
ACA Implementation and Coverage Expansion Opportunities for ODs and the Vision Care Industry

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American Optometric Association

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GREAT News!

FAQ: Dental And Vision Care Part Of 'Essential Benefits' For Kids

Q. Will I be required to buy pediatric vision coverage by the Affordable Care Act?

A. Yes, it will be included in the Medical plan, and at least partially covers vision care, like eye exams and glasses.

Q. Will I be required to buy pediatric dental care if I purchase insurance on the exchange?

A. Most likely, NO. Children's dental care may be included in some plans offered on the marketplaces as part of the medical coverage you are required to buy. But many insurers may offer it as a stand-alone policy, which **you are not required to buy under federal law...**

<http://www.kaiserhealthnews.org/Stories/2013/October/09/faq-child-dental-vision-care.aspx>



Pediatric Eye Health Care

Final regulations released 2/20/2013 by HHS includes coverage for and access to Pediatric Eye Health Care.

Millions of children are gaining health insurance coverage through age 18:

- Direct access to their local optometrist for an annual comprehensive eye exam and treatment, which includes medical eye care
- “Essential Health Benefit” – must be offered by all new small group and individual health plans as a distinct benefit from well child care
- All new small group and individual health plans – both inside and outside of state exchanges – are required to provide integrated coverage for pediatric eye health care with optometrists as providers of both “routine” and medical eye care



How will Eye Health and Vision Care services be delivered in 2014?

➤ Integrated with health plan coverage

- Eye examination is a core component of the health benefit package
- Covered by health plan just like all other covered health care services
 - May or may not include a material benefit
- Health Plans may choose to contract with Vision Plan companies to administer a vision care benefit



Market Reactions and Notable Trends resulting from ACA implementation and insurance market reform

- Value-Based Care Models and Value-Based Contracting
- Health Plan – Vision Plan alliances
- Narrowing of Provider Networks
- Downward pressure on reimbursement



Eye Health and Vision Care Delivery is Changing

How will this effect optometrists?

Increased demand for children's eye care services and will require many health plans to add optometrists as participating providers starting now and continuing into early 2014

Coverage expansion for ODs will occur in two major ways – through new insurance carriers entering the market and offering new health plans (products), OR through existing carriers already in the market offering new health plans.

Large group, commercial market – more stable, CDHPs, Private Exchanges

Small group and individual products market, both inside and outside the health insurance exchanges – [the pediatric vision essential health benefit](#)



New Plans, New Rules, New Challenges

Some health plans are offering the pediatric vision essential benefit before deductible, others offer it as a post deductible benefit:

Net effect - for many optometric practices, we expect a greater percentage of eye care patients will likely have to pay out-of-pocket (meeting deductible) for their vision care services than in the past.

Set dollar allowances for materials now prohibited:

Plans can no longer have dollar maximum limits on benefits -- a set dollar annual allowance for eyewear is no longer permitted. Health plans are imposing formularies in some cases and experimenting with tiered copays and coinsurance in other cases.





Patient Access to Optometry= *rethink* eyecare

- **Research finalized**
 - **AOA sponsored SCIO Inspire Health Analytics study on ER diversion**
 - **Florida ER Diversion Study**
 - **Eye Health & Accountable Care, White Paper**
- **Presenting *rethink* eyecare message – exhibiting and speaking at business and health conferences, e.g. NBCH, Annual Benefits Forum & Expo**
- **Major successes (examples)**
 - **UAW Trust, Chrysler and GM** - Increased Access – benefit plans now cover medical eye care provided by ODs
 - **Maryland's Shore Health System** - Increased Access – now cover medical eye care provided by ODs for employees
 - **Art Van Furniture** - Increased Access - benefit plans now cover medical eye care provided by ODs

OD access to more than 1 million new covered lives!

