THE REAL COST OF VISION CARE

Research shows that VSP Vision Care saves members the most money by providing the lowest out-of-pocket costs of any vision plan.

EXECUTIVE SUMMARY

Attracting and retaining employees is the #1 objective for benefits managers, and reducing benefits costs is the #2 objective. Benefits managers can address both goals by offering a benefits package with the features employees care about most.

Research shows that vision care is an important benefit for employees, and that low out-of-pocket costs are by far the most important employee priority in a vision plan. The real cost of vision care is comprised of both premium and member-paid out-of-pocket costs.

National pricing research demonstrated that three different pairs of glasses purchased with a vision benefit had a substantially lower out-of-pocket cost with VSP than with other vision plans. The research:

• Compared three different pairs of eyeglasses at independent eyecare provider locations and retail chains, both with and without vision benefits. The same frame and lens enhancement combinations, including three popular frame brands, progressive lenses, and UV coatings were shopped at each location.

• Showed that VSP members realize significantly greater out-of-pocket savings than EyeMed® members for the same materials.

• Showed that employees without VSP pay up to $107 more at independent eyecare providers, and up to $595 more at national retail chains, compared with VSP.

• Showed that out-of-pocket costs were highest at Luxottica’s retail locations (LensCrafters®, Pearle Vision®, Sears®, and Target®).

VSP saves members the most money by providing the lowest out-of-pocket costs of any vision plan.

THE IMPORTANCE OF AFFORDABLE HEALTHCARE

Reducing benefits costs is the #2 objective for benefits managers. It’s important to employees, too, especially since they are now contributing 28%—more than $4,000 each year—toward their employer-sponsored family healthcare plans.²

On average, 30% of the costs of a voluntary vision plan is the premium and the remaining 70% is employee-paid, out-of-pocket. In other words, employees are shouldering a majority of the cost for their vision care. Research quantifies the importance of controlling vision care costs for employees.

CONSUMER VISION PLAN RESEARCH

Jobson Medical Information conducted a study of more than 9,000 Americans aged 18 and over. The 2012 study, “Consumer Perceptions of Managed Vision Care,” was designed to determine the importance of a vision plan as well as the priority of various features of vision care coverage, including cost, access to providers, number of locations, convenience of provider locations, and customer service.

VISION PLAN RESEARCH FINDINGS

Results from the 2012 Jobson study show that vision care plans are important to employees, and that low out-of-pocket costs are the most important feature to employees in a vision care plan.

Findings include the following data:

1. Three-quarters of respondents (75%) said a vision plan is very or somewhat important to them.

2. Of those with a vision plan, 58% said the most important feature is savings/low out-of-pocket expense.

3. Of those with a vision plan, the next most important benefit (after savings/low out-of-pocket expense) was access to all provider types. It was chosen by only 15% of respondents.

INCREASE IN EMPLOYEE LOYALTY

A separate study by MetLife³ also showed that employees who are satisfied with their benefits are twice as loyal to their organization than employees who are dissatisfied with their benefits.

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A simple way to ensure employee satisfaction with benefits is to give them what they want. Research shows that low out-of-pocket costs are what employees want most in a vision plan.

**VSP PROVIDES THE LOWEST OUT-OF-POCKET COSTS**

VSP was founded by doctors as a not-for-profit organization with a focus on patients. Because it is not managed by shareholders, VSP is free to focus on programs that deliver exceptional value to clients and members, and provide the lowest out-of-pocket costs of any vision plan.

For example, VSP members save the following on lens enhancements at independent eyecare providers:

- Up to 69% savings over retail pricing and up to 48% savings over EyeMed pricing on Varilux® Comfort progressive lenses.
- Up to 35% savings over retail pricing and up to 18% savings over EyeMed pricing on Crizal® Alizé® anti-reflective lens coating with UV protection.4

Doctors agree: A recent study asked independent eyecare professionals to rate managed vision care companies across 12 key attributes5. VSP scored the highest across all 12 attributes, including:

- Best overall value to patients
- Best patient satisfaction
- Widest range of service and hardware options

**VISION PLAN PRICING RESEARCH**

National pricing research conducted in 2012 by Service Excellence Group, Inc. shopped the #1 optical retailer, representing more than 3,000 locations including LensCrafters, Pearle Vision, Sears, and Target.6 The research compared the cost of three different pairs of glasses at both independent eyecare provider and retail locations.

The research firm shopped three different pairs of eyeglasses with the exact same frames and lens enhancement combinations, representing popular brands throughout the U.S., across all location types.7 The frames had a wholesale price of $48 to $62, and the lenses and lens enhancements were the most popular choices for consumers.

The research included more than 850 VSP independent eyecare providers and more than 450 retail chain locations in a geographically representative random sampling of U.S. retail chain locations.

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4. The lenses and lens options—Varilux Comfort progressive lenses and Crizal Alizé anti-reflective coating with UV protection—are the most commonly dispensed brands in each of their categories based on VSP claims data
5. Jobson ViewPoint MVC Payers Perceptions Ranking, 2012
7. As determined by VSP claims data and The Vision Council’s 2008 VisionWatch data
Your employees could pay up to $595 more with another vision plan when they visit a retail chain location.

