

Panel Discussion: Healthcare Reform and the Optical Industry

Friday, January 24, 2014

8:00am – 9:30am

- Keynote:** Charles Posternack, M.D., Chief Medical Officer, Boca Raton Regional Hospital; Chairman of the Board, PFO Global
- Facilitator:** Brian Hauser, General Manager – U.S. and Canada, Transitions Optical
- Panel Members:** Celia Burns, President, Davis Vision
Greg Hare, Vice President, EyeMed Vision Care
Al Schubert, Senior Vice President and General Manager, VSP Health Plan

For the keynote discussion points, refer to the session presentation on the 2014 Executive Summit website.

Panelists

- **Celina:** Her mission is to stimulate the relevance of eye care and the bigger picture of healthcare. Americans spend more and get less, and we're number 37 in healthcare. We need healthcare reform, just in what form? Will the math hang together? There's no underwriting for vision benefits as you would have in Insurance.
- **Al:** Comments echo Celia. On their way to covering 1 in 5 Americans to a VSP Health Plan. With the Affordable Care Act, see the availability and inclusion of vision coverage as a step in the right direction. This means increased access and higher quality standards required of the health plans. Concerns are the acceleration of fee compression, the abject significant historical drop in employer offered insurance, and rising employee purchase of benefits. A personal concern is tax reform. Every proposal in Washington today contains provisions that will make employee benefits taxable and this could cause people to not buy.
- **Greg:** Focused on designing vision benefits that are compliant and has value to the patient and they want to use. We need to show value in the Vision Care sector and benefits to drive future use. Impacts seen are the pediatric benefit and the ACA tax has put a burden on Vision care companies and their clients. Opportunities are the new channels, putting members first and integrating vision care into healthcare and putting optometrists on the front line of healthcare.

Q: Since many people in the audience are suppliers, as you look to focus on reducing cost, how can we continue to deliver value?

- **Al:** One strategy is the Premiere Program. We'll see more vertical integration with materials of services to ensure value will be there.
- **Celina:** We need to become fully integrated so materials are tied to the services. We have to be prepared that consumers today don't know what to ask when they access healthcare (private label vs. brand lens). The pharmacy industry has that. We need to be prepared that consumers will start to demand value over what they do today and we will need to get efficient to provide value and squeeze out costs.

- **Greg:** I see a lot from the value equation. EyeMed is doing a lot on the consumer side to provide value. Vision benefits are a pre-paid, pre-taxed benefit that you may or may not use. EyeMed is focused on designing vision benefits that the buyer sees value in and wants to use.

Q: How do we drive utilization so that people utilize the benefit?

- **Al:** The opportunity exists because ODs are in a unique position to diagnose and treat certain conditions. If optometry, the insurance plans, and the industry gets together to promote how the industry treats chronic illness, it would be effective.
- **Celina:** I was on the medical side. Optometry can detect early detection of diabetes and hypertension, which is a big cost to employers. The industry hasn't stepped up in the education of the importance of having an eye exam.
- **Greg:** There needs to be a delicate balance between utilization and seeing the benefit. We spend a lot of time, effort and money driving the message of utilization to members. If we can get the patient to see the value of the benefit, we want the experience to be positive so they continue to enroll and utilize that benefit to see their eye care provider.
- **Al:** We have one of the biggest opportunities with adults not having vision care and bringing in their kids for eye exams. The pediatric benefit is splitting adults and child care. We need to work as industry to elevate this split and get adults covered. ODs are utilizing the benefit to connect with adults and parents by providing coupons, etc. Dental has become successful to include coverage for adults in the state of CA.

Q: How do we communicate to the member who has the benefit? How do you prepare your panels of doctors to have the information to communicate to the public?

- **Celina:** Davis Vision has a strong communication plan. We've updated our website, which is now directed to consumers instead of looking like an insurance website. It's designed to be simple. We need to figure out how to make provider portals easy to use. We need to include a live chat option. David Vision is looking at investing in a level of field provider activities, supplementing the written and web communication.
- **Greg:** We've been in the market with ECPs. The hits to website have been related to the pediatric care. EyeMed is hosting dinners with key influencers to inform the doctors.

Q: If we were to put together an office pool and ask ourselves a market share question: 1) product goods...would you expect there to be more sales of brands/products that are licenses or products served as private label? 2) The delivery system of the products...coming through more or less private doors or corporate storefronts?

- **Al:** We will see more of the private labels because of the pressure to bring down costs. One of the biggest reasons is seeing the ability of optometry to influence people into buying specific products.
- **Charles:** Coming from the world of healthcare, the greatest predictor of the future is the past. Healthcare will suck in the eye care industry like others. The largest program will be the entitlement programs. Healthcare has changed to provide cost effective value. Medicaid and Medicare will be growing. Patients will be fixed income people. The numbers will be fixed for the healthcare provider's fees, so the way to cut cost is through private label.
- **Greg:** Brands pay. I don't think it will come to the middle, it will come down to where you're covered. If you're in the public sector, it's up to you to choose what you want.

- Celina: Households make less money than they did. It will come down to wallet share. The web proliferation to new products (frames for \$25 that look cool) will affect it too.

Q: Patients coming into office are semi-informed. They don't know the difference between health benefits and vision benefits. What are we going to do about educating the members and patients?

- **Celina:** The web platform that is easy to navigate and is dynamic, such as live chat and engaging in social media, is important. As patients become more involved financially, they become more engaged and informed.
- **Charles:** Healthcare insurance companies are required by law to have patients prove they're going on their website. Insurance companies will be paid to prove their patients are going on their website.

Q: A consistent threat is how do you educate the consumer to be an informed purchaser. Think About Your Eyes is a powerful opportunity for that. How do we work together?

- **Al:** I see it as a consumer education piece and we need to inform the press. The education has to go to the top and the regulatory side in addition to focusing on the consumer.
- [Think About Your Eyes](#)