Seeing Eye-to-Eye on Vision Benefits

Insights that Focus and Enhance Your Voluntary Strategy
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A Sharper Focus on Voluntary Benefits

Economic headwinds are causing many employees to become increasingly dependent on the benefits provided by their companies,1 but these same adverse economic conditions are also challenging the benefit budgets at many companies. MetLife’s Tenth Annual Study of Employee Benefits Trends shows that two-thirds of employers are concerned about sustaining their benefit programs in the face of economy-driven budget constraints. As a result, 38% of employer respondents plan to maintain their programs by shifting costs to employees.1 This convergence — increased employee need for benefits and a concurrent retreat from traditional employer-paid entitlements — explains why more employers are turning to voluntary products as a way to provide the coverages that employees want without straining their budgets.1 Although voluntary benefits appear to be growing in importance at many companies, the MetLife research also shows there is still a significant opportunity to leverage them more strategically.

When selected by an employer for relevance and quality, voluntary benefits can help reduce company expenses, improve employee job satisfaction and increase productivity, as well as differentiate the company from competitors. An example of this dynamic is vision benefits. These employee-paid products deliver a surprisingly powerful but also low-cost solution for several current business challenges — especially in managing rising health care costs and improving productivity. Studies show that the cost of offering vision benefits to employees can pay for itself with fewer absences and greater productivity, and employers can gain as much as $7 for every $1 spent on vision coverage.2

This paper explores this opportunity and provides a practical guide for what to consider when choosing a vision benefit to meet specific company needs.

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1 Tenth Annual MetLife Study of Employee Benefits Trends, March 2012.
Correction Required When Viewing Voluntary Benefits

When considering a vision benefit it is important to recognize that it, and similar voluntary offerings, can play an often overlooked role in driving employee company loyalty — 40% of employees in the MetLife Study reported that having a choice of voluntary benefits is a very important reason for feeling loyal to their employers. However, more than three-quarters of employer respondents did not recognize this advantage. This disconnect on the value of voluntary benefits underscores the untapped opportunity to use budget-friendly programs — like vision coverage — to help retain and motivate valuable workers.

Fig. 2 — Employers underestimate the value of voluntary benefits for driving employee loyalty.
Employees Embrace Benefits that Help Reduce Escalating Expenses

What is driving employee interest in voluntary benefits? Employees are paying a larger share of their benefit costs. Last year the employee share of company health expenses grew 6.9% to 42%,\(^3\) reflecting an increased share of premiums and higher out-of-pocket health costs (copays, deductibles, etc.). This has placed a bigger cost burden on employees at a time when many can least afford it — indeed, the MetLife Study found that 71% of employees are concerned about having the means to cover out-of-pocket medical costs. Health-related voluntary benefits such as vision, critical illness and dental insurances can help offset these extra expenses by providing cost savings and reimbursements.

Yet, in a time of scarce resources, are employees willing to pay for these additional benefits? In fact, 59% of surveyed employees indicated they prefer to bear more of the costs of benefits than lose them.\(^1\) Moreover, vision benefits enjoy popularity and utilization,\(^2\) being ranked in the top five most important benefits by a third of employees.\(^4\)


Much More to Vision Benefits Than Meets the Eye

A vision benefit deserves an up-close look because it is seen as a high-value/high-return product by employees — you don’t have to be sick to use it and its cost is typically one-tenth that of a medical plan.\(^5\) Also, vision benefits provide more concrete advantages for the company than are typically recognized. Here are examples of the value of vision coverage.

A Benefit that Nearly Everyone Can Use

From myopia to macular degeneration, most people at some time in their lives do not see straight! In fact, about 14 million Americans have some form of visual impairment. That makes a vision benefit very relevant, because correcting vision problems is costly. Two-thirds of all adults report wearing some type of eyewear,\(^6\) on which they spend more than $15 billion each year.\(^7\) The savings provided by vision benefits can be especially welcome to families with children who require corrective eyewear.

