What's in the Cards?

Rewriting the Rules of Managed Vision Care

BY JOHN SAILER / SENIOR EDITOR

NEW YORK—Dramatic changes were already impacting managed vision care plans and providers even for the few years before the Affordable Care Act (ACA). Then along came this sweeping legislation to alter the health insurance landscape even more. Among these changes were health care costs continuing their upward climb and employers rethinking how they'll contribute to their employees' health insurance coverage. In addition, vision care, despite its growth, is often still considered an ancillary benefit. Add to that the most influential health care legislation since Medicaid and Medicare were introduced nearly half a century ago, and eyecare providers are attempting to maintain their footing in the wake of this disorienting one-two (three-four) punch.

Managed vision care executives were already in the throes of launching new plans, forging partnerships and implementing contractual changes. At the same time, providers on their panels were doing their best to navigate these changes while also serving their patients' eyecare needs and maintaining the profitability of their businesses. Standing firmly upon this changing landscape is challenging to ODs, particularly while the ACA complicates things further with the promise of more patients yet lower reimbursements.

It's clear that the rules are changing for optometrists, for managed vision care plans, and for everyone involved in health care. They're changing as a result of the impending full implementation of the Affordable Care Act, and they're changing due to other influences already in play. What isn't clear is how these changes will impact vision care?

The managed vision care executives and eyecare professionals that *Vision Monday* interviewed for this article shared their thoughts on the change agents already having an impact as well as their projections for what's in store as a result of the ACA.

"This used to be a straightforward, predictable, stable marketplace with respect to how employers looked at vision care benefits. The ACA turned that

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VM Special Report: Managed Vision Care

In this special Cover Topic report on changes occurring in managed vision care, both before the implementation of the Affordable Care Act and as a result of this sweeping legislation, Vision Monday looks at:

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More Patients, Lower Reimbursements in a Changing Market

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upside down, causing all those elements of the marketplace—employers, employees, consultants, brokers—to reconsider what they should do with respect to employee benefits," said Rick Corbett, CEO of managed vision care company Superior Vision.

Ramp Up to 'Retailization'

"These are exciting times, there's no question about that," said Celina Burns, president of Davis Vision. "We're seeing the 'retailization' of health care with the whole landscape moving toward consumerism," she told *Vision Monday*, referring to the fact that in some cases the insured are being given much more personal choice in the selection of their health insurance coverage. "In the larger group space, we're already seeing movement toward giving employees an allowance to go to a private exchange. It's the same dynamic we saw play out in pensions 30 years ago with the movement to 401ks."

"In the larger group space, we're already seeing movement toward giving employees an allowance to go to a private exchange."

—Celina Burns, Davis Vision

Ultimately, the consensus among industry leaders about the changes in store for providers points toward more patients overall, albeit fewer private payers and more third party patients.

Jim Greenwood, president and CEO of Vision Source, views an aging population among the reasons for an expected increase in patients, but at the same time he sees a "need to do things differently" as care shifts from independent to group practices. "Factors in health care impacting optometry include an unhealthy and aging population with 51 million people on Medicare and 10,000 a day aging in," he told *Vision Monday*. "Medicare Advantage is gaining traction," he added. At the same time, "innovative groups are forming, motivated to deliver excellent care," he said.

Bob Stein, chief professional development officer, National Vision, predicts an increasing number of patients for similar reasons: "I believe that over a period of years the top line for managed vision care will be positively impacted, but the mix of where that comes from may be very different. The exchanges (public and private) will grow membership, Medicare will increase simply as a function of our aging population, accountable care organizations will grow in popularity, and medical insurers will add more of their non-pediatric members to vision care plans."

"With a whole segment of the population that wasn't insured that will be insured, ECPs are going to be seeing more people as a consequence of more people being covered," said Corbett.

"We expect that the popularity of vision care plans will continue to expand in all sectors with significant growth in membership," agreed Mike Schell, vice president, sales, MESVision.

Jim McGrann, president of VSP Vision Care, is focusing on "strategic areas to increase patient flow into doctors' offices," he said. He told *Vision Monday* that these include the Premier Plan to address the "changing retail landscape" and signing up 85 more health plans to provide pediatric vision care as an essential health benefit.

In addition, those who predict more patients walking through optometrists' doors expect it to be gradual rather than immediate, with a slow start in 2014 ramping up to a boom in 2015.

Philip Kaufman, CEO, UnitedHealthcare Vision, told *Vision Monday,* "Vision coverage for pediatrics will certainly expand due to the inclusion of this benefit as part of the 10 essential health benefits outlined by the ACA," he said. "For eyecare providers, the number of new pediatric patients seen will likely go through a gradual increase, with a slow influx of consumers at the start of 2014 but gaining momentum into 2015."

Celina Burns, president of Davis Vision, corroborated his opinion, stating that "2015 will be more the watershed year for growth."

"Essential health benefits will provide access to additional members, which is always a positive change," said Vincent Hayes, vice president, managed care, Nationwide Vision, "but we're not anticipating significant changes."

"Pediatric patients will increase gradually, with a slow influx at the start of 2014, gaining momentum into 2015."