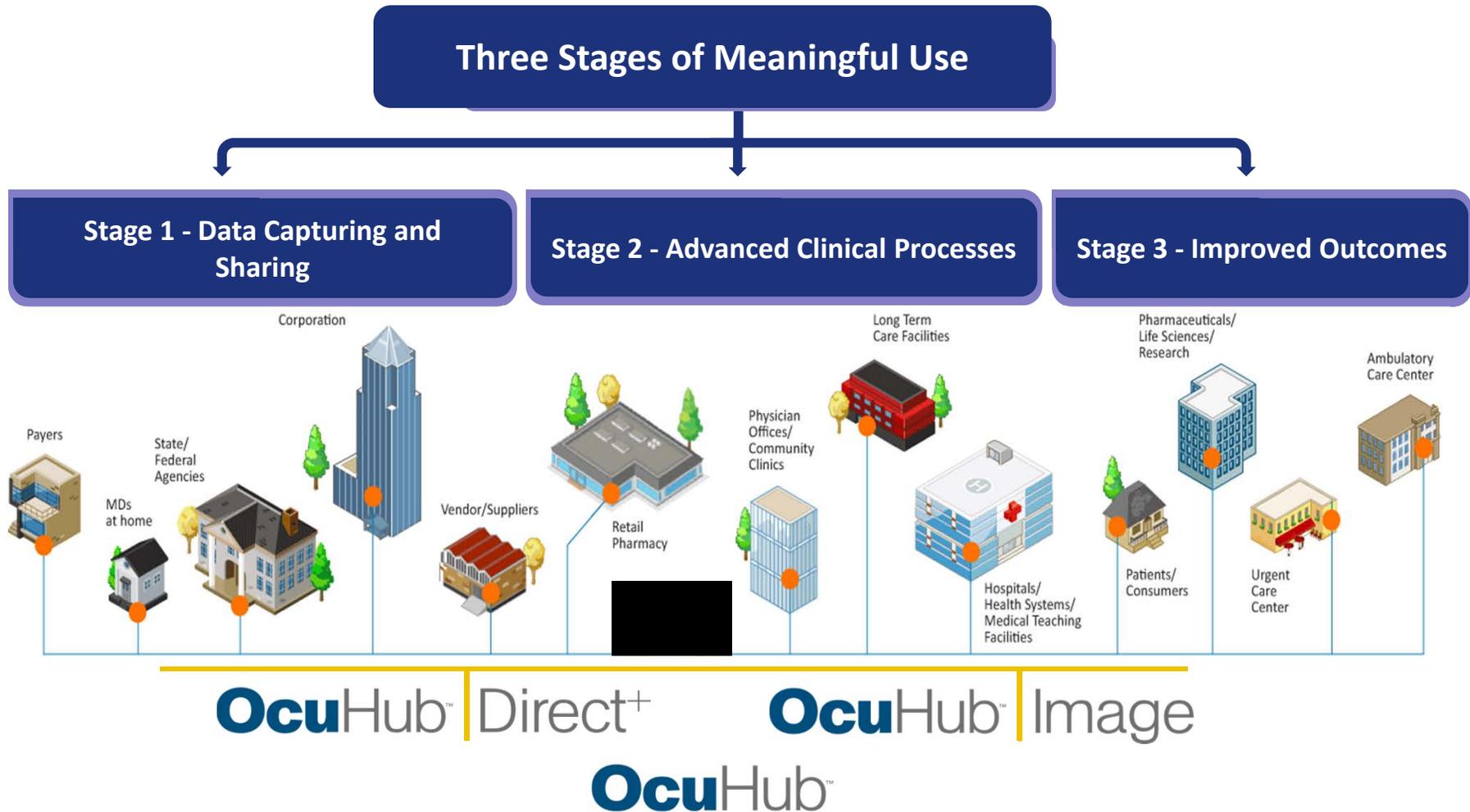


www.rethinkeyecare.com

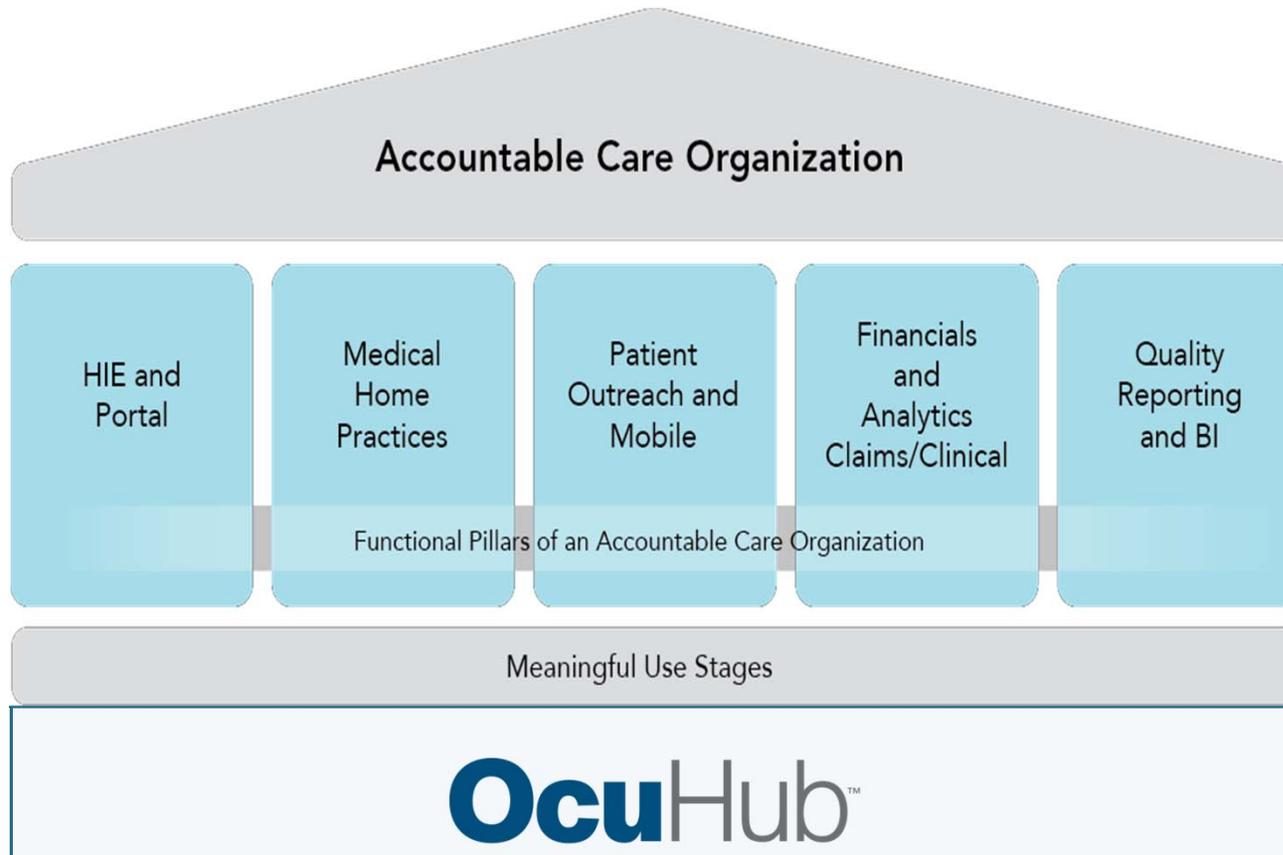
- Tools that can be found on the website:
 - Eye Health and Accountable Care, White Paper
 - Video
 - Cost Savings Model
 - Base PowerPoint presentation
 - ACO Resource Toolkit and ACO Guide for Optometrists
 - Request to be contacted page
 - For information on state specific concerns

Pathway to Meaningful Use

Access to Payment Incentives and Avoidance of Payment Penalties



Future of Eye Care Networks



CIP OcuHub will provide market level healthcare informatics platforms of value to Medicare and private ACOs thus providing competitive advantage to OcuHub subscribers for patient access and payment

