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SUBMITTED ELECTRONICALLY

Via 1332@covered.ca.gov

Peter V. Lee
Executive Director
California Health Benefit Exchange
2535 Capitol Oaks Drive Suite 120
Sacramento CA 95833

RE: 1332 State Innovation Waiver

Dear Mr. Lee:

Vision Service Plan (“VSP”) appreciates the opportunity to provide comments to the California Health Benefit Exchange (“Exchange”) in regards to expanding on our comments at the public hearing on the 1332 state innovation waiver. The following comments from VSP are focused on utilizing the 1332 state innovation waiver to have adult vision care become an essential health benefit (EHB), and to increase access to that benefit by giving stand-alone vision plans the right to provide coverage directly through the Exchange.

VSP is the nation’s largest provider of eye care coverage, with 60 years of experience in the eye care field. VSP provides vision benefits on a not-for-profit basis through a national network of independent private-practice eye doctors. VSP currently covers 72 million individuals in the United States, and it provides eye health benefits for more than 56,000 employer clients. VSP clients include federal, state, and local government employers, as well as private employers.

SUMMARY

Last week, Covered California made an important decision to provide access to vision coverage for adults through VSP Vision Care, and we are grateful for the pathway provided through which consumers can access affordable, quality eye care. This was a critical step forward in closing the gap in access to eye care. With the potential for a 1332 state innovation waiver, we believe there is an opportunity to officially close the gap in access to eye care by making adult vision care an EHB, and give stand-alone vision plans the right to provide that care directly within the Exchange. While we are not advocating for subsidies to apply to adult vision care, we do believe that it is critical that stand-alone vision plans be able to contract directly with the Exchange, similar to a qualified health plan. Offering vision as an EHB to adults in California directly

through stand-alone vision plans contracted with the Exchange is essential for the following reasons:

- **Avoiding market segmentation and gaps in coverage:** The vision coverage market today is based on family coverage. Failure to allow stand-alone vision coverage in Exchanges bifurcates vision coverage between adults and children, resulting in market disruption and possible loss of coverage and the reduction of coverage choices. This bifurcation is particularly troublesome because benefit decisions are normally made as a family.
- **Stand-alone coverage is by far the predominant method of delivery of vision care:** Stand-alone vision plans initially were chosen by private and public employers as a means of filling gaps in (or the lack of) vision coverage bundled in major medical plans. This trend has continued, such that today, approximately 90% of vision care in the United States is delivered through a stand-alone vision plan, as estimated by the National Association of Vision Care Plans (NAVCP).
- **Stand-alone coverage provides greater overall health benefits:** A study conducted by HCMS Group, a human capital risk management firm, (HCMS)¹ has shown that individuals with stand-alone coverage (as compared to vision coverage bundled with a major medical plan) are far more likely to obtain regular comprehensive eye exams, leading not only to better vision health, but also to a much higher frequency of the early detection of chronic diseases such as diabetes and hypertension.
- **Stand-alone vision coverage leads not only to better vision health but also to early detection of chronic diseases compared to vision coverage that is bundled as part of a major medical plan:** A study conducted by NAVCP² indicates that the value of stand-alone vision care include wellness benefits and the early recognition of chronic diseases. The study found that persons with stand-alone vision coverage (as compared to coverage bundled in a major medical plan) were twice as likely to obtain regular eye health examinations and preventive services, allowing for early diagnosis and prevention of eye conditions, as well as chronic conditions such as type 2 diabetes and hypertension. This is in large part because the stand-alone vision coverage is focused on a particular benefit. Stand-alone plans are thus naturally encouraged to focus on providing and demonstrating value for the beneficiary and differentiating themselves from their vision plan peers. Further, the study found that children whose parents have stand-alone vision coverage are more than twice as likely to receive eye care, compared to children with parents in bundled plans.

¹ The study was conducted by HCMS Group. Information about the study may be found on their website at <http://www.hcmsgroup.com/vsp-press-release-employers-offering-vision-insurance-save-billion-on-healthcare/>.