—Philip Kaufman, UnitedHealthcare Vision

Some managed vision care companies are taking steps toward bringing in more patients. "We are ready for a full nationwide launch of EyePrefer, our new product that empowers members to choose from two to three benefit designs," said Greg Hare, EyeMed's vice president of provider relations, referring to the company's new plan offering three levels of coverage (see page 36).

Reduced Reimbursements

Whatever their predictions for the number of patients after the full implementation of the Affordable Care Act, most executives *VM* interviewed agreed that average reimbursements from third party payers will continue to decline. This belt tightening is expected to occur at all levels of health care, from the government to managed vision care companies and, ultimately, including providers and patients as well. "There will be continuing downward pressure on reimbursements that will call for improved efficiency in all segments of the delivery system," said Stein, referring to the fact that managed vision care companies as well as optometrists and optical retailers will all have to remain budget conscious in the face of reduced reimbursements.

"The ACA is a coverage bill that will reduce reim-

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Managed Vision Care's Impact on Providers, Plans and Patients

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bursement to everyone, insurance companies and providers," agreed Andrew Alcorn, president and CEO of Block Vision.

"In some cases, insurance companies may issue separate contracts to health care practitioners for their new exchange-based plans, some of which will likely include lower reimbursement rates," confirmed Stephen Montaquila, OD, chair of the AOA's Third Party Center Executive Committee

Budget conscious government programs such as Medicare and Medicaid will also result in reduced reimbursements. "State governments responsible for Medicaid expenses are trying to reduce expenses," said Richard Sanchez, CEO/president of Advantica.

According to a *Review of Optometric Business* report on "Challenges and Opportunities in the Future of Independent Optometry" sponsored by Vision Source, "In 2012, 13 million Medicare beneficiaries, or 27 percent of total beneficiaries, were enrolled in Medicare Advantage programs, providing a supplement to their government-funded Medicare coverage. Enrollment is increasing 10 percent annually. These programs are run by large insurers that vigorously seek to contain costs to maintain profitability."

> "This used to be a predictable marketplace with respect to how employers looked at vision care benefits. The ACA turned that upside down."
>
> ***—Rick Corbett, Superior Vision***

Ultimately, all parties involved are in this together. "Preparing for the impacts starting in 2014 has been an enormous undertaking, and the implementation of health care reform will require health care companies and providers to work together to make the effort successful," said UnitedHealthcare Vision's Kaufman. "All market participants will need to become more innovative, efficient and consumer-focused, which will help improve outcomes, more effectively manage costs, and drive higher member satisfaction with vision benefits."

However, until open enrollment ends and coverage begins in 2014, we can't be sure how things will change. "We don't really know how many people will buy vision off the exchange," said Myles Lewis, CEO of General Vision Services, confirming the consensus that until it actually happens we can't be sure what will happen to managed vision care as a result of the full implementation of the Affordable Care Act. This sweeping legislation, combined with the forces already in play, will simply add more obstacles eyecare professionals to navigate in the managed vision care landscape. ■

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Pediatric Vision Care Is 'Essential'

Some ACA initiatives of the Affordable Care Act clearly point toward an increase in the number of patients seeking eyecare. The first and most direct impact will most likely result from pediatric vision care being among the 10 essential benefits required by the ACA. Starting Jan. 1, 2014, an estimated 7 million to 8 million previously uninsured children (according to the American Optometric Association) throughout the country are expected to have coverage for comprehensive eye exams and materials.

"Unfortunately, the 'vision benefit' did not receive much more clarity than those two words," said Bob Stein, chief professional development officer, National Vision, referring to how the pediatric vision benefit is being defined. "However, our industry has responded admirably and has interpreted that to mean a full scope exam and the correction of refractive error when called for."

"The benefit covers vision exams, eyeglasses and other materials. It was deemed essential not only to screen for refractive problems in children, but also for the early detection of eye disease and other systemic disease and thus facilitate early intervention of medical services," said Daniel B. Levy, OD, CPHM, chief optometric officer of Avesis, explaining that the benefit is viewed as a comprehensive examination and not just a screening.

The American Optometric Association (AOA) agrees with this. In its interpretation of a Dec. 16, 2011 U.S. Department of Health and Human Services (HHS) bulletin proposing that states should consider having pediatric vision care cover "routine eye examinations with refraction, corrective lenses and contact lenses," the AOA announced, "HHS essentially acknowledged that 'pediatric vision care' in the new health care law is centered on a comprehensive eye examination, not a screening offered alone or as part of a 'well child' office visit."

However, the AOA "believes significant ongoing federal and state advocacy is necessary to ensure that 'pediatric vision care' will not be downgraded to less than a comprehensive eye examination for the millions of newly insured Americans under these plans starting in 2014."

Most industry leaders view pediatric vision being an essential health benefit as a boon to optometrists that will bring more patients through their doors.

