



NATIONAL ASSOCIATION OF VISION CARE PLANS

National Association of Vision Plans Opposition to H.B. 3530

The National Association of Vision Care Plans (NAVCP) opposes provisions contained in H.B. 3530 that would negatively affect Oregon consumers by increasing the price of vision care materials and products 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 119 million Americans**. 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.

In its current form, H.B. 3530 prohibits any contracts that would negotiate terms of payment outside of a fully insured benefit, regardless of whether they relate to a medical service or a retail sales transaction. Additionally, the bill limits the use of preferred laboratories to control costs for consumers even if the benefits are fully insured. These provisions restrict our ability to design products that conform to the needs and budgets of consumers and prohibit providers from signing on, regardless if they wish to do so.

Furthermore the vague language of this bill would seem to prevent medical plans from contracting with a vision care plan to provide routine eye care services – a benefit that is typically not provided within a medical plan. 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.

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 Oregon, 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. H.B. 3530 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 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. This legislation would prohibit vision care 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 a provider 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 medical plan from incorporating a routine vision network into its medical plan. The language of H.B. 3530 prohibits a requirement that a provider participate in one plan (a routine vision care plan) to “participate” in another (a medical plan). We fear that this language will have the effect of banning a medical 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,

A handwritten signature in black ink, appearing to read "Julian Roberts". The signature is fluid and cursive, with a large initial "J" and "R".

Julian Roberts
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