This chart represents the average out-of-pocket cost without insurance for exam, frames, and lenses for Ray-Ban model RX5245.

**PRICING STUDY RESEARCH FINDINGS**

The research showed that members of other vision plans paid up to $595 more at Luxottica-owned retail chains like LensCrafters than VSP members for the same glasses. The research also showed that members of other plans paid nearly $107 more at independent eyecare doctor locations than VSP members—again, for the exact same product.

Findings include the following data:

1. Luxottica chains (LensCrafters, Pearle Vision, Sears, and Target) included on EyeMed plans charge the highest costs to consumers.

**EXHIBIT 1: Cost Comparison Without Vision Coverage**

Glasses are significantly MORE at national retail chains.

This chart represents the average out-of-pocket cost with insurance for exam, frames, and lenses for the same Ray-Ban frame and lens combination, as compared to EyeMed Access and Select plans.

2. VSP provides the lowest out-of-pocket costs of any vision company. Employees pay up to $107 more at independent provider locations, and up to $595 more at national retail chains, compared with the VSP Signature Plan®.

**EXHIBIT 2: Cost Comparison With Vision Coverage**
EXHIBIT 3: Significant savings demonstrated with other frame combinations
The research also compared the following two frame and lens combinations and found significant savings with a VSP plan.

**Vogue®**
Model: V02647
Varilux Comfort Progressive
Crizal Alizé Anti-reflective Coating with UV
$150 Retail Frame Allowance

**Coach®**
Model: HC6011
Varilux Comfort Progressive
Crizal Alizé Anti-reflective Coating with UV
$150 Retail Frame Allowance

SUMMARY OF KEY INFORMATION

1. **Benefits managers want to attract and retain employees and reduce benefits costs.** Research shows these are their #1 and #2 most important objectives.

2. **Employees who are satisfied with their benefits are twice as loyal.** Offering a benefits package with the features employees care most about is a key strategy for benefits managers.

3. **Vision care plans are important to employees.** Three-quarters of respondents in a vision plan research study said a vision plan is very or somewhat important to them.

4. **Low out-of-pocket costs are the single most important feature to employees in a vision plan.** When asked to rate the most important feature of a vision plan, 58% of consumers rank low out-of-pocket costs as their #1 priority. That is nearly four times more important than the #2 priority, which is access to all provider types.

5. **VSP provides the lowest out-of-pocket costs of any vision company.** Employees pay up to $107 more at independent eyecare providers, and up to $595 more at national retail chains (such as LensCrafters, Pearle Vision, Sears, and Target), compared with the VSP Signature Plan.
APPENDIX

SOURCES FOR VISION PLAN RESEARCH AND PRICING RESEARCH DATA

CONSUMER VISION PLAN RESEARCH

Jobson Medical Information, LLC, a leading source of business intelligence in the optical industry, conducted a study in December 2011 and January 2012, of nearly 9,000 Americans aged 18 and over.

Jobson’s optical team has more than 15 years of experience in the optical marketplace and deep expertise in surveying techniques and research methodologies.

The study was designed to determine the importance of a vision plan as well as the importance of various features of vision care coverage, including cost, access to providers, number of locations, convenience of provider locations, and customer service.

RETAIL PRICING RESEARCH

The independent research firm, Service Excellence Group (SEG), that conducted the Retail Pricing Research, is a customer experience measurement provider with nearly 20 years of experience providing mystery shopping services. SEG is a founding member of the Mystery Shopping Providers Association (MSPA) and their CEO currently serves on the MSPA Board of Directors. Members of the MSPA agree to abide by a code of ethics and professional standards for the mystery shopping industry.

The Retail Pricing Research was commissioned by VSP and conducted in November and December 2012. The study sample consisted of randomly selected, geographically representative shops—850 VSP independent eyecare providers and 450 retail chain locations—for a total of 1,300 price checks completed.

Benefits for all plans included $150 frame allowance and covered lined bifocal lenses. Costs used in this comparison include eye exam, Luxottica’s Ray-Ban RX5245 frame, Varilux Comfort progressive lenses, and Crizal Alizé anti-reflective coating with UV protection.
ADDITIONAL FRAME AND LENS ENHANCEMENT
COMBINATIONS RESEARCHED

The charts below represent the savings demonstrated on the following two additional frame and lens combinations shopped in the national pricing research.

**Vogue**
Model: V02647
Varilux Comfort Progressive
Crizal Alizé Anti-reflective
Coating with UV
$150 Retail Frame Allowance

- Up to $89 more than VSP at independent provider locations.
- Up to $594 more than VSP at national retail chains.

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<tr>
<td>Lens Crafters®</td>
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Cost with other insurance plans

**Coach**
Model: HC6011
Varilux Comfort Progressive
Crizal Alizé Anti-reflective
Coating with UV
$150 Retail Frame Allowance

- Up to $89 more than VSP at independent provider locations.
- Up to $579 more than VSP at national retail chains.

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<td>VSP Choice Plan*</td>
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<tr>
<td>Lens Crafters®</td>
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</table>

Cost with other insurance plans

*Designer Coach frames not available at Target or Sears