"Greater awareness and coverage for pediatric vision benefits combined with coverage for previously uninsured children will increase the number of individuals using managed vision care and seeking vision care services," said Richard Hom, OD, MPA, FAAO, national optometric director of WellPoint. ■

Stand-Alone Plans: The Battle Is Now Waged at the State Level

Soon after it was determined that pediatric vision care would be among the 10 essential health benefits required for coverage by the Affordable Care Act, a controversy began over whether stand-alone vision plans would be permitted to participate in the state health insurance exchanges without partnering with a major medical plan.

When the ACA was signed into law, stand-alone vision plans were excluded from selling directly in the exchanges. Instead, vision care plans could provide coverage by contracting through a major medical plan.

A battle ensued with the main combatants being those representing stand-alone vision plans in support of their participation and the American Optometric Association against it. After the U.S. Department of Health and Human Services first decided to allow each state to decide how to handle stand-alone vision plans, organizations on both sides took their lobbying efforts to the state level.

"There are three managed vision care plans on the Colorado exchange, but the transaction takes place outside the exchange."

—Julian Roberts
National Association for Vision Care Plans

A number of state optometric associations passed resolutions supporting the inclusion of stand-alone vision plans, including Arizona, California, Hawaii, Maryland and the District of Columbia. Others came out against permitting the direct participation of stand-alone vision plans. For example, Washington state insurance commissioner Mike Kriedler, OD, MPH, FAAO released a statement in February 2012 opposing the inclusion of stand-alone vision plans.

Ultimately, the argument became moot on March 29, 2013, when the Centers for Medicare & Medicaid Services issued a memo on "Frequently Asked Questions on Reuse of Exchange for Ancillary Products." In the FAQ memo, federal guidelines indicated that while exchanges could provide education about ancillary benefits such as vision coverage and a link for purchasing them within an exchange's infrastructure, the actual transaction could not be completed within the exchange itself, and federal subsidies could not be used for the sale of non-essential benefits.

Effectively, CMS disallowed stand-alone vision plans from directly participating in the state exchanges but permitted their sale, if a state desired, via a link for purchasing them outside of the exchanges. For example, the Connect for Health Colorado exchange provides a link for consumers to access stand-alone vision plans after they have completed their health insurance enrollment process.

Jim McGrann, president of VSP Vision Care, told *Vision Monday* that Hawaii and Nevada are also developing ways to sell stand-alone vision insurance "adjacent" to the exchanges rather than on them. Both approaches are expected to

"VSP has new partnerships with 85 health plans in 32 states; 60 are providing the pediatric essential health benefit as part of the health care exchanges in 25 states."

—Jim McGrann
VSP Vision Care

be similar to Colorado's, according to a VSP spokesperson.

"There are three managed vision care plans on the Colorado exchange. Click the link for any of those three and go to their website to sign up for adult vision, but the transaction takes place outside the exchange," said Julian Roberts, executive director of the National Association for Vision Care Plans. "There's some discussion that Hawaii is moving forward with something similar, and Nevada is looking at doing an advertisement for vision on their exchange."

That doesn't mean, however, that VSP and other managed vision care providers are left out of most other state exchanges which are not pursuing this tactic. In those cases, they're simply required to partner with a qualified health plan being sold through the exchanges. In the case of VSP, for example, this year the company added 85 health plan partnerships. Of those, 60 were established to provide pediatric essential health benefits coverage in conjunction with medical plans on the exchanges in 25 different states. For these 60 partnerships, VSP provides the Elements Plan, which is based on the federal guidelines required for pediatric vision care as an essential health benefit. ■

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Mergers, Partnerships, Multiple Plans Define MVC Companies' Long-Term Strategies

In response to the current and anticipated changes in health care, a number of the major managed vision care companies have already begun to implement dramatic changes in the way they do business, those with whom they are partnering, and in their relationships with providers as well as with patients. While some of these developments are a direct reaction to the Affordable Care Act, others were already in the works as managed vision care continues evolving. Some of these, impacting providers now and into 2014, are:

Superior Vision Merger with Block Vision

Prior to the pending merger with Block Vision, 99 percent of Superior's business was direct-to-employer, Rick Corbett, CEO of Superior Vision, told *Vision Monday*. "This will diversify the marketplace for us, not only in commercial but in medical, Medicare and Medicaid," he said. "Among the drivers of the merger with Block were the changes that occurred with the ACA, expansion to the uninsured and the modifications made to the Medicare program. Block has relationships with health plans that we did not have. What Block does not have on a national scale is a national provider network. The two of us combined will have the largest provider network in the industry. Medical eye management is another sector of the business that Block is involved in. Block has been involved in the Medicare and Medicaid business, which we believe will be an expanding marketplace as a result of ACA that we did not participate in previously."

About the pending merger, Kirk Rothrock, president, Superior Vision, said, "The end result is a comprehensive eyecare company with member-centric solutions for the commercial, Medicare and Medicaid markets, encompassing the full range of wellness vision and medical-surgical eyecare programs."

"We are excited at the opportunity to join forces with a company that so closely matches our philosophy of being focused solely on vision and eye health," said Andrew Alcorn, president and CEO, Block Vision. "We also serve the relationships with our providers; we are not in the frame business, or the lab business, and we don't dictate to our doctors."