Clinical Integration Partners LLC

Spin off company of AOAExcel advancing the Success of Eye Care Providers

OcuHub AT&T/Covisint digital platform:

Delivers proven web technology to connect eye care providers for improved patient care efficiency and quality in a HIPAA compliant manner

Distributes for sale via a cloud based AppStore, eye care practice IT tools that improve clinical work flows, yield better clinical outcomes, lower practice costs and introduce new revenue streams

Provides competitive advantage for EHR incentive payments, access to insured patients, participation in ACOs and other new payment systems

Facilitate the creation of regional networks of optometrists and ophthalmologists working together to provide cost effective quality eye care





VISION BENEFITS:

*ADDRESSING THE AFFORDABLE CARE ACT
&
KEEPING VISION RELEVANT*

Affordable Care Act –

- Pediatric Vision as an Essential Health Benefit
 - Beginning January 1, 2014 will be embedded in Medical plans for all new small group (fewer than 50 employees) and individual health plans
- Stand alone vision plans excluded from public exchanges
- Medical plans participating in public exchanges must include pediatric vision
- There are no lifetime maximums for Essential Health Benefits – insurers will likely develop “collections” of covered materials

Distribution Model

ADVANTICA

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graph TD; A[ADVANTICA] --> B[BROKER / CONSULTANT]; B --> C[GROUP / HR]; C --> D[MEMBER];
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**BROKER /
CONSULTANT**

GROUP / HR

MEMBER

Short Term Impacts

- Understanding coverage could be embedded in a medical high deductible
- Different insurance, networks and benefits for different family members
- Membership growth and purchase patterns/needs
- Communication shifts to more B2C and increased collaboration with Brokers/Consultants/HR Managers
- Small number of employers have year round communication strategy for voluntary benefits

Vision Plan Value



Designer SALE

2 Pairs OF EYEGLASSES

\$69.95*

with single vision plastic lenses

includes a Free Eye Exam**

Sofia Vergara



EyeMasters
Seen to be called Visionworks

LIMITED TIME ONLY!

Plus Get an Additional **\$10 OFF!**

2 PAIRS FRAMES & LENSES \$99 INCLUDING NO-LINE BIFOCALS FRAMES UP TO \$69.95

Great savings in view
Purchase a complete pair of glasses or a one-year supply of contacts and receive **20% off*** your next pair of eyeglasses. See Walmart Vision Center Associate for details. [Find a Vision Center](#)

PRINT COUPON

2ND PAIR CHARGE FOR: A FAMILY MEMBER, A FRIEND, OR YOURSELF

Don't forget!

All Eyeglasses Buy 1, Get 1 FREE

WITH LENSES INCLUDED

home of the original

2 FOR \$99

FOR EYES The original real deal offer, high quality frames and lenses.

Must present coupon at time of purchase. May not be combined with other discounts, vision insurance plans or prior orders. Discount taken on complete purchase of glasses of \$139 or more. Not applicable towards contact lenses, ready-made sunglasses or readers. No cash value. Valid thru 02/28/14. See store for details.

40% off
Buy a complete pair of eyeglasses and take 40% off a spare pair.

FOR EYES

\$40 off
Burberry, Coach, Prada, Ray Ban and more visit us today and take \$40 off your purchase.

FOR EYES

May not be combined with other discounts, coupons, vision insurance plans or prior orders. Valid on complete pair of \$139 or more and includes pair of glasses or lesser value thru 02/28/14. Does not include non-fr. sunglasses. See store for details.

Must present coupon at time of purchase. May not be combined with vision insurance plans or prior orders. Discount taken on complete purchase of glasses of \$139 or more. Not applicable towards contact lenses, ready-made sunglasses or readers. No cash value. Valid thru 02/28/14. See store for details.

a great year for hole new look

at the latest styles at brands like Ray-Ban, Vogue.

