THE POOR OPTICS OF EMPLOYEE VISION COVERAGE

EMPLOYERS HAVE MANY REASONS FOR CAPPING BENEFITS, BUT SOME PLAN SPONSORS ARE FINDING WAYS TO MODERNIZE THEIR OFFERINGS

By Jann Lee
Ryerson University carries an impressive vision-care package: non-unionized employees can spend up to $800 every two years on glasses, contact lenses and laser eye surgery and receive an eye exam every two years.

When the university’s union groups negotiated higher coverage for vision care, it only made sense for the non-unionized groups to follow suit, according to Jan Neiman, manager of pensions and benefits at Ryerson. Benefits plans for universities are generally similar for all employee groups to ensure equity, she says.

Before 2012, Ryerson offered coverage for eye exams but had a lower vision-care budget: $300 for glasses and $300 for contact lenses. After employees asked for higher spending limits, the university decided to combine the two pools of money, add an additional $200 and expand the plan so it also included laser eye surgery.

“We want to offer a really good program,” says Neiman. “It was very visible that being able to get glasses and contacts were high on people’s list. They seemed to zero in on that.”

Ryerson employees aren’t alone in wanting more vision-care funding. The 2016 Sanofi Canada healthcare survey revealed 91 per cent of plan members said vision care is somewhat or very important to them. They ranked it third in importance, just below prescription drugs and dental coverage, but only 35 per cent described their vision-care benefits as good or very good.

The survey results were surprising, says Joan Weir, director of health and dental policy at the Canadian Life and Health Insurance Association. It was clear from the feedback that employees want plan sponsors to pay more attention to the vision-care aspect of a benefits plan, she says.

Although most plan sponsors understand the importance of vision care, many have chosen to keep their coverage stagnant for years, says Marilee Mark, vice-president of market development for group benefits at Sun Life Financial. “It’s an essential part of the plan in most cases. . . . It’s only a question of the dollar amount.”

According to several insurance providers, the current range of spending limits for vision care, which typically includes contact lenses and glasses, is anywhere from $400 to $400 per person every two years, depending on the plan sponsor’s size and budget. A common amount is $200.

The challenge is the budgeted amounts aren’t enough to cover the costs for most prescription eyewear in the marketplace, says Mark. “You can spend $150 and get a basic pair of glasses or you can spend $600 to $700 to get designer frames and glasses. . . . There’s a broad range.”

While vision-care limits haven’t risen to reflect inflation, increasing the budget to close the gap hasn’t been a priority for most employers, says Kenneth MacDonald, a senior consultant at Morneau Shepell.

That disparity between vision-care benefits and actual costs has always been “a lighting rod of discontent for employees,” says Brian Lindenberg, senior partner and health and benefits leader at Mercer. However, the idea was never to fully cover the costs but to reduce them, he says.

The coverage reflects the notion that vision care is something plan members can budget for, as opposed to other benefits such as disability insurance or prescription drugs, says Mark. And with so many benefit components on the table, plan sponsors face tough decisions on where to allocate their overall budget, she notes.

**Competing with other benefits**

The need to balance competing priorities may be one reason why organizations have historically overlooked vision care, says Weir. “One of the things [the Sanofi survey] drew our attention to is that plan sponsors have been putting more emphasis on the two biggest cost drivers in plans: drugs and dental. So maybe it’s time to put more attention to that third piece of the benefit plan.”

Like employees, plan sponsors seem to be equally unhappy with vision care. According to the 2016
Sanofi survey, only 15 per cent of employers expressed satisfaction with their vision-care plan. Among the reasons for the dissatisfaction are the perception that the plan doesn’t deliver value and the high costs.

A key challenge with vision care is the fact that it provides a catch-22 for plan sponsors, says Gord Simle, a Calgary-based benefits consultant. “It will always be viewed as not enough coverage, because the benefit will never equate to what [employees are] paying for.”