Another recent change Superior Vision made was to name Costco Optical to its eyecare provider network last month. "They are a large and popular retailer with a cost structure such that they offer low cost, broad-based membership," said Corbett. "They will appeal to a percentage of the population that are employed but at a lower end of the spectrum with regard to salaries. We think it's important to have a variety of choices in our network."

VSP Introduces Plans, Partnerships

VSP continues to partner with a number of health plans to provide vision coverage for their members. Many of these will be sold within the state health insurance exchanges. "VSP has newly committed partnerships with close to 85 health plans to provide new vision coverage starting Jan. 1, 2014," Jim McGrann, president of VSP Vision Care, told *Vision Monday*. These join the 200 health plans already on the books. "In a typical year, VSP normally brings on about 10 to 12 new health plan partnerships. While, 85 committed partnerships are in 32 different states, there are 60 committed partnerships where VSP is providing the pediatric essential health benefits coverage that will be delivered in 25 different states. "

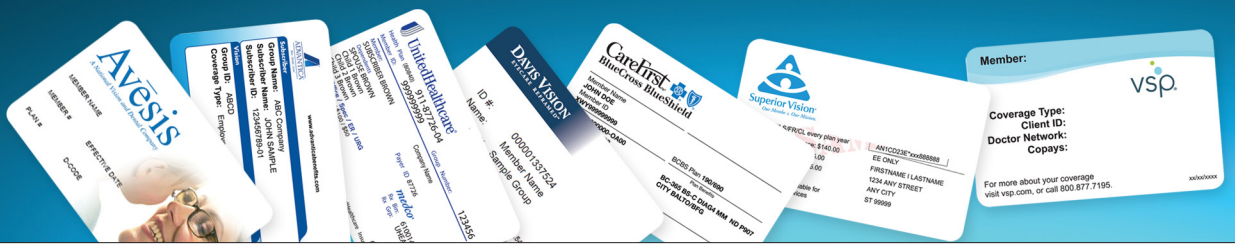
In addition, VSP introduced its Elements Plan last year and its Premier Provider program this year. The Elements Plan was created to provide the pediatric vision care essential health benefit to be sold in partnership with qualified health plans being sold through the exchanges.

The Premier program, introduced this summer, was created to reward loyalty among VSP Global's providers and patients. VSP providers receive certain benefits when they achieve Premier status, and they do so by achieving specific criteria: 1) Annual sales of $25,000 of Marchon or Altair frames for a single location with two doctors or less, or $50,000 in annual sales of these two VSP-owned frame lines for all other locations. 2) Annual sales of 200 pairs of Unity lenses from the VSP Optics Group. 3) Meeting eye health management criteria and demonstrating preventative care by submitting at least 5 percent of WellVision exam claims with one of four conditions—diabetes, diabetic retinopathy, hypertension and high cholesterol. And 4) installing a retinal imaging machine. VSP members receive benefits from Premier providers such as an extra $20 to spend on Marchon or Altair frames.

Major New Contract and New Lab Approach from EyeMed

This year, EyeMed required its providers to sign a new contract for a new reimbursement model effective Oct. 1, 2013. One key change is that providers now use the Essilor Laboratories of America national network, beginning at first with more than 60 labs that will grow to about 100 labs by December. These will also include specific Essilor Partner Labs and the Walman Optical Company family of businesses. EyeMed is also introducing the choice of Luxottica Lab Services, based in Dallas, and an in-office finishing program option for providers with their own lab. The new EyeMed contract also requires providers to communicate and receive remittance advice and payment electronically.

In May of this year, EyeMed introduced EyePrefer, which offers three levels of coverage. With the EyePrefer Essential plan, employees and/or their dependents receive the basics, including a compre-



hensive eye exam and complete pair of prescription glasses or contact lens allowance. EyeMed will be debuting a new provider locator that enables members to search for providers in their area on several criteria, including special technology, services or the types of frames they offer.

OptiCare Launches OptiNow with Essilor

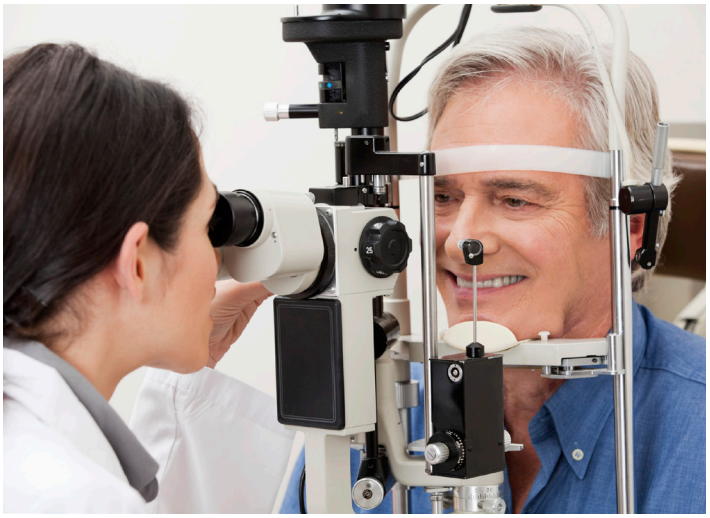
OptiCare Managed Vision, in partnership with Essilor Labs of America, has recently launched OptiNow, an online application that allows OptiCare's providers to place orders through Essilor's labs while simultaneously filing a claim. OptiNow enables providers to verify member eligibility, file a claim for professional services, and place a lab order all on one page. After the prototype was beta tested and implemented in OptiCare's Ohio network in October, the company plans to release the application in the rest of its markets later this year. OptiCare created OptiNow to eliminate the need for repetitive data entry, save doctor and staff time, and improve member experience. "OptiNow is another illustration of OptiCare's continuous quest to increase efficiencies in eyecare administration," said OptiCare president and CEO, David Lavely.

