The Affordable Care Act: What Plan Managers Need to Know

This summer, the Supreme Court upheld a key portion of the Affordable Care Act (ACA), giving the green light to government-mandated healthcare. The initial phase-in of the Act began in January. In 2016, all firms with more than 50 employees will be required to provide comprehensive health insurance to 95 percent of full-time workers, or incur a penalty. How will the ACA affect vision coverage? Here are five things plan managers need to know.

1. Vision care for adults is not covered under the ACA.
While limited pediatric vision benefits are available through the ACA, vision benefits for adults are not. A few state exchanges offer some vision benefits, but these benefits are not subsidized by the government the way health benefits are. Therefore, employers will still need to seek vision benefits through private sources for employees covered under government insurance exchanges—or encourage them to find benefits on their own.¹

2. Employees may need help understanding the ACA rules on vision coverage.
In a 2011 study of employees by Jobson Optical research, nearly half of those surveyed reported that they didn’t feel knowledgeable about vision benefits.² This confusion is sure to escalate by the time the ACA’s employer mandate is fully phased in next year. Experts say employers should pay close attention to how they communicate their vision plan to workers. A recent study by MetLife,³ for example, suggests reaching employees when a change in their personal situation suddenly makes a benefit become much more relevant and interesting, such as at back-to-school eye exam time.

3. Vision coverage helps save on health care costs—and health care may become more expensive under the ACA.
It’s been proven again and again that vision coverage can save money on health care costs. Eye exams often provide early detection of such costly conditions as diabetes, high cholesterol and hypertension, among many others. A 2013 Human Capital Management Services, Inc. (HCMS) study of VSP Vision Care® determined that for every initial $1 spent by clients on exam services, they saved $1.45 over a four-year span. This translates into a 145% return on investment.⁴

Cost cutting may become even more critical for employers as the Affordable Care Act takes hold. An estimated 20% of small businesses are expected to opt out of offering medical coverage through the ACA and incur a fine for non-participation. That strategy may prove costly. Right now, the fine for not continuing health care coverage under the ACA is $2,000 per employee. But the ACA depends on employers staying in the game. If too many businesses opt out, proposals to double or triple the penalties could ensue, potentially causing a more significant financial hardship for small businesses.
4. Vision benefits may become even more important retention tools.

Several years ago, Newkirk Electric, an industrial electrical contractor in Muskegon, Mich., offered no vision benefits. But prospective employees who interviewed at the company spoke loud and clear about what they wanted their health care packages to include: Eye care.

“At the new-hire level, potential employees were disappointed at the lack of vision and dental,” says Human Resources Coordinator Valerie Lundholm.

Research shows a similar relationship between employee loyalty and vision benefits. Devising an enlightened eye care plan that is affordable and easy to administer contributes to employee loyalty and can increase enrollment by 13%, one study showed.¹

5. Employees are willing to share the cost of their vision benefits.

When Newkirk surveyed the company’s own workforce about their benefit preferences, the results were similarly clear.

More than half of the company’s 400 employees said they wanted a vision plan—even if they had to pay for it themselves. “They didn’t seem to care if they paid the entire cost; they just wanted the product available,” says Lundholm.

Similarly, a survey by Millennium Generation Research Review showed that 59% of surveyed employees indicated they prefer to bear more of the costs of benefits than lose them.

Vision benefits continue to rank as one of the top five most important benefits by a third of employees.³ With the availability of vision coverage for adults restricted under the ACA, that number may grow even larger in the years to come.

2. Consumer Perceptions of Managed Vision Care, Jobson Optical Research, NY, NY 2011

VOICES OF THE EXPERTS

What will the Affordable Care Act mean for vision coverage? Here, two experts share their thoughts about vision coverage in a post-ACA world.

DR. JOHN McDONOUGH

McDonough is a professor of the practice of public health and director of the Center for Public Health Leadership at the Harvard School of Public Health. His book, Inside National Health Reform, provides a behind-the-scenes look at passage of the Affordable Care Act (ACA). Here, he discusses the ACA, the connection between vision care and public health, and the role companies can play in improving vision health for their employees.

Q. How will the ACA affect vision care?

A. ACA affects vision care in several important ways.

First, as a result of the law’s expansion of private and public health insurance combined with its establishment of minimal essential benefits for all health insurance policies, many millions of Americans who may face serious eye problems requiring medical attention will be able to obtain that care, many for the first time ever.

