NATIONAL ASSOCIATION
OF VISION CARE PLANS

October 30, 2017

Representative Tom Brinkman
Chair, House Insurance Committee
77 South High Street
Columbus, Ohio 43215

Re: National Association of Vision Plans Opposition to House Bill 156

Dear Chairman Brinkman and members of the committee:

The National Association of Vision Care Plans (NAVCP) opposes provisions contained in H.B. 156 that would negatively affect Ohio consumers by increasing the price of vision care materials and products, as well as limit the ability of Vision Care Plans and Health Plans to form robust networks for the delivery of routine eye care, without achieving any corresponding public policy goal. NAVCP's 20 primary member companies manage extensive networks of vision care providers and include vision benefit coverage for ***over 149.2 million Americans***. Fifteen of our member plans form a diverse market in Ohio, representing over ***7.2 million covered lives***. As a result, vision care providers contract with an average of over 3 different plans. NAVCP strives to improve quality and efficiency in the delivery of vision care and promotes the value and importance of vision care and vision benefits to both consumers and employers. Our members provide a competitive market to consumers and vision care providers alike, offering a variety of business models so that employers, individual consumers, and vision care providers can select the networks they need.

H.B. 156 Restricts Contracting Beneficial to Consumers and Provides Limited Enforcement of Consumer Protections.

In its current form, H.B. 156 prohibits <u>any</u> contracts that would negotiate terms of payment outside of a fully insured benefit, regardless of whether they relate to a medical service or a retails sales transaction. While the bill clearly prohibits vision care plans from contracting with providers to provide material discounts, it is unclear from the language of the bill if non-insured vision discount plans (such as those operated by AARP, etc.) would be allowed. If vision discount plans are permitted to contract with vision care providers, why is there a distinction made between who may negotiate with providers for those discounts?

Additionally, the bill limits the use of preferred laboratories and suppliers to control costs for consumers <u>even if the benefits are fully insured</u>. Using preferred laboratories and suppliers is a practice utilized by many providers themselves. This bill would prohibit their use only by vision care plans, allowing providers to steer patients to the provider's preferred suppliers regardless of what is in the interest of the vision care plan enrollee. These provisions restrict our ability to design products that conform to the needs and budgets of consumers and prohibit providers from signing on, <u>regardless if they wish to do so</u>.

Furthermore the vague language of this bill would prevent medical plans from working with a vision care plan to provide routine eye care services – a benefit that is typically not provided within a medical plan. While the language of the bill allows vision plans to "enter into an agreement" with Health Plans, it does

not specifically allow a health plan's enrollees to utilize vision care providers in the vision plan's network. This language treats vision plan networks differently than any other type of specialty network. Building networks through contracting with other entities is fundamental to the construction of an adequate network and the language of this bill would limit the ability of a medical plan to offer benefits outside its existing medical network.

H.B. 156 Does not Provide Enforceable, Sensible Transparency Protections for Patients.
Finally, while we appreciate the effort of the sponsor to incorporate consumer protections in the legislation, they are seriously flawed and one sided. While the unfair and deceptive act or practice provisions serve to enforce consumer protection requirements on health and vision plans, they do not provide enforcement authority over the actions of vision care providers. Similarly, the fine print necessary to fit the required warnings on an ID card is insufficient to protect consumers. While we can support providing documentation to our enrollees through communications from our plans, it is vital that optometrist treat consumers fairly at the point of service, not just with fine print on an ID card.

Vision Plans Provide Services and Materials to Consumers
Typically our plans cover all routine vision health services provided by our network providers, subject to annual or other limits. However, in most routine eye care visits, this is just one of two transactions. In addition to care services, consumers frequently desire to purchase eye ware, lenses, or other retail materials. Vision plans cover materials (lenses, frames, etc.), in a variety of ways under the terms of a vision services policy. This is necessary because at retail, there are a high number of fashion and utility variables that go into consumer selection of vision products. Some of our members offer coverage of one or more frames and lenses, but do not cover tinting or coating. Other vision plans provide an allowance and/or a discount for the purchase of materials. This bill greatly restricts our plans' ability to market different options to consumers in Ohio, and pushes all consumers towards higher cost alternatives.

Separating discounts from vision plan benefits will break the valuable relationship between eye examinations and the purchase of frames and lenses. This is one important way in which vision differs from other specialties like dental services. Consumers are **four times more likely** to seek professional eye care when offered joint access to examinations and materials. Lower utilization means fewer patients will seek care and fewer will receive early diagnosis of chronic conditions, again driving up costs.

Discounts on Materials are Valuable to Consumers and to Providers
Visions Plans and Vision Provider Networks negotiate specifically with providers to determine reimbursement rates for discounts on materials. Discounts on materials are popular with consumers because providers frequently mark-up the retail price for materials from 200% to 400% of the wholesale price. In exchange for the discount, providers join the network, where consumers are directed specifically to them as network providers. HB. 156 would prohibit insurers from negotiating discounts for materials with providers if these benefits are not covered. Accordingly, we lose much of our ability to direct consumers who have enrolled in our plans to our network providers for the purchase of retail goods. Furthermore, without any way to contract with providers on non-covered items, this bill would make it impossible for our plans to inform our enrollees on what their out of pocket costs would be, even with respect to covered items. If frames and lenses are covered, optional tinting and coating will be at a rate entirely determined by the vision care provider with no negotiated discount. Prohibiting negotiated discounts on materials for providers within a network would create higher prices for consumers and would result in pricing differences for materials from one in-network provider to the

next. This will confuse the value proposition to consumers and lead increasingly to the separate purchase of materials and services. When consumers cannot obtain discounts in a retail setting, they will increasingly seek discounts online and potentially out of state.

Preferred Suppliers or Integrated Laboratories Reduce Consumer Costs

Negotiated pricing or integration of laboratories and vision supplies in vision plans lower costs to the consumer. This has also been appreciated by vision care providers some of whom have purchased their own laboratories to pass these savings on to their consumers and make their businesses more profitable. Similarly, vision care providers enter into their own arrangements with preferred suppliers and steer their patients to those preferred suppliers. This legislation would specifically prohibit only vision care and health plans from utilizing integrated laboratories as part of their business model, would limit the ability of any plan to verify that their network providers are utilizing certified laboratories, and would even prevent plans from identifying an optometrist owned laboratory as preferred.

Health Plans Subcontract to their Own or Other Vision Plans to Credential Routine Vision Care Providers

Routine vision care is different from medical vision care. While there can be some overlap, there are many medical procedures that must be attended to by a medical doctor. Accordingly, plans have developed specific networks to address different needs. Unsurprisingly, health plans have not always provided routine vision benefits and so have either subcontracted to others to provide this benefit or have developed separate networks to do so. The language of this bill is vague and would appear to prevent a health plan from incorporating a routine vision network into its medical benefit. The language of H.B. 156 appears to prohibit a requirement that a provider credential in one plan (a routine vision care plan) to join the panel of another (a health plan). We fear that this language will have the effect of banning a health plan without routine vision care providers from contracting with a routine vision plan to provide benefits to its enrollees.

Conclusion

In summation, consumers purchase services and materials *together* and expect discounts. When they do, health outcomes and utilization *improves*. The negotiated discounts benefit consumers through lower costs and providers through additional patients. Health and vision plans must be able to properly credential their networks when delivering different services. We strongly oppose disrupting this model by eliminating negotiated discounts or the direction of patients to in-network providers through integrated vision networks.

Sincerely,

Julian Roberts
Executive Director
National Association of Vision Care Plans
222 S. First Street
Suite 303
Louisville, KY 40202
502.403.1122