Simle says the wide availability of insurance programs in Canada has helped drive up the costs of glasses. “Vision suppliers charge through the nose for them because they know they can. They keep raising prices.”

The majority of the cost usually goes towards frames, says Simle. “For the average person, $175 is probably for lenses and $300 for frames.”

Employees are unhappy because their benefit limit of $200 isn’t enough to cover the full cost, but the reality is the plan does cover the lenses, which is the medically necessary portion of the product, says Simle. As a result, plan sponsors can never win with employees as they’ll often be unhappy with their coverage.

For patients with more complicated prescriptions, the cost of glasses is even higher, according to Dr. Krista McDevitt, former president of the New Brunswick Association of Optometrists. High-quality glasses can exceed $600 for those with single-vision lenses and $1,000 for people who need progressives, she said, suggesting that vision-care benefits are “notorious for being out of step with the standards of care for vision health.”

Most people don’t see the major differences between lenses, but they are in fact significant, McDevitt noted in response to questions about vision-care coverage. “Think of buying a disposable camera, versus a top-of-the-line Canon or Nikon camera.”

### What plan sponsors can change

Traditional benefits plans combine coverage for eye exams and prescription eyewear, says Simle. But some insurers, such as Sun Life, will include eye exams under medical services — along with coverage for other practitioners, such as massage therapists and physiotherapists — and offer vision care as a distinct and added benefit.

Some plan sponsors are also taking action to address plan members’ concerns. In July 2016, the University of Toronto restructured its vision-care package to make eye exams a separate benefit. It was important to distinguish eye exams for employees who want regular eye checkups but may not necessarily need new glasses, says Steve Dyce, director of benefits and pensions. “It’s a good preventative practice. Eyes are something we need to make sure people are taking care of and that they’re identifying any problems early with vision.”

In addition to separating the benefit for eye exams, the university changed its vision-care plan in 2015 by boosting the maximum coverage for prescription eyewear to $400 from $350 every 24 months.

“We know eyeglasses and prescription eyewear is valued and it’s a high-utilization benefit,” says Dyce. “If we can make any change to a benefits plan to improve the satisfaction of employees, [vision care] is one that impacts the majority of people.”

### Giving employees more ownership over benefits

Plan sponsors have also attempted to alleviate dissatisfaction with vision care and other benefits by offering health-care spending accounts to employees, Sanofi survey, only 15 per cent of employers expressed satisfaction with their vision-care plan. Among the reasons for the dissatisfaction are the perception that the plan doesn’t deliver value and the high costs.

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PUBLIC COVERAGE FOR EYE EXAMS LACKING

Plan sponsors may not be the only ones overlooking vision care as Canadian public health-care plans typically cover eye exams only for children and seniors.

In most provinces, working-age people between 18 and 65 years of age don’t receive funding for eye exams, unless they have an existing condition, such as diabetes, that puts their ocular health at risk.

The lack of coverage is astounding because eyes should be part of health care, says Diane Bergeron, executive director for strategic relations and engagement at the Canadian National Institute for the Blind. “You go get your physical from the doctor every year, but eye health is considered totally different and that doesn’t make sense to me because how important is your sight?”

As a result of the lack of vision-care support for working-age Canadians, the responsibility has fallen to private insurers, says Weir. “[We’ve] kind of had to pick up that coverage.”

However, not all plan sponsors provide funding for eye exams in the first place, says Simle. And those that do usually provide less than $100 every two years.

That amount isn’t enough to cover the full cost of a comprehensive eye exam today, says Dr. Barry Thienes, president of the Canadian Association of Optometrists. “[Exams] run more into the $100 to $150 range.”

The complexity of eye exams has evolved over time, and optometrists now do more than conduct a simple vision or sight test, says Thienes, noting they use advanced technology to look at overall vision health and for any symptoms that signal ocular issues.

According to the CNIB, it’s possible to prevent vision loss, which carries a $19.1-billion annual cost in Canada, through regular eye exams that can detect diseases such as age-related macular degeneration, glaucoma and early-stage diabetic retinopathy.