Davis Adds VP, Re-Launches Website

Changes recently implemented by Davis Vision include hiring a senior vice president for exchange development and the launching of a rebranded website. Created specifically to address both public and private exchanges, the new position of senior vice president, exchanges, national accounts and network development, has been filled by Donna Geringer, with over 25 years of managed care experience. Celina Burns, president of Davis Vision, said, "Her role will be pivotal as we leverage our 50-year integrated delivery model and advance our Eyecare Reframed strategy."

The new "Eyecare Reframed," introduced earlier this year, is aimed at educating employers and consumers about eyewear and eyecare, "focused on engaging consumers to take a new look at eyecare," according to the company.

Burns described the new branding and redesigned website as "more direct to consumer and just in the initial stages right now." According to the company, "The online experience will evolve as the website keeps pace with changes in health care reform."



UnitedHealthcare Vision Combines Vision and Medical Benefits

UnitedHealthcare has released a white paper written by Linda Chous, OD, chief eyecare officer, and Kim Christopher, vice president of vision strategic solutions, on the subject of "Integrating Eye Care with Disease Management." The company's Bridge2Health program does just that, provides integrated vision and medical benefits. A UnitedHealthcare spokesperson told *Vision Monday*, "We started offering Bridge2Health several years ago, and today we have more than 2,000 companies enrolled in the program."

WellPoint Introduces Three Initiatives

In April 2013, WellPoint introduced three new initiatives intended to enhance its vision care offerings by "improving the provider/patient relationship," Jeff Spahr, president, vision services, told *Vision Monday*. The health benefits company began allowing in-network eyecare providers to view and print patient medical history, included 1-800-CONTACTS as an in-network provider of contact lenses on its vision plans and created a vision care advisory board.

To link medical and vision plans, WellPoint has added a unique "View Medical History" button to its online claims systems that will allow in-network eyecare providers to view and print relevant patient medical history via HIPAA-compliant data transmission. "WellPoint has started a program of sharing some of its members' prescription medication, diagnosis and laboratory data with vision care providers," Spahr told *Vision Monday*. "This is an idea that some might have thought would be difficult to implement. However, the technology that is available today can facilitate this type of data sharing, resulting in better eyecare and medical care."

WellPoint also created an advisory board to assist in furthering its relationship with its network of eyecare providers. "This new board will be tasked with finding new ways to help address patients' vision wellness needs, leverage WellPoint's powerful referral mechanism and improve provider growth and profitability," said Richard Hom, OD, MPA, FAAO, chair of the new advisory board.

WellPoint also added 1-800-CONTACTS as an in-network option for vision care plan members. "Our members have requested we add an option that would allow them to purchase contact lenses online," said Spahr.

New Online Initiatives

Two other managed vision care companies—Advantica and MESVision—also introduced websites through which their members can order contact lenses online. The new MESVisionOptics.com site is powered by Arlington Lens Supply, which is owned by National Vision, and Advantica launched its proprietary online contact lens program at AdvanticaContacts.com. ■

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Independent ODs Voice Concerns About Managed Care's New Rules

Independent optometrists explain how they are reacting to the changes and challenges being presented by third party payers.

Mark H. Rinkov, OD
Rinkov Eyecare Centers
Columbus, Ohio

"Third party payers are restricting what tests may be performed and reimbursed, controlling what care a licensed OD can provide. They are also dictating discounts the OD must provide the patient, not only on the glasses provided under the vision care plan, but also on additional glasses not provided through their plan. They are also dictating the lab they own or have a "contract with."

We will probably need to see more patients in a day due to low reimbursements. Do we continue to work harder for less?"

Tommy Lim, OD
Berryessa Optometry
San Jose, Calif.

"ODs are forced by some vision plans to use certain optical laboratories. ODs use the lab of their choice for a reason, usually because of trust that the work done will be of a certain high level. I am very unhappy about this but have not yet figured out how to get around this. In California, with private pay patients dwindling and the number of major vision plans down to two or three, we have limited options."

Chad Fleming, OD, FAAO
Wichita Optometry
OptometryCEO
Wichita, Kan.

"In updated third party reimbursements in 2014, we have noticed a decrease in medical health insurance providers carrying a "routine" ophthalmic exam. We are still waiting on how they will provide this much needed service to policyholders. Most medical insurances have reimbursed at a level equal to our usual and customary charges, allowing us to continue providing very thorough comprehensive routine care. In response to companies that have substituted their routine medical vision coverage with a vision benefit plan that reimburses at 50 percent to 60 percent less, we have responded to this based on being a medically oriented practice which allows us to continue to bill the medical insurance.

