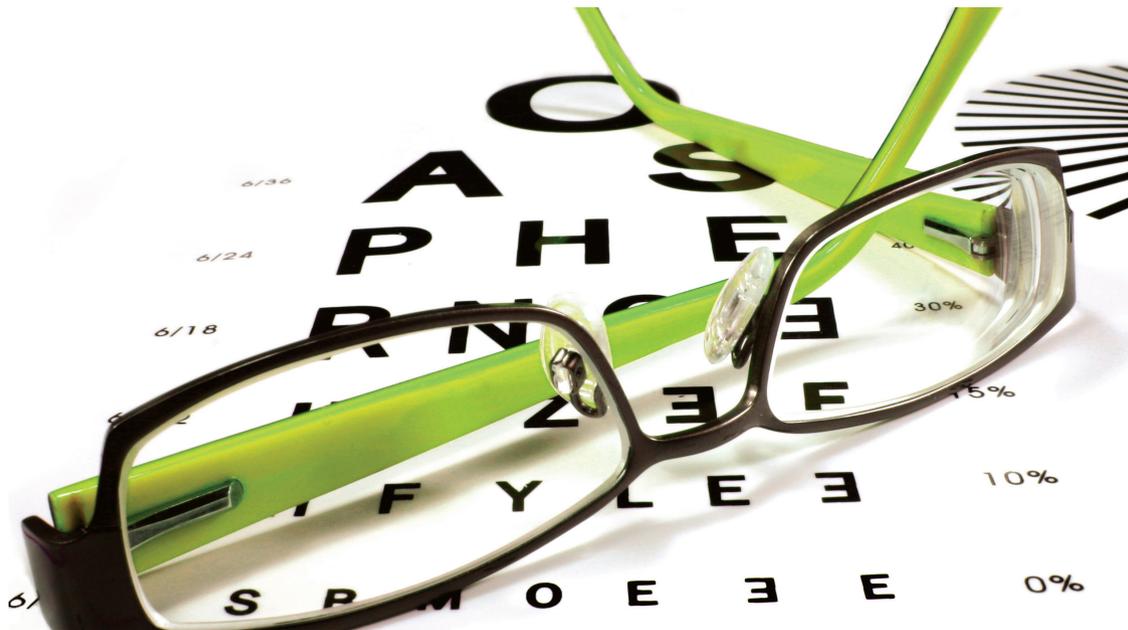


# How Today's Managed Vision Landscape Is Changing

## Recession, health care reform bring challenges and opportunities for plans, providers



**BY CATHY CICOLELLA**  
SENIOR CONTRIBUTING EDITOR

NEW YORK—The managed vision care business has been buffeted by economic and various other factors over the past two years, but those conditions have also created new opportunities for managed vision players large and small.

Lingering recessionary pressures have shifted eyecare-utilization patterns that had been in place for years, as consumers who fear losing their jobs—and employer-provided health/vision insurance—opt to use those benefits sooner rather than later. At the same time, employers with their own cost pressures have become even choosier about maximizing their health-care expenditures, as evidenced by a continuing shift to “voluntary” vision plans as well as tighter controls on and scrutiny of corporate spending for employee benefits.

Yet managed vision has seen pos-

itive developments as well. The move toward expanded “wellness” coverage that began several years ago has become a sweeping trend that has energized many managed vision plans and providers. And the health-care reform legislation passed this year—while needing more definition and tweaking before taking effect in 2014—could provide additional avenues for the managed vision industry.

### Recession's Impact

Despite the recession, 2010 generally has been a positive year for the managed vision business, executives tell *VM*.

“It’s been a good, solid year, although we’ve seen the impact of the slow economy like everyone else,” said Gary Brooks, president of VSP Vision Care. He noted that although revenues are not yet back to the “boom” years, VSP is still doing well.

However, Brooks said, employers became more and more cost-conscious as the recession progressed, and VSP is seeing the trend toward voluntary benefits continue, with employees paying more of their health-insurance costs. And with the recession, fewer employees are



**“It’s been a good, solid year, although we’ve seen the impact of the slow economy like everyone else.”**

**—Gary Brooks, VSP Vision Care**

enrolling in vision plans for the first time. Yet VSP’s retention rate remains positive, according to Brooks, “and next year looks like one of the best in terms of clients who renew and stay with us—in the high 90-percent range,” he said.

Liz DiGiandomenico, president of EyeMed Vision Care, told *VM*, “The value proposition has been the number one concern of clients lately” as

the economy pinches corporate profits. “They want to know exactly what their employee/members will get for their money,” she said.