Second, the ACA sets an entitlement for all children to obtain preventive vision services including exams and eyeglasses or contact lenses with zero cost sharing.

Third, the law establishes a pathway for adults to obtain these services as well— if sufficient evidence convinces the U.S. Preventive Services Task Force of the clinical value of such services for adults. All in all, the ACA represents a massive improvement in access to eye and vision care services for many millions of Americans relative to the pre-ACA status quo.

Q. In the new healthcare climate, what are some reasons companies should consider including vision care in their benefits mix?

A. Because vision care services for adults are not mandated benefits under the ACA, employers need to consider the overall needs of their employee population and their families to make this decision—and that choice will vary across employers.

Companies must consider the cost of these services, balancing their employees’ desires for the service against their desire for other non-mandated medical services, and against their fiscal capacity to pay for the services. In my opinion, vision care services are essential needs for many millions of employees and their families—though also are dental services that again are mandated only for children and not for adults.
**Q.** How does regular vision care contribute to public health?

**A.** Most Americans do not appreciate that vision disability is one of the top 10 disabilities among adults over age 18 and that the scope of vision care problems will increase significantly over the next 20 years. Persons with unaddressed or poorly addressed vision care needs are not able to be optimally productive in work or in school. Eye and vision care problems can mask other important medical issues, and non-diagnosis of eye problems can delay recognition and treatment of other underlying medical care needs. Appropriate and effective eye and vision care is an essential need for a happy, healthy and productive population—the key goal for public health in any nation.

**Q.** A report from the CDC entitled Improving the Nation’s Vision Health: A Coordinated Public Health Approach predicted that by 2030, the number of blind and visually impaired people is expected to double. “Preparing now to prevent this expected increase in morbidity and its associated costs is imperative,” the report states. How can companies help aid in prevention efforts?

**A.** First, employers and their national and state associations can educate themselves about the vision care challenges facing the nation to learn about their potential contributions to addressing these needs. The CDC report is one good place to start, among many. Second, employers need to undertake their own assessment and evaluation of the needs of their workers, and implement policies to address their needs more effectively and appropriately.

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**NANCY TODD**

**Todd, SHRM-SCP, is the Human Resources Director for Midlands Carrier Transicold, which sells and services refrigeration units for trucks and railcars that transport temperature-controlled items.**

**Q.** What will the affordable care act mean for companies such as yours?

**A.** The ACA is, frankly, a moving target and employers are moving forward cautiously. Our company is located in seven states. Some are covered through the federal exchange, some through the state. Some have collective bargaining units, others don’t. The issue of insurance has become big and complicated. It’s confusing to everyone, including employees.

**Q.** Will the ACA change your approach to vision care?

**A.** No. Even though basic vision care coverage is provided for children under the ACA, the majority of families will still receive their vision coverage through employers. We believe vision care is a benefit everyone needs. If you don’t have good vision, you can’t do your job or perform well in all aspects of life.

**Q.** Has enrollment in your vision plan remained strong?

**A.** The vision benefits are a very popular benefit at Midlands Carrier. Some 85 percent of our employees sign up for coverage.

**Q.** Why do you think this is?

**A.** People are aware that vision care isn’t just about vision, but also helps detect other conditions of the eye. Many diseases, for example, diabetes, can first be detected in the eye.

**Q.** Can you share your own struggle with vision problems? Has this shaped your commitment to making sure all your employees’ children have access to eye exams?

**A.** When I was in the second grade, I was failing in school. No one could understand why. It came down to my vision. I had what they called lazy eye (amblyopia). For some reason, no one picked it up until that year. I had an eye exam, and they were able to correct the problem.

I still have to wear contacts and eyeglasses, but thanks to a vision screening, I have my sight. This is why I’m so passionate about the importance of eye exams for children. The lesson is that we can’t wait for children to fail; we have to be proactive and provide access to quality vision care by professionals.

**Q.** How do you promote vision care for your employees?

**A.** Every month, we promote vision care on our bulletin boards and communicate via e-mail. We also spread the word about discounts on eyeglasses and frames.

Last year, we had a health and wellness fair and had an eye doctor come in and talk about how people’s eyes change as they age. We tried to make the activities relevant and fun, and it was very well received. It’s all about education and awareness, and encouraging employees to take advantage of the benefits they have for themselves and for family members.