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To: Representative Hoyle

From: Drs. Daran & Pam deCalesta, Optometric Physicians, Eugene, OR

RE: HB 3530

Dear Representative Hoyle:

The purpose of this letter is to explain the importance of HB 3530 to Oregonians and Oregon small businesses, as well as provide some background information. As you know, Daran and I are both optometric physicians and we own a three-office practice that has served the Eugene community since 1977. Rainbow Optics employs 65 hardworking Oregonians and we serve over 20,000 patients annually from Lane County and beyond. As small business owners, we are very concerned that our patients, and our company, continue to be negatively impacted by the escalating trends of national insurance companies to 1) mandate use of their own optical labs and materials for processing of spectacle orders and 2) dictate further discounts on goods and services not covered by their plans.

First, a brief explanation. When a patient orders a pair of glasses or spectacles, the lenses must be fabricated to match the doctor's written prescription and cut to fit the patient's frame. Eye care providers have the option of completing this process themselves (in-house) or sending out the frame and prescription to a separate optical laboratory (out-of-house). Our company has proudly maintained an in-house lab for over thirty years, allowing us to recommend and fabricate the highest quality materials within a reasonable time frame for our patients. We pride ourselves on customer service and on putting the needs of our patients first. National insurance companies are increasingly requiring that we send our lens jobs out-of-house, and often out of the State of Oregon, to their own labs - impacting our ability to provide the level of service our patients have come to expect.

A recent review of our records shows that in 2004 about 30% of spectacle jobs covered by one of our major insurance carriers were processed out-of-house. In 2014, that number was almost 70%, which is more than double - this is impacting an increasing number of our patients every year.

One of the most commonly asked questions we have received regarding HB 3530 is "why don't you just drop the insurance plan if you don't like it?" This is much easier said than done. Rainbow Optics, like many Oregon small business eyecare providers, has been contracted with some of the major insurance carriers for over twenty years. In the beginning, the plans that were offered and the reimbursements received were reasonable, and the number of patients covered by any given plan was a small percentage. In 2014 almost 82% of the total number of patients were covered by insurance plans, with one of the major national carriers representing 44% of our total business. This same company only represented 14% twenty years ago. Simply put, Rainbow Optics cannot just drop or refuse to renew our contract with a major national insurance carrier, even if that plan is no longer financially feasible or good for our patients. The financial impact would be so devastating, we would likely have to close our doors.

Additionally, the level and type of reimbursement, material and lab requirements, and forced discounts on non-covered services have gradually changed with each contract renewal. Many of the large national

insurance companies now own the frame and lens companies, as well as the fabricating labs, and either require or provide strong incentives for offices to fit their frames, order their lenses, and have the glasses made in their labs.

Lastly, Oregon small business eye care providers cannot come together as a group to collectively bargain, or attempt to force needed change as a group, due to anti-trust laws. While it will not address all of the issues, HB 3530 will have an extremely positive impact on both patients and Oregon small businesses.

Impact on Oregonians as Patients

- **Patient Choice of Materials:** A common scenario is that a national insurance company dictates a specific laboratory or lens style must be used. The type of lens that the patient prefers or that the doctor prescribes is not available from that lab. If a patient wants to use their benefits, they often must choose between the national insurance company's own brands or within the brands that they provide - severely limiting patient choice. Additionally, lack of choice means that the doctor does not have the ability to recommend materials based on quality and patient visual needs - the "choices" are dictated by the insurance company.
- **Time:** Our patients are waiting far longer than necessary to receive their glasses when their national insurance plan dictates the lab required for fabrication. For many spectacle orders, our own in-house lab can often process within one day. In our experience, it can take five days or more to send out a job to the requisite insurance lab. Imagine the impact waiting five days has on a patient who breaks or loses their glasses and needs them to drive to work. This is increasingly incompatible with our company mission and community reputation of excellent customer service.

HB 3530 will protect the patient's right to choose their preferred materials and receive their glasses within a reasonable amount of time.

Impact on Oregon Employees and Small Businesses

- **Loss of Local Jobs within a Small Business:** Our Oregon small business currently employs five full-time lab employees and additional part-time employees. If the trend of national insurance companies dictating choice of optical labs continues, it may diminish our lab work to the point of reducing or completely eliminating lab employees - we may have to lay off Oregon workers. One Eugene eye care provider actually had to close their small in-house lab recently due to the major insurance carrier laboratory changes - laying off one full-time and one part-time employee.

In addition, national insurance providers are dictating that Oregon small businesses take required discounts on goods and services that are not covered by the insurer. This means that Rainbow Optics is required to give discounts on second pairs of glasses, sunglasses, or contact lenses even though we are not reimbursed by the major insurance company for these discounts. Requiring discounts on non-covered services allows the major insurance companies to be more competitive in the marketplace solely at the expense of their contracted providers.

As the number of patients with national insurance plans continues to increase, the requirement of company-dictated optical labs and mandated additional discounts slowly erodes the ability of small optometric businesses in Oregon to thrive, and in some cases, survive. This means a loss of good paying jobs for hard working Oregonians.

- **Sending Oregon Jobs Out-of-State:** Certain national insurance companies dictate that spectacle jobs can only be sent to their wholly-owned lab, which is located outside of Oregon. This forces skilled work, that could easily be done by Oregon workers, to be shipped to another state. In our practice, at least 40% of insurance company-dictated jobs must be sent out of the state, and the number is growing every year.

HB 3530 will protect Oregon small businesses and keep skilled jobs in Oregon.

The Oregon Optometric Physicians Association put forth this bill to ensure that the citizens of Oregon have choices regarding their visual needs. In addition, it will allow Oregon small businesses, including Rainbow Optics, to thrive in a free marketplace and provide quality jobs for Oregonians. We respectfully request your support for HB 3530 and would be pleased to answer additional questions you might have.

Thank you for your time.

Sincerely,

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