And as for benefit utilization, DiGiandomenico said, “If consumers know they have a benefit, they’re going to use it in this economy. Our utilization rate is definitely up, a single-digit increase, although we haven’t seen as much of a blip in utilization this year as we did in 2009—things seem to be stabilizing compared to last year.”

Also on the utilization issue, Rick Corbett, president and chief executive officer of Superior Vision, said his firm has noted an increase of about 3 percent in members’ use of vision benefits due to “recession-driven concerns.” And, he noted, “Employers continue to seek high value and quality from their vision plan provider.”

Steve Holden, president of Davis Vision, commented, “A lot more

people are examining every penny they spend these days, with benefit managers checking into all sorts of alternatives—everyone is looking for cost savings anywhere they can.”

Noted Richard Sanchez, president of Advantica and of the managed vision industry’s trade organization, the National Association of Vision Care Plans, “Over the past

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# Cost Pressures Impact Managed Vision Clients

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two years, we saw that employers continued to add vision plans to their offering of benefits to employees; however, we did see some switch from employers funding the vision plans to providing a voluntary plan to employees. In 2011, we see this trend continuing, but we do see employers continuing to add vision as a benefit.”

Some managed vision executives are seeing a brighter side to the lingering economic uncertainty. Said Carl Moroff, OD, chief vision officer of eyeQuest, one of the newer managed-vision players, “The recession has increased the number of people requiring state assistance, and as a consequence we have experienced growth from existing clients whose membership is expanding.

“At the same time, however, health care budgets are stretched tighter than ever, and managed care organizations are seeking ways to lower their operational costs, which puts pressure on all their vendors to be more efficient. We expect this trend to continue as we move toward 2014 and the impact of health-care reform.”

And Erich Sternberg, president of AlwaysCare Benefits, told VM, “We hear anecdotally that the number of people seeking the services of optical retailers or eyecare professionals is off; however, there has been no fall-off in groups or individuals purchasing vision plan coverage. We expect 2011 to be a better year, largely because of pent-up demand. The economy is progressing, theoretically, and we see gradual increas-

es ahead in utilization. People can only put off getting eyecare and corrective services so long to save money; they will still need to take advantage of services to improve their sight and maintain their overall health.”

Andy Alcorn, president and CEO of Block Vision, commented, “Although many of our group cli-

**“In discussions with ECPs, they say they want to be involved in treating medical conditions.”**

**—Liz DiGiandomenico, EyeMed Vision Care**



ents have expressed concerns about the state of the nation’s economy and the effects on their business, Block Vision has not

experienced significant adverse effects on its business. Some of our clients have implemented modest

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## VM’s Top 10 Managed-Vision Players (ranked by funded lives covered)

Company	Funded Lives*	Provider Panel*
1. VSP Vision Care	46 million (total lives <sup>A</sup> : 55M)	27,000 (23,000 OD, 4,000 MD)
2. EyeMed Vision Care	26 million (total lives: 140+M)	30,600 (22,450 OD, 3,300 MD, 4,850 retail <sup>B</sup> )
3. OptumHealth Vision	22 million (total lives: 22M)	31,000
4. Davis Vision	17 million (total lives: 55M)	32,059 (23,341 OD, 2,982 MD, 5,736 retail)
5. Block Vision	4.5 million (total lives: 4.5M)	NA
6. WellPoint Vision	3.4 million (total lives: 31.4M)	NA
7. Avesis	3.2 million (total lives: 3.3M)	25,834 (17,237 OD, 745 MD, 7,852 retail)
8. Advantica	2.5 million (total lives: 2.5M)	25,000 (14,000 OD, 2,000MD, 9,000 retail)
9. Superior Vision	2.3 million (total lives: 2.3M)	43,433 (28,236 OD, 5,654 MD, 9,543 retail)
10. General Vision Services	2 million (total lives: 7M)	325 retail

Source: VM and company-provided data.

Rankings were based on information provided to VM by the managed vision companies. Companies that did not provide the requested information are not included on this list.

\*= As of June 30, 2010 A= All lives covered, including both funded and discount B= Indicates number of retail locations NA= Not available

## Managed Vision Promotes Eyecare/Wellness Link

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reductions in their work force and others have indicated that they

have placed a hold on their plans to expand their staff, but these have been isolated occurrences.”

Alcorn added, “Even among our voluntary plans, we are finding high levels of employee participa-

tion, further underscoring the value proposition of vision plan coverage. The fact that cost-conscious employees are choosing to spend for vision plan coverage demonstrates the value that we deliver.”