In response to much lower reimbursements we are looking at ways to be more efficient and utilize vision benefits as truly just vision benefits and then recalling them for any medical findings. As we have always done, we will bill the medical insurance for the medical diagnosis and management.

> "Managed care plans are reducing reimbursements but stipulating certain standards of care. We are trying to be more efficient with patient check in, pretesting, and examinations."
>
> ***—Mark H. Rinkov, OD***
> ***Rinkov Eyecare Centers***

Anticipating more pediatric patients, we are making changes in the dispensary to improve selection. We brought in Ashley Blasi, OD, approximately three years ago, and she specializes in children's vision. We anticipate significant growth in her schedule. I would recommend any doctor to consider a children's vision associate. Pediatric vision is a key component for future growth of your practice under the third party changes to meet government regulations.

The main challenge is moving from doing everything for vision needs and eye health needs in one exam. A comprehensive eye exam may become less prevalent as the problem-focused approach to eyecare appears to be the direction managed vision care is pointing toward. Doctors who have already adapted this approach will find themselves ahead of the curve."

Darren Horndasch
Wisconsin Vision, Inc.
Eye Boutique, Inc.
New Berlin, Wis.

"Third party has represented a large share of our business for many years, a way to attract patients without retail marketing. However, as managed vision care has expanded, it is still necessary to reinforce our message through retail marketing.

All managed vision care plans are fighting to attract new customers, often at the expense of their competitors. The primary means of doing this is to either enrich the benefits offered and/or decrease the premiums charged. The plan then goes back to its providers and asks for reductions in reimbursements, "share" programs, claim processing reimbursement programs and/or the scheduling of items not typically covered, such as anti-reflective, photochromics, high index, etc. to minimize the patient's out-of-pocket expense. All this is under the premise that we will see new business. This is not new business but business we have earned over the years through their competitors.

In addition, we have seen managed vision plans directing their members to their own labs, contact lens sites and frame programs. This has forced us to review the product offerings, go back to our vendors for increased discounts, focus on specific benchmarks, and look for other items to sell (e.g. medical).

With the ACA and the new pediatric provision, plans associated with insurance companies are approaching us with the premise that since we will see new business, a reduction in reimbursements is once again appropriate for all vision plan participants. Our response has to be to do our best to mitigate the reductions. We must research our claim activity to respond in a manner that is acceptable without losing the opportunity to participate. This will become a larger challenge as plans fight for membership.

There is no standard for reimbursement in the industry. Once we negotiate a contract with a plan they themselves often have a difficult time paying us correctly. The key is to have highly trained, specialized staff that understand the agreements and have key contacts at the plans in the event reimbursements are incorrect. Solid technology that can calculate the algorithms of the agreements correctly is vital.

I find it very important to be actively involved with the principals within the managed care organizations. This allows for better communication outlining what we bring besides just locations. It is a story about how we can help them grow/maintain their business, a key element in a 'partnership.'"

"Third party payers are fighting it out to get our patients, some trying to take our patients for their optical chains, going as far as sending coupons to our patients."

—Eric M. White, OD
Complete Family Vision Care

Eric M. White, OD
Complete Family Vision Care
San Diego, Calif.

"Third party payers are fighting it out to get our patients, some trying to take our patients for their optical chains, going as far as sending coupons to our patients to get their eyewear elsewhere but do the exam, at a reduced cost, with us. I look at this as an opportunity. We need to build a concierge style practice, do whatever is needed to make patients feel like family, give them the best product at a competitive price, e-mail them a personal thank you note.

The medical side is another place for changes. Patients notice if you're keeping up with new technology.

Doctor-driven dispensing is crucial. Patients don't know what they need and what they want. They think they just need a new pair of glasses and it will be free. I prescribe to them exactly what they need to make their life more comfortable. If you take the time to explain what and why they need something they will get it the majority of the time. This is why my digital lens sales are over 95 percent, my anti-reflective is over 90 percent, and my Transitions are mostly over 40 percent."

Gina M. Wesley OD, MS, FAAO
Complete Eye Care of Medina
Medina, Minn.

"We are anticipating an influx of patients due to the Affordable Care Act, and we are preparing to handle that flow as well as be well versed on how those benefits work. Additionally, we plan on fully analyzing how in-office efficiencies can be improved to ensure the clinic is profitable with potentially lower reimbursements.

There is always the challenge of providing a level of care that can be adequately compensated for in reimbursements. That is a decision every provider has to make with each plan. We've incorporated more private pay testing, which allows each patient to select premium care at their own discretion, knowing that if they don't, they are still receiving high quality eyecare. Expanding specialty contact lens fittings has improved revenues regardless of managed care coverage."

"Get all insurance information from patients before the appointment, verify coverage, and then go over the benefits with the patient before providing the service."

—April Jasper, OD, FAAO
Advanced Eyecare Specialists

April Jasper, OD, FAAO
Advanced Eyecare Specialists
West Palm Beach, Fla.

