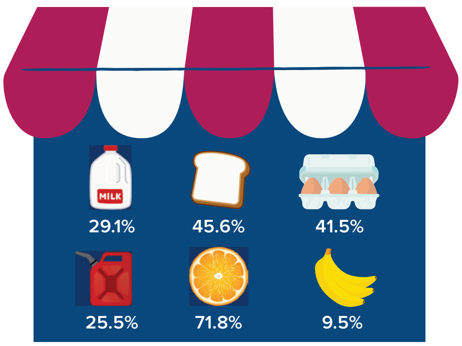
The Economics of a Modern Vision Plan

Refresh Your Benefits For Today's Consumer

At VBA, We Keep an Eye on the Economics of Vision Plans

Your goal is to attract and retain top-talent while also meeting the total rewards and financial needs of your organization. Our goal is to help you build a vision plan that employees want while balancing your budgetary goals.

The Cost of Consumer Goods Is Increasing



Increase In Consumer Goods 2009-2023

The rising cost of goods has added to the constraints of many organizations. For employees, the cost of rent, groceries, child care and clothes have increased significantly due to inflation.

In addition to common household products[1], the cost of vision care has increased. If your premiums aren't increasing, are you just getting a great deal, or are your employees paying higher out-of-pocket costs than you expect?

Keeping Premiums Low Makes Out-of-Pocket Costs High

Stagnant contact lens and frame allowances may be giving employees less purchasing power each year. By accepting little to no rate changes from your vision carrier, you keep benefit costs low, resulting in higher out-of-pocket costs for your employees at the eye doctor.

Not Adjusting Your Allowances Is Impacting Purchasing Power

If you're not updating your vision plan allowances, your employees are paying the price at the eye doctor. Need an example? Based on the CPI, a $125 frame or contact lens allowance in 2000 would need to be $225 to have the same purchasing power today.[2]

If you selected a **$125** allowance in **2000** today, it should be **$225**

If you selected a **$125** allowance in **2010** today, it should be **$180**

If you selected a **$125** allowance in **2020** today, it should be **$150**

An annual supply of contact lenses can range from $180 to $760 or more.[3] The average contact lens allowance is $110.[4] Employees are either paying the balance out-of-pocket or not purchasing an adequate supply of lenses.

Give Your Vision Plan A Refresh

Together with VBA, keep your benefits up-to-date by giving your vision plan a Fresh Look Every Four Years.

What is the Consumer Price Index (CPI)?

The change in average prices paid by urban consumers for a set of goods and services representing household expenses.[5]

Modern Vision Plans

Modern Vision Plans focus on employees' visual needs and budgets while keeping industry trends and economic changes in mind.

Traditional Vision Plans

Traditional Vision Plans focus on keeping monthly premiums low while matching current plan designs.

Vision Rates By the CPI

If rates were $5.58 in 2009, according to CPI, rates should be $8.12 in 2024.[2]

Create A Total Rewards Strategy That's Different By Design

Modern Vision Plans can include higher frame and contact lens allowances, glasses and contacts in the same benefit period, fully-covered progressive lenses and anti-reflective coatings. More coverage means higher rates, but more coverage can save your employees money at the eye doctor. Offering a Modern Vision Plan as a buy-up option is a good way to give employees choice and purchasing power.

A Look At The Investment In Vision

Average Compensation Per Hour[6]		
	2013	2023
Total Compensation	$26.93	$43.11
Wages & Salary	$20.76	$30.33
Health Insurance	$2.30 (7.8% Total Comp)	$2.94 (6.8% Total Comp)
Vision Insurance	$.03 (0.1% Total Comp)	$.03 (0.07% Total Comp)

Wages and salary are the biggest investments in total compensation.

After that? Paid leave and insurance account for a large part of total compensation outside of legally required benefits.

Don't Let Your Vision Plan Get Stagnant

Typically, employers change medical plans by increasing deductibles, reducing coverage or limiting networks. For vision plans, employers are often leaving the benefits the same for ten or more years. Even with a top-tier plan, your employees could pay less than 0.2% of average total compensation for their vision plan.

2023: Modern Vision Plans were 0.16% of Total Compensation[6]

2023: Traditional Vision Plans were 0.07% of Total Compensation[6]

2013: Traditional Vision Plans were 0.1% of Total Compensation[6]

A Fresh Look Every Four

Reviewing your vision plan is more than just market checks. Get started with:

- **Allowances** — Refresh your vision plan every four years to align allowances with CPI changes.
- **Progressives** — Review progressive lens usage and offer fully-covered progressives for employees and dependents over 40.
- **Combo Plans** — Add VBA's Combo Plan to give your employees a complete pair of eyeglasses and contact lenses each benefit period.

Ask your VBA Sales Representative for ***A Fresh Look Every Four*** plan review.

1. U.S. Bureau of Labor Statistics (https://www.bls.gov/charts/consumer-price-index/consumer-price-index-average-price-data.htm) • 2. CPI Inflation Calculator (https://data.bls.gov/cgi-bin/cpicalc.pl?cost1=125&year1=200001&year2=202408)[a] • 3. Very Well Health (https://www.verywellhealth.com/how-much-do-contact-lenses-cost-3421633) • 4. Based on an analysis of commercial group vision care plans sold by VBA. • 5. U.S. Bureau of Labor Statistics (https://www.bls.gov/cpi/) 6. Based on an analysis of commercial group vision care plans sold by VBA and data from U.S. Bureau of Labor Statistics (https://www.bls.gov/ecec/home.htm)

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