**“A lot more people are examining every penny they spend these days, with benefit managers checking into all sorts of alternatives.”**

**—Steve Holden, Davis Vision**

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### The ‘Wellness’ Message

As eyecare’s role in identifying and/or co-managing treatment for long-term diseases such as diabetes becomes clearer, managed vision

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## What ECPs Are Asking About Health Care Reform

NEW YORK—After all the turmoil surrounding this year’s passage of health care reform legislation—and all the confusion about what happens between now and the 2014 implementation of many of the legislation’s provisions—eyecare providers are wondering about their position in this new health care landscape.

And many are asking the managed-vision companies with which they deal for some direction.

“Providers are justifiably concerned about the impact health care reform will have on their practices,” Carl Moroff, OD, chief vision officer of eyeQuest, told **VM**. “We hear that they recognize the need to provide coverage for the uninsured, and especially to provide early preventative care for children. Yet at the same time, they are concerned about the erosion of reimbursements to defray the cost of expanded coverage. Perhaps the most concerning part is the unknown as the political process continues.”

Gary Brooks, president of VSP Vision Care, said he’s heard two “burning questions” about health care reform from providers: what will be the eyecare benefit under reform—“which is not defined yet, so it could be anything from a vision screening to a comprehensive eye exam”—and how vision care will work under the yet-to-be-created health-care exchanges. As currently structured, those exchanges will require that any plan provide a full spectrum of health care, which would limit stand-alone

vision plans’ ability to offer their services. “We feel that’s bad for our doctors and patients,” Brooks said. “It wouldn’t be good to decrease utilization of vision benefits.”

On the other hand, Erich Sternberg, president of AlwaysCare Benefits, said providers could see more utilization of benefits due to health care reform, since more consumers are likely to have vision coverage. However, he agreed, “We hear concern about the impact reform may have on stand-alone vision plans, which contribute significantly to the revenue in many practices.”

And Steve Holden, president of Davis Vision, commented, “I think after health care reform the pie is going to be bigger, because some people will have coverage that didn’t before...and I’d like to think that vision care will be in there.”

A key question from providers, according to Jeff Spahr, staff vice president-vision and voluntary services, for WellPoint Vision, is, “‘Will health care reform allow greater access to medical members and the opportunity to provide expanded medical eyecare services?’” In response to those questions, Spahr said, “We continue to review and monitor the various components of healthcare reform which take effect between now, 2014 and beyond. There are many aspects yet to be defined, including the requirements for ‘essential health benefits’ within certain health care policies.”

Andy Alcorn, president and CEO of Block

Vision, said his company has not received a lot of questions about health care reform from its providers. He told **VM**, “Our conversations with our participating providers have revealed that providers are following the topic closely, but they are reserving their reactions, as there are still many uncertainties surrounding the detail of health care reform.”

Most questions Block Vision has received, he noted, are from ECPs who participate in Medicare Advantage programs. Said Alcorn, “Such providers have expressed anxiety and confusion regarding the effect changes in compensation from CMS to Medicare Advantage health plans will have on their compensation for services rendered to members enrolled through such programs, especially in light of ongoing uncertainty about how providers will be compensated directly from CMS for treating Medicare patients not enrolled through Medicare Advantage plans (the ‘physician fix’ situation).”

And Rick Corbett, president and chief executive officer of Superior Vision, noted, “Providers are asking about reimbursement rates and the impact on the delivery of overall employee benefits to our members. Superior Vision is indicating that in our view the delivery of vision benefits will not change dramatically in the near term, and that there will be continuing price pressure on benefits offered.” ■■

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## Delivering Managed Vision's Message

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plans as well as their providers are expanding their services to put more emphasis on “wellness” care.

At Advantica, for example, “our plans encourage wellness and the need for members to get their benefit comprehensive eye exam,” said Sanchez. “Health plans are also encouraging their members to include the use of the benefit as part of the preventative program each year, especially for members who are diabetic or are glaucoma candidates.”

Alan Cohn, chief executive officer and president of Avesis agreed: “Avesis has a diabetic outreach



**“Health plans are...encouraging their members to include the use of the [eye exam] benefit as part of the preventative program each year.” —Richard Sanchez, Advantica**

program to encourage eye exams.” In addition, “we have created plan designs with lower copays for the eye exam,” Cohn said.

Companies such as WellPoint that offer general health insurance as well as specialized vision coverage are extremely aware of eye care’s role in members’ overall health picture, according to Jeff Spahr, staff vice president-vision and voluntary services, for WellPoint Vision.