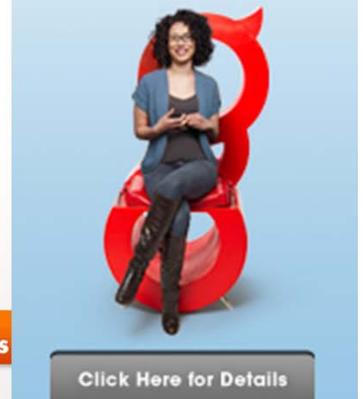
25% off a complete pair

Eyeglasses

100'S OF FRAMES TO CHOOSE FROM!

2 PAIRS FOR \$89 INCLUDING NO-LINE BIFOCALS SAVE 30%-50% OFF ORIGINAL FRAME PRICES

PRINT COUPONS



[Click Here for Details](#)



VISION BENEFITS PRESENTATION

Long Term Impacts

- Increased vision coverage provided through medical plans
- Increasing value through plan design and coverage offered by stand alone vision plans
- Further development of managed care versus retail materials
- Specialized delivery networks
- Additional consolidation/partnership of ancillary benefit companies
- Understanding of the excise tax on Cadillac plans in 2018

Impact of 10,535 Pages of New Regulations On The Eyewear Industry

- Helped to Define How Eyewear Is Regulated
- Increased Transparency Between Industry and Providers
- Limited Pre-Tax Dollars Used For Health Care Expenses
- Changed How Business Offer Benefits To Employees
- Expanded/Altered How Eyewear Is Insured



* Photo courtesy of Forbes

Shapes How Eyewear Is Defined

- Medical Device Tax Exemption
 - One of three medical devices specifically exempted
 - (eyeglasses, contact lenses, and hearing aids)
- Future Implications
- Sunshine Act Provisions

Sunshine Act Final Rule

- Officially known as “Transparency Reports and Reporting of Physician Ownership or Investment Interests”
- Requires applicable manufacturers of drugs, devices, biologicals, or medical supplies covered by Medicare, Medicaid or CHIP to report annually on certain payments or transfers of value provided to physicians or teaching hospitals
- Eyeglasses, sunglasses and over-the-counter readers are designated as Class I medical devices and are exempt from the new law. Contact lenses are not Class I medical devices and are not exempt.

Limits on Flexible Spending Accounts

- ACA imposes a \$2,500 contribution limit on Healthcare Flexible Spending Accounts (FSAs) – Jan 1, 2013
- Prior to this statutory limit, plan sponsors had the discretion to impose limits on the amount of salary reduction contributions that employees could elect
- Removes Over-The-Counter medication from list of authorized expenses
- On October 31, 2013, the IRS modified the "use or lose" rule for FSAs to allow a \$500 annual carryover of unused contributions
- The carryover does not count against or otherwise affect the indexed \$2,500 salary reduction limit applicable to each plan year
- Employers may specify a carryover limit lower than \$500 or decline to permit any carryover at all

Limits on Flexible Spending Accounts

- What is the impact of FSA changes on the industry?
- According to the Bureau of Labor Statistics National Compensation Survey, 39% of all workers in 2010 had access to a FSA
- According to a 2010 Mercer Survey, 37% of employees offered an FSA chose to participate and the average annual contribution was \$1,420
- Reasons for low FSA participation include:
 - Employee perceptions of complexity
 - Concerns about end-of-year forfeitures (prior to use-it-or-lose it changes)
 - Limited employer encouragement
 - Younger employees may not have enough health care expenses to make participation worthwhile.
 - For lower income employees, the tax savings may be inconsequential.*
- Efforts underway in Congress to revamp pre-tax health care spending
- Vision Council FAQ available on FSA/HSAs