People place a premium on healthy eyesight — research conducted by Lighthouse International found that 82% of surveyed Americans fear losing their sight compared with 8% who fear loss of hearing.\(^8\) Yet despite this concern, relatively few have a regular eye exam. A survey shows that reasons cited for this failure include cost concerns (17%) and lack of insurance (18%).\(^8\) Perhaps most disturbing is that a third of those surveyed said that they do not get eye exams because they do not have a vision problem — not realizing that serious eye diseases often have no warning symptoms, but can lead to permanent eye damage. Having some type of vision coverage appreciably increases willingness to get an eye exam.\(^5\)

\(^6\) National Eye Institute (NEI), National Institutes of Health, Bethesda, MD.
A Benefit that Contributes to Satisfaction and Loyalty

The MetLife Study shows that employees who have vision coverage are nearly twice as satisfied with their benefits as those who do not have it. This is meaningful because employee satisfaction with benefits is associated with job satisfaction and with company loyalty. Indeed, employees with vision coverage are twice as likely to say their benefits are a very important reason they stay with their employer. Yet, as previously noted, employers often underestimate the role vision and similar voluntary benefits play in retaining workers.

<table>
<thead>
<tr>
<th>EMPLOYEES WHO SAY</th>
<th>OWN VISION BENEFIT</th>
<th>DO NOT OWN VISION BENEFIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>They are satisfied with benefits</td>
<td>44%</td>
<td>28%</td>
</tr>
<tr>
<td>Benefits are a reason they stay with their employer</td>
<td>45%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Fig. 3 — Employees who own vision benefits are nearly twice as likely to be satisfied with their benefits and cite benefits as a reason they remain with their company than those who do not.

A Benefit that Can Help Reduce Company Health Costs

Employers are painfully aware that a big reason for their rising health costs is the increasing rate of chronic ailments like diabetes and cardiovascular disease. By 2015, the Centers for Disease Control and Prevention projects that 40 million Americans will have diabetes — that is 250 out of every 1,000 employees. Virtually no employer will remain untouched by this phenomenon.

What employers may not appreciate is that an annual eye exam is an effective early warning system for a variety of chronic health conditions, including diabetes, hypertension and high cholesterol. Research shows that eye doctors are often the first to identify these conditions — perhaps because those with vision coverage are three times more likely to get an eye exam than an annual physical.

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9 Centers for Disease Control and Prevention, Atlanta, GA.
10 Vision Care Investment Pays Big Benefits, a Human Capital Management Services (HCMS) study, 2011.
Early detection has advantages for both employees and employers. It increases the chance that an employee will seek follow-up treatment at a less costly stage of the disease. In addition, if the vision plan shares diagnostic data from the eye exam with the employee’s health plan, an at-risk employee could be referred to a medical disease management program if the company provides one.

For employers, the early detection of chronic diseases associated with eye exams has measurable payback. A 2011 study calculated the cost savings and concluded that for every 100 employees diagnosed with diabetes through an eye exam the company saved $110,000 in health care costs in the first 24 months after diagnosis. These savings are a result of avoided medical costs and increased employee productivity.10

### A Benefit that Promotes Productivity

Vision coverage can also help reduce employee absences and improve job performance resulting in higher productivity. Every year, vision disorders alone account for more than $8 billion in lost productivity.9 An estimated 11 million Americans have uncorrected vision problems, ranging from refractive errors (near- or far-sightedness) to sight-threatening diseases like glaucoma12 and uncorrected vision can decrease employee performance by as much as 20%.13

As many older workers delay retirement, the number of Americans aged 65 and older who are still working has doubled in the last 15 years,14 meaning that employers can expect an increase in vision-related productivity loss, both from the effects of normal aging, like presbyopia (problems seeing close up), and from age-related diseases like macular degeneration.2

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11 Archives for Internal Medicine, "Preventive Health Examinations and Preventive Gynecological Examinations in the United States," Human Capital Management Services (HCMS).
A 2011 industry study revealed that the productivity gains from offering vision benefits can be compelling — employers experienced 7% less absenteeism and 4% less employee turnover, as well as savings on insurance and workers’ compensation costs.¹⁰

**A Benefit that Helps Attract Talent**

Currently a third of all companies do not offer vision benefits. Nearly half of smaller companies (those with less than 500 employees) do not offer vision benefits.¹ This reveals an untapped opportunity to not only add a popular benefit, but also one that is differentiating — an important advantage when it comes to hiring and retaining employees. Vision and other non-traditional voluntary benefits, such as group auto and home insurance, legal services and critical illness insurance, represent opportunities in the market and a chance to stand out from the crowd.