Spahr told VM, “As part of a multi-line health-care organization, we continue to promote a comprehensive and holistic approach to members’ health, which includes regular eye exams. In addition, many of our member health-improvement programs include notifications to obtain regular eye-

care, and we provide clinical alerts to members based on reviewing medical and pharmacy claims.”

### Getting the Word Out

Davis Vision has been plugged into the connection between general wellness and eyecare for 12 years, offering outreach programs to encourage eye exams for targeted patient populations and exchanging files with medical insurers, according to Holden. Ramping up its efforts to better communicate the eyecare/wellness connection, in May Davis hired its first-ever vice president of marketing, Tracee Thomson;

she will be working to deliver the eye health and wellness message going forward.

Another long-time proponent of the eyecare/wellness connection, particularly in the area of diabetes, is VSP, where Brooks said clients have become more interested in that connection. “More and more clients are looking for data on disease detection for their health-management programs,” Brooks added.

VSP now has a specific section of its website called the Center, located at [www.vsp.com/cms/the-center](http://www.vsp.com/cms/the-center), that offers wellness tips along with information on eyewear style and technology. In addition, next year the company will add coverage to provide additional services for members who are diabetic, Brooks said.

DiGiandomenico of EyeMed told VM, “In discussions with ECPs, they say they want to be

**“We continue to promote a comprehensive and holistic approach to members’ health, which includes regular eye exams.” —Jeff Spahr, WellPoint Vision**

involved in treating medical conditions. It’s very important to them, and EyeMed wants to support them in that, and to make sure they understand the relevance of what they do in relation to patients’ overall health and wellness.”

In addition to EyeMed’s own strong involvement in wellness events, DiGiandomenico noted the importance of the industry’s Think About Your Eyes (TAYE) campaign in promoting the importance of the eye health/wellness message.

“We consider our vision (and dental) plans as keys to overall health and wellness,” said Always-Care Benefits’ Sternberg. “They not only provide immediate benefits such as screenings and glasses or

**“Our primary goal is to make vision and eyecare affordable and available to as many people as possible.” —Carl Moroff, OD, eyeQuest**

contacts...but let members get a thorough look from professional providers who can spot conditions that serve as advance warning signs for other health issues. We promote these benefits through materials at onsite enrollment events and through our online member portals.

We are adding groups all the time with plans that have a wellness component, or that benefit from

accessing our wellness resources.”

And Moroff of eyeQuest noted, “Our primary goal is to make vision and eyecare affordable and available to as many people as possible. We work diligently to remove any barriers to entry, from cost, access and administrative. We also work closely with clients to educate members about the importance of quality eyecare, and have special outreach programs for targeted at risk populations such as diabetics.”

“The important role that regular eyecare plays in an individual’s overall well-being and the many medical conditions that can be identified through an eye exam is a key message Block Vision imparts to our clients, prospective clients and enrolled members,” Alcorn

noted. “This is a message that is resonating with our constituents, especially as increased emphasis is being placed on wellness programs and preventative health. We’ve found that providers are well-attuned to this message.” ■■

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## What's New in Managed Vision Plans for 2011?

NEW YORK—The industry's managed vision companies regularly tinker with their plan offerings to keep them as current as possible with new developments in vision care, new technologies and new trends in consumers' eyecare patterns.

