

# Eyeing the Options

Selecting a vision plan can leave you seeing double

BY ELLIE KUYKENDALL

**T**he statistics are staggering. The Vision Council of America (VCA) says that more than 62 percent of the adult population in the United States uses prescriptive eyewear. Yet, only 48 percent of adults have a vision exam every year or less and 49 percent have an exam every two or more years.

And those are just the current figures—not including all the 76 million baby boomers born between 1946 and 1964, many of whom are in their early 40s and likely to need vision correction soon. The number of visually impaired people will double by 2030, and according to VisionWatch, an Internet-based survey company in New York City, 72 percent of U.S. consumers already use some type of vision correction, but only 50 percent of adult consumers have a vision plan.

Vision programs are a preventative wellness benefit. And with so many people using computers today, they are increasingly a necessary benefit because employees cannot do their jobs correctly unless they get regular eye exams and obtain help immediately upon realizing that they are having trouble seeing.

By catching problems early, eye diseases and conditions often can be corrected to minimize loss of vision. Just three percent of blindness is caused by eye injuries, but diseases such as diabetes and glaucoma are on the rise and are two of most common causes of blindness. Fortunately, both diseases are treatable, but their eye-related setbacks can be diagnosed only through regular eye exams.

“By integrating all health benefits to work in tandem, the cost of ancillary benefits can, to some extent, be offset through early detection and treatment of more serious, costly medical procedures,” Karen Gustin, LLIF and vice president of Group Marketing and Managed Care for Ameritas Group in Lincoln, NE, points out.

With these thoughts in mind, it's not surprising that benefits managers in companies of all sizes are studying and implementing vision plans for their employees. But wading through the different types of programs before choosing one can be a daunting task. Advice and tips from different industry sources makes the process easier, and there are trends in the industry of which you should be aware. The impact of consumer-directed healthcare initiatives and HSAs on vision plans are other issues to consider.

#### DECISION PROCESS

Mort Soroka, MPA and PhD, is director of the Center for Vision Care Policy



**Gustin**

State at the University of New York State College of Optometry and co-authored Managed Vision Benefits with Jesse Rosenthal, O.D., who is director of professional services for Davis Vision, a nationally managed organization with headquarters in Plainview, NY.

Soroka advises that you look for a vision plan program with a formalized quality assurance program “that includes records review and site visitation with providers. Put out an RFP (request for proposals) to assess which plan is best. Larger companies should make a site visitation to the vision plan provider company to review the proposal.”

Another important factor in choosing a vision plan is how a company credentials plan providers. Ask about “a formalized credentialing process that includes verification of licensure, type of license and PPA certification,” Soroka says. Credential checking includes finding out about any sanctions against a provider, violations found by the state board of optometry, and if there have been malpractice suits.



**Soroka**

**“By integrating all health benefits to work in tandem, the cost of ancillary benefits can, to some extent, be offset through early detection and treatment of more serious, costly medical procedures,”**

**—Karen Gustin,**  
*LLIF and vice president,  
Group Marketing and  
Managed Care,  
Ameritas Group*





"The better plans have a system of visitation to plan providers based on the volume of patients a provider sees."

Another thing you can do when looking for a vision plan is to network with other HR professionals whose companies already have a program in place. These managers have already been through the process and can give you the advantages and disadvantages they've discovered in their own provider. Several industry leaders also suggest looking for simplicity in plan administration.



**Disser**

"Overall, an easy to administer program that keeps employees happy is the ideal solution," says Liz DiGiandomenico, general manager of EyeMed Vision Care and Cole Managed Vision in Cincinnati, two of the largest vision plans in the country.

Paul Disser, CEO of Spectrum Vision Systems, Inc., in Overland Park, KS agrees, saying that "companies should make sure that the vision group has the appropriate knowledge and understanding of the needs of the company and simple, easy administrative requirements."

## WIDE VARIETY

Large vision plan companies may be the perfect choice if you have employees scattered all over the country. These companies' plans typically have a huge network of providers and make accessibility to them easy. They also offer many different plans and are constantly seeking out and developing options that may save employers time and money.

For instance, DiGiandomenico says EyeMed made technological enhancements in 2004, to help improve customer satisfaction. "We offer speech recognition technology for quicker and easier navigation through prompts, as well as the ability to print invoices," she says. "We have a Client Relationship Management (CRM) database designed to centralize and link pertinent client, broker and provider data."

Smaller vision program organizations also have advantages, especially for smaller companies. Spectrum Vision prides itself on personal customer service, plus Disser claims its rates "are about one-third to one-half of a large organization's rates."

He also suggests a good, modern vision plan should provide for a discount on laser vision correction. With this option, employees get "a first-generation benefit, i.e., a discount from retail price points, but not a 'funded' or 'insured' or 'reimbursement' benefit," Disser explains. Regardless, the benefit is important considering the ease of laser surgery correction available today.

Soroka believes that a funded vision plans should provide both examination and eyewear benefits. The more benefits your vision plan provides, the happier and healthier your employees will be.

## COST CONSIDERATIONS

Vision plans come in a variety of packages ranging from discount plans to full-blown programs. The prices vary widely as well, with several issues about which plan subscribers should be aware.