"Changes in coverage are always an issue, and changes in deductibles are increasing as well. The best way to take exceptional care of patients in response to these coverage changes is to do our homework ahead of time. Get all insurance information from patients before the appointment, verify coverage, and then go over the benefits with the patient before providing the service. In our office, we collect all fees at the time of the service so there is no issue with accounts receivable.

All of us will face decreased reimbursements. As business owners we need to make good business decisions. If reimbursements do not support our time, we must decide whether to continue doing business with those plans. The days of walking into the office and simply "seeing patients" are gone. To continue to care for our patients and change their lives, we must make certain we stay in business."

Jason Trucano
Brevier Optical
Excelsior, Minn.

"Managed vision plans are the biggest challenge we face today. The standardization of optometric practices they impose has helped to commoditize eyecare and the services/products we provide. The administration of each plan has also caused much confusion and frustration for staff given the uniqueness and complexity of each plan.

As a general, community-based eyecare practice, we see the decrease in reimbursements as a big obstacle. As reimbursements drop, our ability to survive will depend on volume and our ability to see more patients per hour. With reimbursement fees in flux, investing in the latest technology for the exam lane has also become challenging. Instead, we focus on using technology to gain practice efficiencies to help us do more with less.

We have begun regular reviews of each plan to determine whether to continue to accept them. While the lure of additional patients is enticing, we need to ensure we attract a patient base that allows us to continue providing the highest level of service possible." ■

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Public and Private Exchanges to Bring More Patients

With the media all abuzz about the challenges being faced by the public health insurance exchanges being established to sell health insurance in each state, the private exchanges being created throughout the country for the same purpose are getting far less attention. But both are on the upswing, and both will include the sale of managed vision care plans.

Public Exchanges

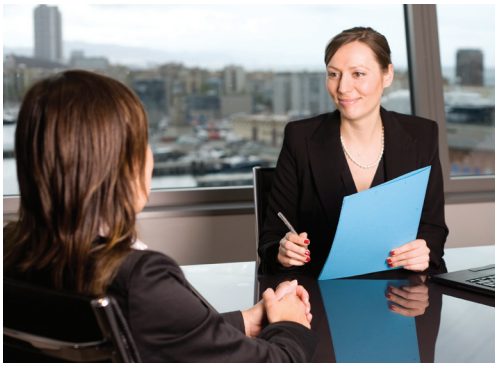
Depending on the state, public health insurance exchanges are being managed in one of three ways—by the state itself, by the federal government, or by the state and federal government in partnership.

Of the 51 health insurance marketplaces being developed across the U.S., 19 will be state-based exchanges, 25 will be federally facilitated, and seven will be "partnership" exchanges, developed jointly by state and federal government, according to the American Optometric Association's Third Party Center Executive Committee. In addition, multi-state plans will be available in 31 states in 2014 and in all states by 2017.

The U.S. Department of Health and Human Services (HHS) gave states the flexibility to select an insurance plan that reflects the scope of services offered by a "typical employer plan" by using one of the following health insurance plans as a benchmark—one of the three largest small group plans in the state by enrollment, one of the three largest state employee health plans by enrollment, one of the three largest federal employee health plan options by enrollment, or the largest HMO plan offered in the state's commercial market by enrollment

"Not every benchmark plan includes coverage of all 10 categories of benefits identified [as essential health benefits]," according to HHS, which added that among the most commonly non-covered categories of benefits among typical employer plans are pediatric vision services. To determine what pediatric vision services should be offered, HHS reviewed the Federal Employees Dental/Vision Insurance Program (FEDVIP). "The FEDVIP program is a stand-alone vision and dental program where eligible federal employees pay the full cost of their coverage," according to HHS. "The FEDVIP vision plan with the highest enrollment covers routine eye examinations with refraction, corrective lenses and contact lenses."

According to a spreadsheet of each state's benchmark plans released by the National Association of Vision Care Plans, most states (40) and the District of Columbia resorted to using FEDVIP as its model because pediatric vision care was not included in their benchmark plans.



To participate in these public exchanges, some managed vision care plans have partnered with some of the qualified health plans being sold on them. For example, Davis Vision is participating in 15 health plans being sold on state exchanges, primarily in the East Coast, and VSP established committed partnerships with 60 health plans in which the company is providing pediatric essential benefits coverage for delivery in 25 different states."

Private Exchanges

With all the controversy and glitches surrounding the launch of the state exchanges on Oct. 1, 2013, private exchanges that are also selling health insurance have come online more quietly. These private exchanges will become a major factor, market observers tell *Vision Monday*.

Insurance consulting firms such as Aon Hewitt, Mercer and others are forming private exchanges to sell health insurance that will include vision benefits. "You will see these private exchanges continue to grow at the same time that the public exchanges are growing," said Julian Roberts, executive director of the NAVCP. While private exchanges are currently selling insurance for small and medium sized groups, Roberts is confident that private exchanges will soon appear to sell individual insurance throughout the country, and there will be "a lot more managed vision care programs getting into the individual market."

On both the Aon Hewitt and Mercer Marketplace exchanges, "VSP Vision Care is working and in discussions with several private exchanges, both on a national and regional level," a VSP spokesperson told *Vision Monday*.