* Congressional Research Service, 7-5700, June 13, 2012

Employee Benefit Impact

- Does not impose new coverage requirements on small employers (fewer than 50 workers)
- Those that do provide coverage must limit waiting periods to no more than 90 days and eliminate lifetime and annual benefit limits
- Employers that offer dependent coverage will also be required to offer that coverage to their workers' adult children up to age 26
- Plans sold in the small group market will be required to meet essential benefit requirements
- Small employers may be eligible for a payroll tax credit if they make minimum contributions toward their employees' health insurance
- Small employers will be able to purchase coverage in the small group market as they do today, but beginning in 2014, small employers have option of purchasing coverage for through the new SHOP exchanges

Employee Benefit Impact

- Starting in 2015, any employer with the equivalent of 50 or more full-time workers will have to pay a \$2,000 annual fine for each worker if they don't offer health coverage.
- Anyone working 30 or more hours a week is considered full time.
- The Employer Shared Responsibility Payment
 - Under provision, large group employers can avoid penalties by offering essential coverage to full-time employees dependents that:
 - Covers at least 60% of expected costs for an average person or family
 - Limits an employee's share of the premium contribution to 9.5% of the employee's income
 - Is available to at least 95% of its full-time employees or five of its full-time employees if that's greater than 95%
- Starting in 2015 employers have to report the details of their plans to the Federal Government
- Beginning January 2013 employers must report the aggregate annual cost of employer-provided coverage for each employee on the Form W-2.
- Creates new incentives to promote employer wellness programs and encourage employers to support healthier workplaces.

Pediatric Vision Benefit

- What will the Pediatric Vision Benefit look like?
 - The definition of pediatric vision services will typically be based on either the Federal Employees Dental and Vision Insurance Program (FEDVIP) or State Children's Health Insurance Plan (CHIP)
 - If a benchmark plan did not specifically include pediatric dental/vision coverage, states were able to select from either the Federal Employees Dental and Vision Insurance Program (FEDVIP) or State Children's Health Insurance Plan (CHIP) plans to ensure comprehensive EHB coverage.

Pediatric Vision Benefit

- 70 % selected the Federal Pediatric Vision Plan
- Six states elected the supplemental plan outlined in their CHIP
- Seven states included supplemental vision in their Benchmark plans
- Under all plan definitions vision services are broader than screenings, and include vision exams, eyeglasses and other materials
- However, coverage levels of eyeglasses and other materials could vary by state

Pediatric Vision Benefit

- For example, CA selected BlueVision FEDVIP as the source for defining EHB pediatric vision benefits.
 - Includes coverage for routine eye examinations, glasses, and contact lenses.
 - Lenses: one pair covered in full every calendar year.
 - Lenses include choice of glass or plastic lenses, all lens powers fashion and gradient tinting, oversized and glass-grey #3 prescription sunglass lenses.
 - Polycarbonate lenses are covered in full for children, monocular patients and patients with prescriptions $> +/- 6.00$ diopters.
 - All lenses include scratch resistant coating with no additional copayment.
 - Frames: covered once every calendar year
 - Collection Frames: Nothing
 - Non-Collection Frames: Expenses in excess of a \$150 allowance. Additionally, a 20% discount applies to any amount over \$130*

The Vision Council Executive Summit

Sunny Isles Beach, Florida • January 23, 2014

Affordable Health Care The Consumer Perspective



Overview

Affordable
Health Care

1. Medical Insurance v. Vision Insurance

2. Children's Vision Care

3. Adult Vision Care

4. Remaining Barriers



Medical v. Vision Insurance

Affordable
Health Care



Medical v. Vision Insurance

- Medical Insurance
 - generally relates to issues surrounding the health of the eye itself
- Vision insurance
 - generally focuses on visual function



Healthcare Coverage & Children's Vision

Affordable
Health Care

- **Huge** win for vision!
 - ACA defined children's vision as an "essential health benefit"
 - New insurance plans will generally cover one comprehensive eye exam and one pair of glasses each year.
 - New insurance plans will cover pediatric vision screenings in the pediatrician's office without a copay or coinsurance.
 - Includes all individual, small group, or state-based marketplace plans.
 - Does not include large group plans.
 - Is not uniform across states
 - Specific restrictions against undocumented children in ACA