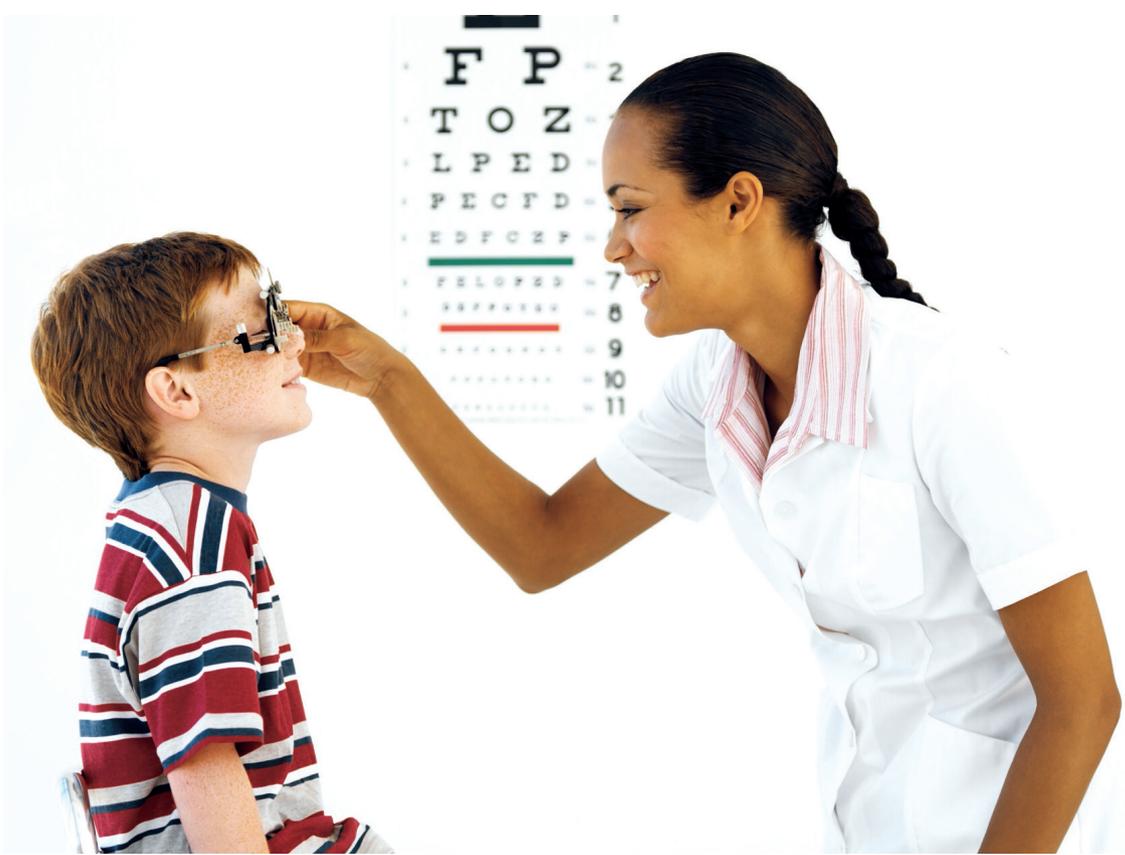
Here's a look at some of the changes managed vision firms will be making in their plans for the coming year. (Not all companies were willing to unveil details of their 2011 programs at press-time, therefore not every managed vision player is included.)

**Advantica:** "We see benefits changing as new lens technology is available, as well as lens features within a benefit."—*Richard Sanchez, president*

**AlwaysCare Benefits:** "We recently added two enhanced vision plan options featuring no co-pay and a generous allowance for contact lenses, separate benefits for CL fitting services/evaluations, and low in-network co-pays for comprehensive eye exams. We're also very excited about the pending launch of fully insured, specialized eyewear plans."—*Erich Sternberg, president*

**Avesis:** "For 2011 we are adding more intensive eye/medical coordinated care programs."—*Alan Cohn, chief executive officer/president*

**Block Vision:** "We have found products with dual co-pays (exam and eyewear) to be growing in popularity, due to the effect such a co-pay structure has on lowering premiums. We've also found interest in plan designs that offer coverage of premium lens options, because such plan designs allow groups to



offer enhanced coverage with a relatively minor price impact. Additionally, plans that allow a member to apply his or her eyewear allowance to the cost of laser vision correction procedures have proven popular."—*Andy Alcorn, president*

**Davis Vision:** "We are working on new product offerings, and will be more visible in the marketplace through frequent messaging to patients and providers."—*Steve Holden, president*

**EyeMed Vision Care:** "We will continue our 'wellness' journey and continue education on the eyecare/wellness connection."—*Liz DiGiandomenico, president*

**eyeQuest:** "In addition to our current programs, eyeQuest will

begin to market to municipal employee programs in some areas. To serve this membership, we'll be adding a number of value-added services such as Lasik discounts and a mail-order replacement contact lens service."—*Carl Moroff, OD, chief vision officer*

**MESVision:** "Our plans for 2011 include the inclusion of a comprehensive sun care benefit and additional benefits for popular lens options, as well as member-driven cost reductions to reduce out-of-pocket expenses."—*Mike Schell, vice president/sales*

**Superior Vision:** "We will provide more value-added options to members in 2011 from a product perspective and from an administrative perspective."—*Rick Corbett,*

*president and chief executive officer*

**VSP Vision Care:** "We plan a variety of changes; for example, starting Jan. 1, 2011, we are revamping our products to add flexibility to the way clients can cover lens options such as progressives and coatings."—*Gary Brooks, president*

**WellPoint Vision:** "We will continue to expand efforts around clinical integration to improve member health outcomes, introduce plan features that reduce member out-of-pocket costs and look at opportunities to further integrate vision benefits into comprehensive health-care programs."—*Jeff Spahr, staff vice president-vision and voluntary services* ■■