John W. Lahr, OD, FAAO, EyeMed's VP, provider relations and medical director, said that his organization is involved in or is in discussions with "pretty much all" of the firms establishing private insurance exchanges.

"EyeMed's response to health care reform has been two-pronged," said Gerg Hare, EyeMed vice president of provider relations. "First, we have solid relationships with major medical carriers planning to operate in the public exchanges, so we have a presence on those platforms. Second, we're participating in several private national and regional exchanges, and will continue to evaluate private exchange opportunities over the next few years."

Other managed vision care executives also see the value in the exchanges, both public and private. Davis Vision just created a position for vice president of exchanges, national accounts and network development.

Bob Stein, chief professional development officer, National Vision, said "Preparedness for the Federal public exchanges, state public exchanges, and private exchanges is key for the future." ■

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Medicaid and Medicare Adding More Vision Patients

In 2012, optometrists reached $1 billion in reimbursements for the first time under Medicare, according to the U.S. Centers for Medicare & Medicaid Services (CMS). While complete 2012 data is not yet available, CMS also estimates that 32,404 optometrists saw Medicare patients during 2011 and provided more than 11 million services.

These numbers are expected to increase even further as a result of the Affordable Care Act. The Medicaid expansion will increase coverage to millions of low-income Americans. Beginning in January 2014, individuals under 65 years of age with income below 133 percent of the federal poverty level will be eligible for Medicaid. For the first time, low-income adults without children will be guaranteed coverage through Medicaid in every state without need for a waiver, and parents of children will be eligible at a uniform income level across all states.

"Millions of Americans who previously fell through the cracks in terms of health care coverage will now be covered through Medicaid," said Daniel B. Levy, OD, CPHM, chief optometric officer of Avesis.

Celina Burns, president of Davis Vision, predicts Medicaid will be an explosive growth area. "Optometrists need to look at how they view Medicaid," she said, "because there will be lots more eligibility and the opportunity for vision benefit growth."

According to a *Review of Optometric Business* report on "Challenges and Opportunities in the Future of Independent Optometry" sponsored by Vision Source, "The Affordable Care Act will cause a large increase in the population eligible for Medicaid benefits. In 2009, 15 percent of the population, or 48 million people, were covered by Medicaid. This number is projected to increase by 16 million people (another 5 percent of the population) under the more liberal eligibility requirements. Depending on practice location, this could cause a surge in the number of patients with vision benefits."

Medicare, covering certain preventive services such as glaucoma tests and yearly wellness exams including a vision screening, is also expected to bring in more patients. Generally, Medicare doesn't cover eyeglasses or contact lenses. However, following cataract surgery that implants an intraocular lens, Medicare Part B helps pay for corrective lenses (one pair of eyeglasses or one set of contact lenses). An increasing number of Medicare Advantage enrollees is likely to have a similar impact, increasing the number of patients covered for vision care.

"We're seeing some increase in Medicare Advantage plans," said Vincent Hayes, vice president, managed care, Nationwide Vision, "which is positive for the overall industry because they generally do have eye exam and hardware benefit."

The *ROB* report predicts more Medicare patients as well: "Aging Baby Boomers will produce rapid growth in Medicare enrollment in the years immediately ahead. Currently there are 51 million Medicare beneficiaries (16 percent of the total population). Medicare beneficiaries will rise to 61 million in 2020 (19 percent of population) and to 70 million in 2025 (21 percent of population)."

However, the report concludes that there will be cost-cutting measures occurring at the same time as the burgeoning rolls of Medicare patients: "In 2012, 13 million Medicare beneficiaries, or 27 percent of total beneficiaries, were enrolled in Medicare Advantage programs, providing a supplement to their government-funded Medicare coverage. Enrollment is increasing 10 percent annually." ■

ACA Basics: What You Should Know...But Still Might Not

Starting Jan. 1, 2014, everyone in the U.S. (except for some exceptions) will be required to have health insurance. It is estimated that there will be 30 million to 35 million U.S. citizens who will be required to have health insurance who didn't have it before this law went into effect.

- Those who are not insured by their employer or through Medicaid or Medicare can buy health insurance from the newly established exchanges, or marketplaces, being formed in each state. Depending on the state, these marketplaces are being managed in one of three ways—by the state itself, by the federal government, or by the state and federal government in partnership.
- Plans sold on the public exchanges will be presented in five categories—bronze, silver, gold, platinum, and catastrophic. In addition, private exchanges are also being established.
- Each health insurance plan must provide the minimum of 10 essential health benefits, which, in addition to including pediatric vision as well as dental care, also include outpatient care, emergency services, hospitalization, maternity and newborn care, mental health and substance abuse disorder services, prescription drugs, rehabilitative and habilitative services and devices, laboratory services, and preventive and wellness services and chronic disease management.

These are just some of the basics. The full extent of the law goes far beyond the scope of this small collection of articles. A glossary of ACA terms can be found on VisionMonday.com. ■

For a GLOSSARY of terms related to Health Care Reform and the ACA, go to the Cover Story on VisionMonday.com.