

CONSIDERATIONS	CHECKLIST
Why	☐ Business opportunity ☐ Need in the community ☐ Personal or staff interest
Business model	☐ Inside existing practice or new site ☐ Owner-operator-doer ☐ Referral network ☐ Space ☐ Equipment—existing, new, and used ☐ Staff—level of competency ☐ Support team—scheduling, billing, and marketing ☐ Opportunities to partner or provide contract services—otolaryngology, neurology, multispecialty, and health system
Financial	☐ Revenue sources ☐ Expenses ☐ Insurance plans ☐ Cash flow ☐ Finance options and costs ☐ Return on investment of capital, time, and human resources

TABLE 5. Summary of Pros and Cons of Adding Balance Testing

PROS	COMMENTS	CONS	COMMENTS
High demand for services	90 million Americans seek care annually	High cost of equipment	May range from $35,000 to $120,000 depending on equipment pieces
Lack of competition	Few service providers	Lack of academic training or clinical experience	Will require significant commitment or support from experts
Medical model—sustainability from referral sources	Become part of the medical infrastructure in community	Steep learning curve	Collaborate with experts; ongoing learning and growth
Good reimbursement $650 national average Medicare maximum allowable	Good return on investment for time: reimbursement	Time and focus on building medical referrals	Average medical office may need 7 "touch points" before referring
Incremental hearing aid sales	30 percent or more of patients seen for balance testing are hearing aid candidates	Operating as a medical model—understanding and working with insurance payers	Requires enrollment with and a billing system compatible with Medicare and multiple payers
Low cost of patient acquisition	Medical referrals (not mailers, promotions, etc.)	Plan to wait for reimbursement (typically 2–4 weeks) and manage any denials	Plan to have in-house or experienced billing service to reduce denials and delays

to the practice. There will be many decisions as to scope of investment, staffing, and time commitment to the venture. Working with a hearing aid manufacturer or buying groups may be very helpful in the financial and staffing plans, especially if your practice is eligible for financing through business development funds or equipment co-op programs. Spending at least six months in the analysis period is not unreasonable. From a business standpoint—the old adage of whatever you have factored, things will take longer and be more expensive than planned. On the staffing side, if your bright, newly minted AuD who said they would take the lead on the balance venture decides to give a two-week notice and goes to work for industry, what is your plan B?



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Summary

Perhaps, the greatest benefit of adding balance testing is the ability to practice at the highest levels of licensure. Most importantly, in 28 states, the CMS intermediaries mandate through their local coverage determination guidelines that only audiology, otolaryngology, and neurology are to be paid for the family of vestibular function codes. When the profession is faced with relentless competition for hearing aid dispensing online and in brick-and-mortar

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locations, here is the government payment system literally placing the audiologist on a pedestal. The government payment system has essentially excluded competitors for audiologists. While audiology often bemoans low reimbursement for basic hearing tests and exponentially growing competitors every day, the profession's recognition and exclusivity as an exclusively paid provider by CMS certainly warrant taking a closer look at adding balance testing to audiology practices.

Richard E. Gans, PhD, is the founder of the American Institute of Balance. He served on the American Academy of Audiology's Board of Directors from 2000 to 2006 and as its president from 2004 to 2005.

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