

Managed Vision Care (MVC) Overview

Background

Of the US population, 177M people have an insured vision benefit (59%). This is compared to 77% of the population have an insured dental benefit. Vision benefits being offered by employers, health plans and government sponsored plans like Medicare Advantage and Medicaid increase each year. A vision plan is an attractive and an inexpensive preventative benefit especially with the rise of vision related issues due to aging, diabetes, and other chronic eye diseases.

Medicare Advantage (MA) and Medicare Supplemental plans where a Medicare recipient (54.8M Medicare recipients in 2020) assigns their Medicare related care to a Medicare Health Plan continues to increase. The increase in membership in MA plans will be 19% by 2025. 40% of Medicare eligible people have assigned their care to a MA plan. In 2027 it is projected to be 44%. 77% of the MA plans provide a vision benefit for their members. The major MA plans are Humana, United HealthCare, Centene (with its acquisition of WellCare), Anthem and Aetna.

The proposed Medicare Vision Act 2021 in Congress would expand vision (along with dental and hearing) to all Medicare recipients. This would be a game changer for the vision industry for eye care professionals and vision support services companies. The proposed benefit would allow Medicare recipients (not enrolled in a Medicare Advantage or Medicare Supplemental plan) to have a routine eye exam and an eyewear/contact lens allowance of \$100. The Medicare Vision Act 2021 is linked to the current infrastructure bill in Congress. This would provide vision benefit to 32 M Medicare recipients who current do not have a routine exam/eyewear benefit. People over 55 are the fastest growing population. In 2020 there was \$6.7B of Medicare payments made to eye care professionals. This Act was deleted in the recently version if the pending Federal Infrastructure Bill.

Medicaid plans continue to grow in membership with 62M of the US population in a Medicaid. 82 % of Medicaid enrollees are in a managed Medicaid health plan. The major Medicaid health plans are: Centene (which acquires WellCare), Humana, United HealthCare (which acquired and Molina. This is a growth of 8.5M recipients from 2013-2018. 100% of the States require vision coverage for children and 75% for adults. Key element in Medicaid related vision plans is the coverage of polycarbonate lenses due to the high number of children enrollees.

Companies, health plans including Medicare Advantage and Medicaid HMO's typically contract with managed vision care plans to provide an eye care provider network and administer the benefit plan to their enrollees. The major players in this area are VSP, EyeMed,

Spectera (Subsidiary of United HealthCare), Versant Health-now MetLife (Davis and Superior Vision). Please see attached listing of MVC plans and their membership enrolled. New MVC plans are UNUM which acquired Always Dental and Vision (Starmount) and AFLAC. MetLife acquired Versant Health which provide MetLife the ability to offer a vision benefit to its current members along with MetLife's other ancillary benefit offering, dental, hearing, life insurance long- and short-term disability plans. In Q42021, VSP acquired ICare Health Solutions. This move will expand VSP contracts in the government sponsored plan space.

In conjunction with Federal Healthcare Programs, the number of people eligible for vision benefits has expanded. Insurance coverage reduces the out-of-pocket costs, increases demand, and improves the ability to pay for vision services. The ACA defined pediatric eye care as an essential benefit increases access to optometric care (children currently 19% of the OD market) The Harkin Amendment expands patient care and eliminate health plan discrimination against optometry. Eye exams now mandated as medical healthcare in state and federal exchanges.

MVC Benefit Designs

MVC plans offer coverage for a comprehensive eye exam with an allowance for eyewear and contact lens. The eyewear allowance can range from \$100 to \$500 in coverage. The higher allowances are a growing trend in Medicare Advantage plans. Another noteworthy trend for MA plans is the addition of a new Flex Card to MA members and will provide a \$250 debit card that can be used to cover out-of-pocket costs for dental, hearing and vision services or devices. Humana announced this new program as part of their 2022 benefit September 2021.

The benefit use by a member ranges from an every year benefit to an every two-year benefit with variations where the exam is every year (preventive care) and eyewear every two years. 80% of the patients for an eye care professional practice are covered by a managed vision care plan. (Note for optometry 25% are VSP plan members)

MVC plans collaborate with employer groups and health plans to outreach to member with diabetes as it is very important that a diabetic have an annual eye exam. Co-pays for exams and eyewear range from \$0 to \$25 for the exam and eyewear. Almost all the MVC plans are now accepting, and reimbursing eye exams being delivered by tele-optometry. Eyewear allowances include coverage for lens technology like standard progressive and photochromatic lenses; polycarbonate lenses at no cost for members under 19 years of age and UV/AR/scratch coatings. MVC plans are also incorporating medical eye diagnostic services for members. See attached Typical Product/Benefit Design example.

Provider Networks

MVC plans contract and credential (credentialing is every two years) independent and retail optical locations to provide a proprietary eye care network to their clients. Credentialing involves the verification of the eye care professional license and degree, the history of any malpractice issues and validation of applicable professional and business insurance coverage. Number of providers in the major MVC networks range from:

VSP has 26,000 provider locations which include the acquired 700 Visionworks locations in 2019. VSP has about a 40% market share of the MVC plan transactions. VSP incorporates use of their owned labs, frame manufacturer (Marchon) and is acquiring independent practices. Network providers that utilize VSP’s labs and frames are considered “Premier” providers which entitles them to being noted in the VSP network directory and improved reimbursement levels. VSP members also receive an additional \$50 eyewear allowance in their plan design if the member utilizes a Visionworks location.

