

NATIONAL ASSOCIATION OF VISION CARE PLANS

Testimony on

Pennsylvania Senate Bill No. 204

Presented by

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Good afternoon, Senator White and members of the Committee. My name is Stephen L. Ingram and I am the Executive Director of the National Association of Vision Care Plans.

The National Association of Vision Care Plans, which I will refer to as the NAVCP, includes member organizations that are integral components of our country's vision care delivery system.

Our member organizations, which include EyeMed Vision Care, Davis Vision, AlwaysCare Benefits, Inc./Starmount Life Insurance, Superior Vision Care, Advantica, EyeQuest, National Vision, Inc., Avesis Incorporated, Block Vision, Coast to Coast Vision, and other industry organizations, are committed to offering high quality and affordable access to comprehensive, preventive vision care and eye health services.

NAVCP member companies provide comprehensive vision and eye care coverage to more than 150 million Americans today.

The NAVCP has serious concerns regarding the potential impact Senate Bill 204 would have on the delivery of quality vision care, particularly to the employers and consumers of Pennsylvania. Managed vision plans not only provide eligible members with routine access to necessary vision care services, they do so at controlled costs. Several provisions of Senate Bill 204 would remove significant cost controls that currently promote the delivery of affordable and accessible vision care to many consumers and

plan sponsors. These provisions translate into higher out-of-pocket costs to the consumer and higher premium costs to employers and other plan sponsors. Those increases will occur in direct proportion to the higher financial burden that will be borne by consumers and plan sponsors.

No managed care vision plan currently restricts an individual-insured's liberty to obtain an ophthalmic service or product. Though vision plans are selected and arranged for by the plan sponsors, and some plan arrangements may contain restrictions, most plans contain an out-of-network benefit. Thus, more often than not, an insured person is not *required* to utilize a particular vision laboratory or company as condition for obtaining payment or access to their vision services. Above all, an individual always retains the ability to choose out-of-network products and services therefore increasing access for the consumer.

It is also important to note that many vision plans are voluntary on part of the members. Though plan sponsors often have the discretion to determine the plans offered to its members or employees, the individuals are free to elect or decline coverage for those services. The high enrollment is testament to managed vision care's efficiency in delivering value-oriented, low-cost vision service to its customers. This is further supported by the fact that a wide array of industries and businesses are choosing to offer vision coverage to their employees. Unions, municipal organizations, large and small business, and many others see the benefit in offering their employees with the option to enroll in a managed vision care program.

Satisfaction among managed vision care consumers is consistently high. Consumers are not complaining about the cost savings provided through their benefit, or the quality of the benefit. Legislation should focus on how best to assist in providing a competitive market to provide the most efficient and effective cost of care rather than to create special remedies that will drive up the cost of care for consumers.

NAVCP also deems important to stress that the business model wherein the plan designates a particular vision laboratory or company as a condition of network participation is just one of many business models in today's vision care industry. Many plans currently maintain a network in Pennsylvania with varying business models. Therefore, a level playing field already exists and vision plans compete openly and fairly with one another.

Removing a particular business model from competition without regard to the realities of market dynamics is both anti-competitive and harms the ultimate consumer. Such elimination is antithetic to aggressive cost reduction; plans will no longer be required to compete with the effective cost savings produced by some of its current competitors. Thus, advanced business models that use particular cost savings mechanisms such as those employed by Davis Vision and other companies, should not be restricted.

NAVCP also is concerned that several provisions of the bill incorrectly characterize the managed care vision plans as suppressing a provider's ability to freely compete in the

marketplace. To the contrary, NAVCP firmly believes that managed care vision plans aid many providers to better compete in the market place through network participation.

A vision care provider can increase both their visibility and accessibility via their participation in a vision plan. Vision plans are able to successfully promote providers to plan enrollees without marketing expenses or additional efforts on part of the provider. By promoting its providers equally through plan provider directories, vision plans are able to direct its member population to the providers. This is a basic premise used by vision, dental and health insurers: providers that participate in the network agree to competitive reimbursements in exchange for access to members.

To ensure that providers have access to members of a plan, insurers impose higher co-payments or other financial conditions on members that use non-participating providers. If you eliminate the ability of insurers to incent its members to use “participating” providers, you also eliminate the incentive for providers to join the network and agree to competitive reimbursement levels. As a result, insurers will not be able to negotiate competitive rates with providers, which will drive up the overall cost of the benefit to consumers.

Additionally, research has consistently established that vision plan enrollees are more aware of their visual health and are more likely to access vision care services at a greater frequency than they would otherwise. The combination of heightened

awareness and provider promotion on part of the plans successfully directs greater patient-traffic to the optometrist than they would otherwise attract on their own.

Vision plans also encourage participating providers to become competitive in their marketplace by ensuring adherence to a uniform standard of care. Vision plans provide valuable feedback to participating providers based on quality measures such as patient satisfaction surveys and peer review activities; ensuring optimum and competitive delivery of service.

Network providers are by no means restricted in exercising individual effort to better promote themselves in the marketplace. Participating providers are at liberty to utilize the marketing tools of their choice as they see fit.

It is important to stress that the relationship between that of a vision plan and a participating doctor is a mutually-beneficial relationship built upon well-balanced, shared interests. The relationship is wholly voluntary and network providers are free to withdraw from the network for any reason with reasonable notice should the relationship become unviable.

NAVCP also opposes provisions within this bill that would prohibit the creation of a preferred class of provider not held to uniform conditions of participation under the same health care contract. We stress that this provision contradicts well established principles of health care delivery that is universally accepted and encouraged by

insurance regulators of both Pennsylvania and other jurisdictions. In essence, plans will be barred from negotiating competitive discounts with a particular network of providers in exchange for those providers receiving a different or higher reimbursement schedule from the plan. Plans analyze a large number of factors, including but not limited to, the volume of service, quality of service, geographic location, and other key information to determine the necessity of *certain* provider's participation. These unique negotiations are sometimes essential to maintain accessibility standards in certain regions. A bar on this practice will be detrimental to the plan enrollees as plans may no longer be able to secure a nearby willing provider accepting their insurance.

As the provision is not only applicable to vision but also to the health insurance industry in general, the impact will be wider felt than discussed here. For example, many medical carriers currently negotiate with rural obstetricians at unique reimbursement levels to maintain adequate access to certain health care services. This provision will similarly bar this practice and hurt the enrollees seeking care within their vicinity. Therefore, the ability to create a preferred class of provider is essential to fill each insurer or plan's particular needs.

As for provisions within the bill that restrict the imposition of plan rules to require participating providers to purchase a minimum quantity of specific materials as a condition or participation, NAVCP is not aware of any vision plans operating within Pennsylvania that engage in such practice. However, we do believe that this provision could potentially be harmful to consumers. As consolidation occurs within the vision

care industry, if a vision plan is able to provide high quality ophthalmic products at competitive costs to providers and thus reduce costs to employers and consumers, then it would clearly be in the best interest of all involved.

The NAVCP respectfully opposes the adoption of Senate Bill 204 for the foregoing reasons.