Healthcare Coverage & Adult Vision

Affordable
Health Care

- Good news!
 - Increased access to health care
 - Improvements in, and access to, Medicare
 - Community Health Centers
 - Patient Assistance Programs
 - Closing of Medicare donut hole
 - Medicare and Diabetes
- Challenges
 - Adult Vision is not an essential health benefit outlined in the Affordable Care Act.
 - “Vision and dental coverage could hold the key to attracting the young and healthy to sign up for Obamacare.”
 - *Fortune*, December 6, 2013
 - Medicaid Expansion



Coverage ≠ Access

Affordable
Health Care

- Language barriers
- Transportation barriers
- High deductibles, co-pays, etc.
- Networks may be more limited in some of plans
- Not all eye care providers are willing to see children
- Not all eye care services covered
- Limited selection of frames depending on insurance
- Providers not accepting Medicaid patients
- Long wait times at some vision clinics
- Education gap on ACA (high number of eligible individuals have not yet enrolled in the exchange)
- Cost-sharing (copays, co-insurance, deductibles) remain a barrier



Resources

Affordable Health Care

Medicare Benefits and Your Eyes



The Affordable Care Act and Your Child's Eyes



Insuring Your Eye Health



Most people require some kind of eye care throughout their lifetime, but how do they pay for it? Insurance can be a confusing topic in any circumstance but this is especially true when it comes to our eye health. Insurance for eye health care can come from various sources. It may be employer-sponsored medical or vision insurance, individually purchased medical or vision insurance, Medicare, Medicaid, state children's health insurance programs, or other public or private programs. This general overview of some key topics related to your vision insurance, will help you navigate an increasingly complex arena and allow you to better care for your vision and eye health.

There are many distinctions between insurance plans, so check your plan documents carefully to determine what is covered, how often, and what your associated out-of-pocket costs may be.

Medical Insurance vs. Vision Insurance

Vision insurance and medical insurance cover different services, but the distinction can be confusing.

Medical insurance (also commonly called "health insurance") offers coverage for most services related to the health of the eye itself when provided by an eye care professional – an optometrist or ophthalmologist. For example, exams and tests associated with diagnosed cataracts, glaucoma, diabetic eye disease, and other conditions that require specific counseling, documentation, follow-up care, regular monitoring and/or referral to a surgeon, would be covered by your medical insurance. While many plans do not cover routine exams to determine if there is an eye problem in the general population, some may include regular dilated eye exams to check for signs of disease in individuals at high risk.

Medical insurance does not cover routine eye care related to refractive error to determine your eyeglass or contact lens prescription. It also does not generally cover the costs of eyeglasses or contact lenses.

Vision insurance is often sold as a supplemental insurance product to cover the cost of routine eye care. This generally includes a comprehensive eye exam, any associated refraction fee to determine




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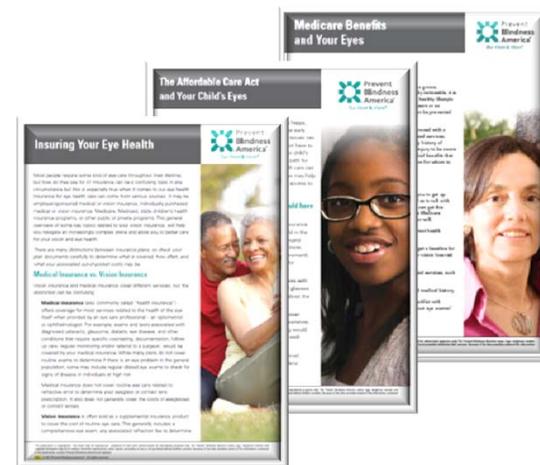
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Thank You

Affordable
Health Care

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