EyeMed has a network of 22,000 providers. Their locations include their owned retail opticals, Lenscrafters, Target Opticals, Pearle Vision Centers, JC Penny Opticals and others. EyeMed has about a 20% market share of the MVC transactions. They also incorporate their labs (Essilor) and their frame brands in their delivery system for managed vision care members.

Davis and Superior Vision has a network of 11,000 providers. With the acquisition of Versant Health which was the parent company of Davis and Superior Vision by MetLife, the plans will still be referred to as Davis and Superior Vision for the near future. Versant Health touches about 7% of the MVC transactions. Versant Health does not own any provider locations or retail opticals but contracts with some of the same retail opticals that VSP (Visionworks) and EyeMed have in their network. Versant Health also contract with WalMart for their members to access.

Spectera has network of 12,000 provider locations. The majority of Spectera’s membership is members of United HealthPlan, their parent company, 70M members). Spectera handles about 5% of the MVC transactions. They do use contracted labs that providers are encouraged to utilize. Spectera does not own any provider locations but contracts with the retail optical groups mentioned above.

Other dynamic in the with MVC plans is a plan may elect to lease the provider network for the MVC companies above vs. contracting and credentialing their own proprietary network. The lease arrangements can range from leasing the provider network for access to full administrative support in terms of claims adjudication, member services and fulfillment of enrollees. MVC plans that have this type of arrangement are:

AFLAC - leases the Davis Vision network

GVS - leases the Avesis network

Ameritas - leases the VSP network

Mutual of Omaha - leases the EyeMed network

SunLife - acquisition of Denta and Eye Quest-pending

Finally, MVC plans are limiting their growth of providers on their network. Reasoning is a MVC plan may also own and operate a multi-location group i.e., VSP now owning Visionworks. The goal of the MVC plan is to maximize the use of their members benefits in their own locations.

MVC Provider Reimbursements

MVC plans reimbursement providers on a discounted fee for service basis from a providers usual and customary pricing. Eye exams are reimbursed in the range of \$45-\$65 per comprehensive exam. Contact lens fitting fees reimbursement are in the range of \$35-45 for a simple fit.

Eyewear (frames and lenses) are trending towards being reimbursed as a % of the eyewear allowance. This is in the 50-60% of the MVC plan benefit allowance. For example, if the benefit allowance was \$200, the provider would receive a reimbursement of their retail frame and lenses (SV, BF, TF) of \$100 (50% reimbursement) and receive from the member any additional spend above the \$200 allowance level. Some benefit plans include coverage on lens upgrades for standard progressive lenses or photochromic lenses which allows the provider to collect an applicable co-pay for lens upgrades and bill the MVC plan at a discounted basis for the lens upgrade. In some cases, the MVC care plan encourages or provides more attractive reimbursement to a provider if the provider utilizes the frame manufacturer or lab associated with the MVC plan. In these cases, the MVC plan will reimburse the provider an additional dispensing fee in the \$10-20 range.

Contact lenses provider reimbursements by MVC plans range from 85-95% of the benefit contact lens for conventional and daily wear contact lenses. Most MVC plans are enhancing their vision benefit design to provide an allowance for eyewear (glasses) and the same allowance for contact lens versus previously benefit designs being an allowance for eyewear (glasses) or contact lenses.

Managed Vision Care – Online Eyewear and Emerging Smart Eyewear

Online eyewear companies are moving towards being an in-network provider for MVC plans. This means the online eyewear companies must establish administrative structure to validate member eligibility, establish the various MVC benefit plans in their system, file a claim with a MVC plan when a member uses their benefit and provide a call center to handle any member issues for the MVC plan. Only a few online companies have taken the step to be an in-network provider for MVC plans. Some MVC plans like EyeMed, VSP and Versant Health have their own proprietary online portal for their respective members to use their vision benefit.

Most of the online eyewear companies have established their offering to be an Out of Network (OON) claim that the MVC member can use as part of their vision benefit and have the member receive reimbursement for the online purchase. (See attached Typical Product/Benefit Design). This approach is being promoted by online eyewear companies to customers with a MVC plan to use the OON benefits. Online eyewear companies are training their member services to assist customers in this area. Jonas Paul Eyewear is an example as well as Warby Parker. Both these companies are providing on their website OON forms specific for each major MVC plans for customers to download and use for reimbursement under their MVC OON benefit.

In addition, online eyewear companies are using intermediate companies like Anagram (formerly Patch) which provides an online ability for the online company (or ECP) to quickly access the OON benefit of a MVC plan to assist the customer and the online eyewear company on a OON transaction.

OON benefits are being used by buyers of Smart Eyewear to provide some financial support to a customer on this type of purchase. MVC have not moved into adding Smart Eyewear yet as a covered benefit in the in-network eyewear benefit design. Only MVC companies that develop or partner with a company on a Smart Eyewear proprietary product are considering this as an In-network benefit.

Authored Exclusively for Constellation4 Health



Richard Sanchez | Vision Care Advisor

Richard brings 30 years of Eye Care Industry expertise and thought leadership to the company. His leadership of two vision care industry leaders, Vision Twenty-One, Inc and Advantica, resulted in unprecedented managed care growth, an acquisition and IPO. These two vision care leaders collectively managed over 4.5 million members and 20,000 eye care providers.