

CHAPTER 23

VISION CARE PLANS

Introduction

Vision problems are common in the United States; more than one-half of the population requires optometric care. It is estimated that 54 percent of Americans wear corrective lenses, although only 41 percent receive an eye exam every year (Rosenthal and Soroka, 1998). Vision problems are often chronic and require regular attention. Although studies show that one in four school-age children have a vision problem, one national survey reveals that 48 percent of parents with children 12 years and younger have not taken their child to an eye care specialist for a comprehensive exam (VSP, 2002).

Except for medical and surgical treatment and, in some cases, contact lenses after cataract surgery, traditional health insurance plans have provided little or no vision care coverage. Employment-based vision care plans are designed to insure vision care services. Even so, vision care plans should attempt to fully integrate with the health care plan. Regular eye examinations can be the first clue to eye conditions—such as glaucoma, age-related macular degeneration, and cataracts—that, left untreated, can lead to blindness. Eye exams can also offer the first sign of significant chronic or systemic diseases, such as hypertension, atherosclerosis, alcohol abuse, cancer, diabetes, vitamin deficiencies, and nerve disorders.

Similar to most medical plans, vision care benefits are usually available to a group of covered employees after a nominal waiting period. In addition, most plans provide for coverage of employees' dependents. A variety of organizations offer vision care plans to employee groups. These include jointly managed funds, health maintenance organizations (HMOs), administrators of Blue Cross and Blue Shield plans, vision care corporations, optometric associations, closed-panel groups of vision care providers, and insurance companies. In addition, some employers self-fund and self-administer their plans.

The principal providers of vision care are:

- *Ophthalmologists*—Medical doctors specializing in eye examination, treatment, and surgery. Some ophthalmologists dispense eyeglasses and contact lenses.

- *Optometrists*—Health care professionals who are specifically educated and licensed at the state level to examine, diagnose, and treat conditions of the vision system. Optometrists may not operate on the eye and, in most states, may not administer therapeutic drugs. Most optometrists dispense eyeglasses and contact lenses.
- *Opticians*—Persons who make and/or sell lenses and eyeglasses.

Extent of Coverage

Vision plans may cover eye exams, eyeglasses, contact lenses, and orthopedics (exercises for the eye muscles). In 2006, 78 percent of large employers offered a vision plan (Hewitt Associates LLC, 2007).

Services

The typical vision care plan covers eye examinations, lenses, frames, and the fitting of eyeglasses. Eye examinations provide the information needed for lens prescriptions and may reveal eye diseases such as glaucoma or cataracts. (They may also reveal evidence of diabetes or high blood pressure.) Many plans cover some portion of the costs for contact lenses; however, other plans only cover contact lenses following cataract surgery.

Nearly all vision care plans impose limitations on the frequency of covered services and glasses. Typically, they limit participants to one eye examination within a 12-month period, one set of lenses within a 12-month period, and one set of frames within a 2-year period. Most plans do not cover the additional cost of oversized, photosensitive, or plastic lenses, nor do they cover prescription sunglasses.

Some employers, such as the U.S. Army, are embracing laser eye surgery as a way to improve employee performance on the job. After evaluating concerns about laser surgery, a Department of Defense medical panel recommended and the Congress approved \$15 million for the first phase of the program. As eyeglasses can interfere with the sophisticated weapons and gadgets that the military continues to employ, laser eye surgery offers an opportunity for soldiers to be more effective. Vision plans often provide a discount for laser eye surgery from a network of providers.

Payment of Benefits

Similar to other types of health insurance, vision care plans cover services in a variety of ways. For example:

- Some plans pay the full cost of services, provided they satisfy the *usual, customary, and reasonable* (UCR) cost criteria. In other words, the covered amount is the provider's usual fee for the service, the customary or prevailing fee for the service or product in that geographic area, and a reasonable amount based on the circumstances involved. A fee may be considered reasonable when circumstances necessitate extensive or complex treatment, even though it does not meet the usual, customary, and reasonable criteria.
- Sometimes vision care plan participants are required to pay *deductibles*. The deductible is a specified amount of vision care costs that the participant must pay before any costs are paid by the plan. Under a plan with a \$50 individual deductible, for example, a participant must pay his or her first \$50 in vision care expenses. The plan then pays for additional vision care expenses in accordance with other plan provisions.
- Plans may have a *coinsurance* arrangement in which the plan participant pays some portion of the vision care expenses and the plan pays the remainder. The plan participant, for instance, may pay 20 percent and the plan may pay 80 percent.
- Other plans specify a covered dollar amount for each service. Under the *schedule-of-benefits* approach, the plan participant pays any amount over the scheduled dollar limit. The schedule is usually adjusted at intervals to keep it consistent with changes in the cost of care.
- Vision care costs are often covered by employers through a so-called health flexible spending account. Under such arrangements, the employee chooses how much money to contribute to the account at the beginning of the year, and pretax contributions to the account are deducted from each paycheck. The employee pays for any medical expenses (including vision care) and is then reimbursed by the employer. Any unused balances are forfeited by employees at the end of the plan year.
- Plans may also use a *closed-panel arrangement*, in which a designated group (i.e., a closed panel) of vision care professionals provide services to an employee group. The full cost of services is paid when plan participants go to providers specified by the plan. Employers pay a premium for such services, which may cover a fixed cost per ben-

eficiary. The providers are reimbursed for their cost of materials plus a dispensing fee. If participants go to providers who are not in the closed-panel, the plan pays only a specified amount; the participant must pay any excess amount.

- Plans commonly use a combination of the approaches described above. A plan that covers services based on usual, customary, and reasonable charges may also require payment of a deductible or coinsurance. Coinsurance may also be included in a schedule-of-benefits approach.

Continuation of Coverage

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requires employers with vision and other health care plans to offer continued access to group health insurance for former employees and their dependents.

Deciding on a Vision Care Plan

When considering the cost of a vision care plan, a potential plan sponsor should be aware that such plans have a high incidence of claims in the first year because there may be a backlog of unmet needs in a newly covered employee group. An employment-based vision care plan should include a program to increase employee awareness and understanding of vision care and the plan; effective communication among all involved parties (i.e., employee, employer, and service providers); and an efficient claims filing and payment system. In order to fully evaluate the advantage of a vision care plan, employers should also consider the impact such a plan has on overall worker productivity. For example, an employer with employees spending most of their day working at a computer or driving may find added advantages to such a plan.

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Additional Information

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