“We spend a lot of time looking at health and safety in the workplace, and there are lots of workplaces with wellness programs, but a lot of benefits don’t include eye exams or address what you can to do prevent sight loss,” says Bergeron.

For instance, it’s common for many employees to experience chronic dry eyes because they spend long hours in front of a computer, says Thienes. “It’s not only that optometry has evolved, but the treatment of these conditions has evolved in the last couple of years. I don’t think that insurers have kept up with that and realized that the people they’re insuring have bigger demand for their eyes.”

Canadians between the ages of 20 and 40 tend to neglect going for regular eye exams, unless they have an obvious sight problem, says Thienes. However, because many jobs involve a computer, small vision corrections can actually make a big difference in how people perform at work, he adds.
THE SURVEY SAYS

This summer, Benefits Canada asked readers whether coverage levels for vision care in employee benefits plans were too low. The online poll found:

- **25%** of respondents felt it’s good to see plans keeping a lid on cost increases in at least one area of employee benefits
- **75%** of respondents felt benefits plans have failed to keep up with the high costs and increased complexity of vision care

...buy glasses [under vision care] and supplement it with a health spending account.”

Apart from educating employees, plan sponsors need to reassess their benefits framework every few years and “recalibrate them” to make sure they still meet their objectives and employees’ needs, says Mark.

Still, MacDonald notes a benefits plan can’t please everyone. Employees tend to “cherry pick” benefits by judging the ones they use, he says.

“They’re not looking at the program as a whole.”

Jann Lee is an associate editor at Benefits Canada: jann.lee@rei.rogers.com.

FACTS ABOUT VISION LOSS

Vision care isn’t just about getting high-end sunglasses paid, at least in part, by benefits plans. As the Canadian National Institute for the Blind has pointed out, vision care and treatment are very important for Canadians given the health implications, as evidenced by the statistics about vision loss in Canada:

- **5.5 million** Number of Canadians with a major eye disease that could cause vision loss
- **1.4 million** Number of Canadians with age-related macular degeneration
- **50,000** Number of Canadians who lose their sight each year

Bryan Pilsworth, President of Foyston, Gordon & Payne Inc. (FGP) is pleased to announce the following appointments

**Stephen Mitchell, CFA**
Senior Vice President & Portfolio Manager, Global Equities

Veteran global equity manager Stephen Mitchell has joined FGP to manage the firm’s global and international equity mandates.

An award-winning* global equity portfolio manager, Mr. Mitchell spent 23 years with Burgundy Asset Management Ltd., most recently as portfolio manager of global and U.S. large cap equity portfolios. He brings a proven track record and has built a reputation as a disciplined and thorough value-oriented investment analyst and portfolio manager.

Mr. Mitchell is a graduate of the University of Western Ontario. He has been actively involved with the Oakville Hospital Foundation since 1994 and was a member of its Board of Directors between 2006 and 2011.

**Mohammed Ahmad, CFA, MBA**
Vice President & Portfolio Manager, Emerging Markets Equities

Mohammed Ahmad has been appointed portfolio manager responsible for FGP’s emerging markets equity strategy. Mr. Ahmad has been very closely involved with this successful strategy since its inception in 2009. He has taken greater responsibility year after year, initially providing extensive research coverage and over time assuming a more direct co-portfolio management role.

Mr. Ahmad’s career began when he joined FGP in 1999. He joined the investment team in 2003 as a research analyst.

Mohammed is a graduate of the Institute of Business Administration in Pakistan.

Foyston, Gordon & Payne Inc. Investment Counsel

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Founded in 1980, FGP manages $13 billion in assets on behalf of institutional and private clients. The firm seeks quality and value in Canadian equities, foreign equities, and Canadian bonds, and maintains a consistent strategy through different market cycles.

*Under Mr. Mitchell’s leadership, Burgundy Asset Management Ltd. was awarded Institutional Investor magazine’s 2016 U.S. Investment Management Award for Global Value Equity.