

Panel Discussion: Healthcare Reform and the Optical Industry

Facilitated by: **Brian Hauser**, *General Manager*, Transitions Optical

Celina Burns, *President*, Davis Vision

As a country with the dubious honor of spending the most on healthcare with infant mortality levels that are higher than third world countries & the highest uninsured rate clearly there is no question that reform is in order. We spend more and get less. Clearly, the healthcare.gov roll-out has gotten off to a rocky start at best, and while the IT issues will get remedied what remains to be seen is whether the math will hang together to make the Affordable Care Act viable. Unfortunately, in Washington today, optics trump transparency. As a consequence, consumers will likely largely figure out the benefits of the federal exchange--or lack thereof on a trial & error basis.

While the public exchanges may be getting off to a slow start, the defined contribution movement underway in the employer plan sponsor market segment is creating momentum in the private exchange arena. It is estimated that as many as 30% to 50% of the group insured market will sponsor employee benefit offerings on some form of private exchange platform. In anticipation today there are growing numbers of companies spanning the financial services, start-ups and benefit consulting space rolling out private exchange platforms. Ultimately, this translates into the health care purchasing environment moving from business-to-business (B2B) to business-to-consumer (B2C). In many ways buying decisions in a private exchange model environment is analogous to that which most of us experience in a 401k process where expanded benefits are offered a la carte, and are chosen based upon individual personal health and financial needs.

In the public exchange world where pediatric vision benefits are a mandated "essential" benefit offering, and where Medicaid will expand exponentially, the opportunities for growth in the optical industry are favorable. Likewise in the private exchange group sponsored segment where benefit options will expand beyond traditional medical to include critical illness, more voluntary offerings like vision and dental, and increased ancillary benefits like legal and pet insurance, the optical industry also stands to garner positive growth.

All of these market changing forces are equating to an environment where health care purchasing, including vision benefits are moving to a "retail" B2C platform. There is no question the upside growth opportunities are significant for all stakeholders in the optical industry. That said as medical cost share shifts more heavily to the consumer the demand for optimum benefit spend value, and transparency in pricing will also increase markedly. All of which means wholesale change as to how the industry engages with optical and vision benefit consumers in the emerging health care purchasing market place.

Greg Hare, *Vice President*, EyeMed Vision Care

The benefit landscape is changing, and the percentage of Americans with some kind of vision benefit

will continue to climb as the free-to-choose market declines. The opportunity to position vision health as integral to a holistic health care package is stronger today than ever.

In addition to changes in health care, there are demographic shifts, changing consumer expectations and new technology that will demand adaptation from the optical industry. Successful adaptation will enlarge the pie and result in greater member/patient satisfaction.

One-sized fits all vision benefits are a dated concept. Consumers want choice, and when given a choice, more than half are willing to spend a little more for a more robust benefit.

There is much to gain through collaboration and innovation across segments of the vision industry. EyeMed is committed to collaboration with providers, ACOs, medical carriers and others in the industry who share our dedication to the ongoing health of the vision ecosystem.

Al Schubert, Senior Vice President and General Manager, VSP Health Plan

VSP Vision Care is the largest vision benefits and services company in the U.S. with more than 60 million covered members and 30,000 doctors. As a not-for-profit, our mission is to provide access to high-quality, affordable eye care and eyewear to as many people as possible.

Our position on the Affordable Care Act is simple: We're committed to our mission of providing and increasing access to eye care, and providing those patients with quality care through VSP doctors. For January 2014, we've brought on more than 90 new health plans across the country, and two-thirds are a direct result of the Affordable Care Act. This will allow many patients the opportunity to obtain or keep vision care. It's still our desire to compete directly in the exchanges as an ideal patient experience, but, as we work toward that objective, we feel this is a positive way to continue providing access.

- VSP Vision Care is the largest vision benefits and services company in the U.S. with more than 60 million covered members and 30,000 doctors.
- As a not-for-profit, our mission is to provide access to high-quality, affordable eye care and eyewear to as many people as possible.
- Our position on this is simple, we want to continue providing and increasing access to eye care and providing those patients with quality care through VSP doctors.
- We've collaborated with more than 90 new health plans across the country, and two-thirds are a direct result of the Affordable Care Act. These numbers are in addition to our existing health plan business and will allow many patients the opportunity to obtain or keep vision care.
- It's still our desire to compete directly in the exchanges as an ideal patient experience, but, as we work toward that objective, we feel this is a positive way to continue providing access.
- VSP is focused on developing tools and opportunities that help VSP doctors become more competitive retailers, while creating more channels to connect consumers with the products and services they're demanding.