A common mistake is that of choosing a vision plan based strictly on cost. Discount plans are the least expensive of all vision programs. These programs guarantee consumers a range of discounts on everything from cost of eyewear to examinations. However, according to Soroka, "discount plans are not really providing benefits to anyone and have no quality assurance provisions compared to what a vision plan should contain."

The cost of a vision plan depends on the benefits offered for your particular organization and on the organization you plan to use for vision coverage. DiGiandomenico says she thinks voluntary plans help contain costs.

"Cost containment is a top priority for most organizations due to increased medical costs," she recognizes. "For the vision care industry, this means organizations are looking for value-driven plans offered on a voluntary basis."

Estimates of costs from our experts varied widely. Kate Renwick-Espinosa, vice president of marketing for Vision Service Plan, a large provider based in Sacramento, CA, says an average program costs approximately \$10 to \$15 a month to cover an employee and his or her family and the amount an employer will pay varies on the size of the company.

"The range of cost is pennies to \$40 a month or more, depending on the scope

and scale of the plan design," Disser says. "The average cost of a sound plan design, i.e., one covering both exam and materials, is in the \$7.50 per member per month range. This would be net of commission if there is an agent/broker involved."

DiGiandomenico reports a typical range of \$4 to \$8 per member per month, and Gustin says that Ameritas plans average about \$150 per employee per year.

"How much of this affects the employer is largely determined by employer contribution and participation levels," Gustin explains. "Self-funding can be a double-edge sword depending on the expertise the employer has on staff to provide premium determination, administration and/or claim payment of the plan. Employers should determine the cost of the staff, time and system costs for these services versus the administrative costs from the carrier."

## INDUSTRY TRENDS

The vision care industry is growing rapidly with more insurers entering the marketplace and more employees and consumers feeling that vision benefits are important. The focus on what is important within the vision plan is switching also.

For example, the unique nature of children's vision issues are increasingly being addressed. "Children need to have an eye exam before they are six months old, and there is more awareness than ever about the importance of children's eye care," Renwick-Espinosa says.

Another major trend in the industry is consolidation, Disser says. "Luxottica, the European-based parent of LensCrafters and the EyeMed vision program, has just completed its acquisition of Cole National (Sears Optical, JC Penney Optical, etc. and the Vision One program). Moulin International Holdings Ltd. of Hong Kong is in the process of acquiring San Antonio-based Eye Care Centers of America."

Gustin suggests that using retail chain stores as contracted PPO providers is yet another rising trend.

"The value proposition of vision insurance is not at the level of other benefits, especially when the value includes little to no employer contribution," she says. "Consumer awareness of benefit values

has a direct correlation with the amount of out of pocket expenditures associated with that benefit. Because of this, chain-type stores offer inexpensive alternatives for vision materials that are more palatable to the pocket book."

Health Savings Accounts (HSAs), supported by the IRS and the Bush administration, also present a completely new set of options for employees and employers. Consumer-driven initiatives are a relatively new factor in vision care, with the impact of these programs yet to be fully felt. DiGiandomenico says she thinks "these initiatives will not have a significant impact on this niche,"



**Renwick-Espinosa**

but Gustin predicts an overall positive influence.

"First, wellness programs and the understanding of how all health coverages work together must be understood and communicated to both employers and employees," she says. "Proper development of plan designs is key as well."

Disser says that eventually astute health care purchasers will view traditional vision coverage premiums as redundant.

"According to the Centers for Studying Health Systems Change, '...70 percent of covered employees incur health care costs of less than \$1,000 a year'—this statistic is supported by historical claims data and IRS data." He concludes that the "HSA concept should focus more attention on preferred provider organiza-

tions of all kinds, including vision, which give pricing breaks to members of specific groups as this will help stretch the HSA dollars even further. Only time will tell where the ultimate benefits, as well as unintended consequences, lie."

## DECISION TIME

As with choosing any benefits program, employers should carefully weigh all options and consider every possible alternative before deciding which carrier they want to use.

If self-funding a vision program, Disser suggests that CEOs and CFOs work with a third-party administrator with a vision network connection before

## VISION PLAN CONSIDERATIONS

**When seeking a vision plan provider, consider such factors as:**

- Customer service hours;
- Employer and employee ability to access information on the Internet;
- Restrictions on eyeglass frame types;
- Geographical locations of plan providers;
- Age of employees (the older your employees' ages, the more coverage you need);
- Cost of benefits as they relate to disposable income;
- Ability to use independent providers or large optical retail chains;
- Provision for a discount on laser vision correction;
- The offer of both in- and out-of-network benefit alternatives;
- Rate guarantees over a number of years; and,
- No minimum enrollments.

insuring a vision program with any commercial insurer. "This can easily save one-third to one-half the cost of traditional vision coverage."

The time spent on researching and choosing a vision care organization to serve a company's needs will be more than paid back in the long run because not only will it have a plan that suits the budget, it also will have a plan that pleases its employees. ■

*Ellie Kuykendall is an internationally published writer living in Cave Spring, GA. She has held numerous editor-in-chief positions for various Web sites and can be reached by e-mail at [elliemk@mindspring.com](mailto:elliemk@mindspring.com).*

**"Cost containment is a top priority for most organizations due to increased medical costs. For the vision care industry, this means organizations are looking for value-driven plans offered on a voluntary basis."**

**—Liz DiGiandomenico**

*General manager, EyeMed Vision Care and  
Cole Managed Vision*

