NATIONAL ASSOCIATION OF VISION CARE PLANS

Sent via email: pdowen@leg.state.vt.us

January 26, 2016

Senator Tim Ashe, Chair
Senate Committee on Finance
115 State Street
Montpelier, Vermont 05602

RE: National Association of Vision Care Plans Opposition to S.215

Dear Senator Ashe,

S.215 would negatively affect Vermont consumers by increasing the price of vision care, services, materials and products without achieving any corresponding public policy goal. It is for this reason that that NAVCP opposes tis legislation. NAVCP's 20 primary member companies manage extensive networks of vision care providers and include vision benefit coverage for ***over 149.2 million Americans*** including over ***300,000 Vermont residents***. 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.

S.215 serves the primary purpose of raising costs on Consumers to Benefit Optometrists

Vermont enacted legislation in 2014 limiting the ability of health insurer to negotiate discounts on behalf of its enrollees for uncovered materials. In its current form, S.215 goes far beyond those restrictions to impose unnecessary costs on consumers and employers to benefit optometrists. In sum S.215:

1. **Imposes Vague Restrictions on Cost Control or Negotiated Savings on <u>Covered Benefits</u> § 4088k(b)(1) and (c)(4)**
   In 2014 Vermont enacted legislation restricting our ability to negotiate discounts on eye ware and materials that were not covered benefits. This legislation places additional limits our ability to provide enrollees with costs savings on <u>covered benefits</u>, preventing any "direct or indirect" methods of incentivizing the use of laboratory or supplier networks. It is unclear that a Vision Care plans would be able to utilize any out of network incentive to benefit consumers or vision care provider. Furthermore rates must be "reasonable" without any direction as to what that means.

2. **Vague Language is Compounded by a Right to Private Action and Incentive to Litigate § 4088j(f) and § 4088k(e)**
   The vague requirements of this bill are made worse because of the incentive to settle disputes concerning what is deemed "reasonable" or "indirect" through litigation rather than through negotiation or regulatory oversight.

3. **Restricts Health Plan utilization of a specialty network for Routine Eye Care**
   § 4088k(c)(1)
   This legislation would restrict medical plans that wish to contract with a vision care plan to provide routine eye care services – a benefit that is typically not provided within the medical benefit. 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.

4. **Prohibits the Ability of Parties to Negotiate a Contract for Longer than Two Years**
   § 4088k(b)(2)
   Prohibiting parties from agreeing to terms for more than two years, or to agree to extend those terms absent a newly renegotiated contract should not be arbitrarily decided by statute. If there are concerns about specific provisions in provider contracts, those issues should be determined directly. Compelling renegotiation when it is not needed raises costs to no real purpose.

5. **Mandated Coverage Benefits will Raise Prices and Reduce the Availability of Less Costly Options**
   § 4088k(d)(3) and (4)
   Imposing coverage mandates will simultaneously raise premium prices across the board and limit lower cost options. Combined with the other consumer choice restrictions in this bill, this legislation will only raise prices for enrollees.

6. **Compels Vision Care Plans to release Employer Information**
   § 4088k(d)(1)
   Vision Care Plans operate in a competitive market and provide benefits to individual consumers and employers alike. It is unclear what benefit would result from compelling a specific report for expenditures of an employer on behalf of an employee. If employers or employees do not value the benefits they receive from a particular Vision Care Plan, they are free to seek another plan or dispense with a plan altogether.

7. **Seeks to limit a Vision Care Plan's ability to communicate and protect enrollees**
   § 4088k(c)(7)
   This legislation places a vague restriction on communications between a plan and an enrollee, stating that communication cannot "interfere" with the "provider-patient relationship." This restriction directly compromises the ability of a plan to protect and inform consumers of their rights and to make sure that they are aware of their benefits under the plan. Specifically, retail prices are largely, if not entirely determined by the individual optometrist. Plans must have the freedom to inform consumers of their right to access lower price materials or supplies and what their options are with any participating provider. While an enrollee may choose to agree to other arrangements, every enrollee should know fully what those options are, regardless of the interest of a particular provider.

Vision Care Plans Provide Lower Cost 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.

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. This bill greatly restricts our plans' ability to market different options to consumers in Vermont, and pushes all consumers towards higher cost alternatives.

Conclusion

In summation, consumers utilize routine eye care services and purchase materials *together.* When they do, health outcomes and utilization *improve*. Access to routine vision care networks benefit consumers through lower costs and providers through additional patients. We strongly oppose disrupting this model by eliminating our ability to manage any of the factors controlling cost for Vermont consumers. We would be pleased to work with you to resolve these concerns.

Sincerely,

Josh Fisher
Manager, State Issues
National Association of Vision Care Plans
2300 Clarendon Blvd
Arlington, VA 22201
703-525-7466