NATIONAL ASSOCIATION
OF VISION CARE PLANS

December 13, 2017

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

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

Dear Chairman Brinkman and members of the committee:

The National Association of Vision Care Plans (NAVCP) continues to oppose the provisions contained in Sub. 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.

As in previous drafts, the current bill does not allow vision plans to assure their enrollees access to in-network laboratories and supplies. While it allows vision care plans and health plans to contract with each other, it does not allow heath plan enrollees to access routine eye care through a vision care plan's network contract with vision providers. Additionally, under the provisions of the current legislation, the burden would be placed on vision care plan enrollees to call providers continually to determine whether discounts will be honored, rather than have this information be available by agreement and presented through the plan's provider locator. Finally, only certain consumer protections are enforceable on vision care providers.

NAVCP will continue to work with all stakeholders to develop compromise legislation, but consumers deserve full protection and access to more options, not fewer. Accordingly, we must continue to oppose this legislation.

Sub. H.B. 156 Continues to Restrict Contracting Beneficial to Consumers and Provides Limited Enforcement of Consumer Protections.

Even in its most recent 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? Furthermore, while the substitute under Sec. 3963.02 (E)(4)(e) would allow providers to price

match plan discounts at their discretion, this has been allowable under all previous versions of this legislation.

Additionally, the bill limits the use of preferred laboratories and suppliers to control costs for consumers even if the benefits are fully insured. 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 prohibits providers from signing on. Substitute language states in Sec. 3963.02 (E)(4)(d) that the bill will not prevent enrollees from seeking access to network supplies, but provides no avenue for a vision plan to provide those materials through network providers.

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 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.

Sub. 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 remain 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, this legislation only selectively provides enforcement authority over the actions of vision care providers. While pricing information and sign posting requirements are incorporated into provider practice requirements pursuant to the substitute bill under Sec. 4731.22 (B)(52) and Sec. 4725.19 (B)(19). However, information as to a provider's proprietary interest in and cost information for out-of-network suppliers or laboratories is still not enforceable under these provisions.

Vision Plans Provide Services and Materials to Consumers
We believe it is important to restate a major difference between vision care plans and other health benefit plans. Typically vision 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

Discounts are fundamental to facilitating the purchase of eye wear during an enrollee's visit with their vision provider. 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. Sub. H.B. 156 would still 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. This effect is compounded by the substitute bill as Sec. 1751.85 (B)(4) would have enrollees to make enquiries directly with providers to see what the terms of care would be at any particular moment.

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. Additionally, while the substitute bill states that it does not prohibit an enrollee's right to access network suppliers, it provides no mechanism for negotiating the delivery of these supplies through network providers.

Health Plans Subcontract to their Own or Other Vision Plans to Utilize 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. While the language of this bill seems to allow a health plan to contract with a vision care plan, it would not allow it to utilize the vision network to provide the vision benefit. These provisions render provider network contracts for vision care providers meaningless when allowing access to health plan 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. We will continue to work in good faith with Representative Schuring and the proponents of House Bill 156, but must remain opposed at this point for reasons stated above.

Sincerely,

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