<table>
<thead>
<tr>
<th>EMPLOYEE BENEFITS CURRENTLY OFFERED</th>
<th>ALL COMPANIES</th>
<th>UNDER 50 EMPLOYEES</th>
<th>UNDER 500 EMPLOYEES</th>
<th>500 OR MORE EMPLOYEES</th>
<th>5,000 OR MORE EMPLOYEES</th>
<th>10,000 OR MORE EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dental insurance</td>
<td>76%</td>
<td>56%</td>
<td>65%</td>
<td>93%</td>
<td>93%</td>
<td>92%</td>
</tr>
<tr>
<td>Vision care insurance</td>
<td>64%</td>
<td>45%</td>
<td>52%</td>
<td>83%</td>
<td>84%</td>
<td>84%</td>
</tr>
<tr>
<td>Long-term care insurance</td>
<td>44%</td>
<td>25%</td>
<td>31%</td>
<td>66%</td>
<td>72%</td>
<td>78%</td>
</tr>
<tr>
<td>Critical illness insurance</td>
<td>41%</td>
<td>28%</td>
<td>33%</td>
<td>53%</td>
<td>55%</td>
<td>61%</td>
</tr>
<tr>
<td>Legal services plan</td>
<td>21%</td>
<td>8%</td>
<td>10%</td>
<td>38%</td>
<td>45%</td>
<td>49%</td>
</tr>
<tr>
<td>Auto insurance</td>
<td>12%</td>
<td>9%</td>
<td>8%</td>
<td>19%</td>
<td>21%</td>
<td>24%</td>
</tr>
<tr>
<td>Homeowners or renters insurance</td>
<td>10%</td>
<td>6%</td>
<td>6%</td>
<td>17%</td>
<td>18%</td>
<td>20%</td>
</tr>
</tbody>
</table>

*Fig. 5. — Seizing the opportunity for non-traditional voluntary benefits.*¹
Magnifying the Value of Vision Benefits for Employees

What do Employees Want and Need from a Vision Plan?

Research shows that what employees value most in vision benefits is overall savings on premiums and out-of-pocket expenses for themselves and their families. However, choice is also very important. Employees want to be able to go to different types of eye doctors — some prefer ophthalmologists and others optometrists. And they want to be able to choose from a variety of providers from private-practice providers to retail chains. Finally, they want access to a wide variety of quality eyewear.15

A vision benefit will be more successful if employees perceive its value and it meets their needs. Today’s diverse workforce makes it more important than ever to look for benefits that offer flexibility and customization — one in seven employees report that they want benefits to be more personalized to their circumstances and age.1 This means that employers must be aware of their employees’ opinions and match the plan attributes with these preferences.

Raising Awareness of the Opportunity

There is little to be gained by providing a plan with all the right advantages if employees are unaware of it or do not understand it. Nearly half of employees report that they don’t feel knowledgeable about vision benefits.15 Without this knowledge employees may not see the relevance or appreciate the value they receive for their money.

15 2011 Consumer Perceptions of Managed Vision Care, Jobson Optical Research, New York, NY.
Employers should pay close attention to how they communicate their vision plan. Consider promoting specific voluntary benefits regularly throughout the year. During open enrollment, voluntary benefits may get lost in the sea of communications. It is important to reach employees when a change in their personal situation suddenly makes a benefit become much more relevant and interesting. Effective benefit communications are linked to greater benefits satisfaction and thus help contribute to improved returns on investments.1

20/20 Vision on Plan Features

A vision plan can look like a traditional insurance benefit plan with copays and lower costs, or it can be a Discount program, whereby employees pay a reduced, negotiated rate at the time of service. In addition, vision benefit insurance can be bundled within the health plan or be stand-alone. Both types of vision plans offer comprehensive eye exams and use provider networks, but savings, scope and quality may vary. Which plan works best for a particular employee population? And does the selected plan have features that will help drive reduced health care costs, employee retention and improved productivity for the company?

Don’t assume retail is the cheapest option for eye care.

Retail providers — such as optical chains — may not always offer the best savings for eyewear. For example, research shows that LensCrafters can be the most costly option for eyeglasses.16 Private practitioners may in fact offer the most savings overall, particularly with a vision benefit.10

## A Guide to Selecting a Vision Plan

The following guide suggests issues to consider when weighing the pros and cons of various plan features.