² The study was conducted by the National Association of Vision Care Plans (NAVCP). Information regarding the study (the “NAVCP Study”) may be found on their website at http://navcp.org/documents/NAVCP_PressRelease_FINAL.pdf.

Early diagnosis of such chronic diseases benefit the individual, but also the health care system as a whole, as early detection can reduce downstream tertiary care costs. These benefits may be reduced if only embedded coverage is permitted. The National Association of School Nurses³ has recognized the importance of stand-alone vision plans in promoting primary eye care for children to aid in early learning.

Meanwhile, VSP's own data has demonstrated to its clients and to its network of providers how important the company's efforts have been to require providers to check for early signs of certain chronic diseases, such as diabetic retinopathy, an early indicator of pre-diabetes and diabetes. This can be detected via a dilated retinal exam, a test that provides a unique, non-invasive view of a patient's vascular health via retinal capillaries. An eye doctor can detect diabetic retinopathy up to seven years prior to the onset of external symptoms of diabetes. Additionally, the preventive benefits of comprehensive eye care can deliver huge dividends to employers. The study by HCMS Group⁴ found that for every dollar invested in a comprehensive eye exam, employers saw a \$1.45 return on investment through lower healthcare costs, improved employee productivity, and lower turnover rates. Thus, it is important that adults continue to have easy access to eye care coverage through stand-alone vision plans.

- **Stand-alone coverage ensures a balance of quality, comprehensiveness and affordability:** Because stand-alone vision plans are focused entirely on vision, plan enrollment reflects individuals' views on vision coverage specifically. VSP and other insurers providing stand-alone plans have a natural incentive to monitor consumer preferences and reactions and to adapt their vision coverage accordingly. This same incentive is not present in the case of vision coverage that is bundled with a major medical plan; individuals choose such plans based on the major medical coverage, not on the specifics of vision coverage.
- **Stand-alone vision plans account for diverse health needs across many populations:** ACA section 1302(b)(4)(G) requires HHS to take into account diverse health needs across many populations in establishing EHB. The stand-alone nature of VSP plans has been a significant positive factor in enabling VSP vision plans to meet diverse health needs not only with respect to vision care, but with respect to overall health.

For example, as a not-for-profit stand-alone plan, VSP has been able to develop the industry's broadest provider network, which expands access and choices for patients, and to develop other innovations, such as a nation-wide health information technology platform that improves efficiency and provides important clinical data for chronic disease management and prevention. Again, these innovations are a result of being a stand-alone vision plan and the unique expertise that is developed through a sole commitment to eye care.

³ In 2010, the National Association of School Nurses submitted a letter to then House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid expressing support of stand-alone vision plans and the need to protect access to them for adults and children. An official copy of the letter can be provided from VSP.

⁴ See footnote 1.

Early diagnosis of such chronic diseases benefits the individual and also the health care system as a whole by saving downstream cost. Meanwhile, VSP's own data has demonstrated to its network of providers and to its clients how important the company's efforts have been to require providers to check for early signs of certain chronic diseases, such as diabetic retinopathy, an early indicator of pre-diabetes and diabetes.

SUMMARY

Eye care delivered through stand-alone vision plans provides proven, positive impact on a person's well-being and helps keep healthcare costs down. Including vision as an EHB for adults within the Exchange would make overall offerings more diverse and attractive to consumers, and help close a critical gap in access to eye care. Pursuing this action would build upon the accomplishments of the Exchange and help ensure the ongoing mission to provide uniform coverage options within a competitive marketplace continues to be met.

We are encouraged and hopeful that within your 1332 state innovation waiver application, you will move to include vision care as an EHB for adults and allow stand-alone vision plans to provide that care directly to consumers in the Covered California marketplace. We are willing to partner with Covered California to assist in this effort.

VSP appreciates the opportunity to comment. We look forward to answering any questions you have and providing any necessary support. Please feel free to contact VSP with any questions or comments regarding this issue.

Sincerely,



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