<table>
<thead>
<tr>
<th>PLAN FEATURES</th>
<th>WHAT YOU MIGHT CONSIDER</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Vision Insurance vs. Discount Plans</strong></td>
<td><strong>Copays/allowances.</strong> These are consistent with medical insurance and familiar to employees. Also employees may appreciate the lower and known cash outlays required at point of service.</td>
</tr>
<tr>
<td>• Insurance plans may require/offer</td>
<td>• <strong>Claims.</strong> Claims data provides a means for assessing utilization and value. There is no usage feedback mechanism for Discount plans.</td>
</tr>
<tr>
<td>– Copays/allowances at time of service with the plan paying the balance</td>
<td>• <strong>Data sharing.</strong> Look for a vision plan that can connect employees and their family members with chronic conditions to an employer’s disease management program. No such connections are typically available for Discount plans.</td>
</tr>
<tr>
<td>– Claims for services</td>
<td></td>
</tr>
<tr>
<td>– Data sharing from eye exams</td>
<td></td>
</tr>
<tr>
<td>• Discount plans</td>
<td></td>
</tr>
<tr>
<td>– No copay. Payment due in full at time of service but at a discounted rate</td>
<td></td>
</tr>
<tr>
<td>– No claims</td>
<td></td>
</tr>
<tr>
<td>– No data</td>
<td></td>
</tr>
<tr>
<td><strong>2. Access to Provider Networks</strong></td>
<td>• <strong>Provider types.</strong> Employees want a wide range of providers to choose from — seeing less value in a plan that does not give them choices. Discount plans may be less likely to include significant access to private practice locations in the network.</td>
</tr>
<tr>
<td>• Networks may consist of all or some of the following categories</td>
<td>• <strong>Convenience.</strong> Users appreciate a network that offers extended hours and convenient locations such as neighborhoods and shopping malls.</td>
</tr>
<tr>
<td>– Private practice</td>
<td>• <strong>Out-of-network providers.</strong> Vision insurance plans may allow use of non-network providers while still providing some reimbursement — albeit with lower savings. This may be an important option for employees who value provider choice over savings. Discount plans typically do not offer out-of-network savings.</td>
</tr>
<tr>
<td>– Retail optical chains (e.g., Costco Optical, Visionworks)</td>
<td>• <strong>Quality of network.</strong> Ensure the plan sets high standards and maintains quality control for network providers.</td>
</tr>
<tr>
<td>• Networks may offer a wide or more limited range of locations</td>
<td></td>
</tr>
<tr>
<td>• Quality of network providers may vary by plan</td>
<td></td>
</tr>
<tr>
<td>• Out-of-network providers may not be included in savings options</td>
<td></td>
</tr>
</tbody>
</table>
### 2. Access to Provider Networks (cont’d)

Look for networks with well-established credentialing and selection processes. Consider those with credentialing certification by the National Committee on Quality Assurance (NCQA). Additionally, look for networks that work with qualified optical labs like those meeting American National Standards Institute (ANSI) and FDA quality standards.

### 3. Total Savings Provided by the Plan

- **Premium and membership fees.** The Discount plan annual fee may be lower than the insurance plan premium. At first sight a Discount plan can appear to be the less costly option. However it is important to evaluate the net savings provided by a plan when premiums and out-of-pocket costs are considered together.

- **Overall savings.** Savings are often greater for vision insurance plans. And employees say that overall savings and low out-of-pocket costs are what matters to them most.

- **Cost of eye exams.** Vision insurance plans may put greater focus on preventive care so that eye exams may cost less than they do in Discount plans — which can also encourage more employees to have a regular eye checkup.

### 4. Plan Features

- **Discount plans may be less flexible.** Compare a “flat” discount across a range of services and products in the plan vs. the ability to customize rates and options based on employee needs.

- **Standard vs. options.** Look carefully to see if popular eyewear options (such as progressive lenses, polycarbonate lenses for children and scratch-resistant lenses) are included in the standard plan or require an upgrade, which might prove to be a hidden cost.

- **Service experience at the point of sale.** Evaluating service capabilities for plan administration and employee engagement with the benefit is pretty standard. Look carefully at the service capabilities and satisfaction with network providers, which can have a significant impact on employees’ perception of the vision plan’s value.
5. Vision Insurance Bundled with a Medical Plan vs. Stand-alone

- Bundled plans may be underutilized because employees may not realize they have the benefit. Employees with stand-alone vision benefit insurance are twice as likely to have an annual comprehensive eye examination than those who have vision care coverage “bundled” with their major medical plan.  

### Conclusion

The goal when choosing a vision benefit plan should be to look for the plan that provides the most overall value and choice to meet employee needs and wants. Assessing value requires understanding the total net costs and savings provided and the inclusion of features that are important to employees and to the company. Pay attention to the details to ensure that a selected vision plan realizes all the available opportunities and delivers on company goals.

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Like most group benefit programs, benefit programs offered by MetLife and its affiliates contain certain exclusions, exceptions, waiting periods, reductions of benefits, limitations and terms for keeping them in force. Please contact MetLife for complete details.