

Insurance Rules:

RULE #1 Insurance coverage varies! Fight the urge to apologize, discount, or lower the quality of the products offered to meet the unrealistic expectations of the patients. Sell what you sell, offer the best you can and explain their total “out of pocket” costs compared to what it would have cost without vision insurance benefits. If your store caters to certain insurance plans you will need to meet the inventory requirements for those plans. Ex: XYZ requires providers to stock a minimum of 100 frames priced within their plans’ frame allowance while ABC requires their frame tower be available. With experience you will learn the different plans and learn how to best meet your customer’s needs.

Someone somewhere is paying the insurance premium that provides the vision benefits. No one wants to believe that they are wasting their money. However, insurance coverage will vary from excellent (100% full coverage) to the ridiculous (\$5 off exam fee). It is not your fault if the patient has poor vision care insurance!

Nearly every day of your working life you will have someone insist that, “No, my insurance covers everything”. Often they are just plain wrong! Their insurance does not cover everything. Although that is not your fault or your problem it is their problem these situations should be handled tactfully when patients disagree.

RULE #2 It is your job to maximize every insurance transaction for maximum profit. This does not mean any unethical practices. This means understanding the plan that you are working with and charging the patient correctly for the appropriate materials needed for their prescription. Remember that your primary job is to bring income in to the practice. The best vision solutions should be offered to each patient regardless of their vision plan. This includes working insurance plans to your advantage. If the patient has a \$130 frame allowance your higher end frames should become more attractive to them not less! Insurance can be presented in different ways when it comes down to the final cost of their visit. Some offices even refer to vision insurance as a, “nice down payment” towards what the patient really needs or wants.

RULE #3 It is alright to call the insurance company for an explanation of benefits or to get their help in pricing up an order. That is what they are there for! Be sure you get their name and note the time and date of the call. Remember that an authorization is never a guarantee of payment. Patients should be advised that they are responsible for any balance leftover after their insurance has been applied. This should be in writing on your patient intake form.

There is nothing more embarrassing than having to call a customer after they have left the store and having to tell them that you charged them incorrectly. When this happens let the patient know immediately. Explain to them that the claim was filed and their insurance company deemed them responsible for X amount of dollars. Apologize for your mistake and if necessary you may have to direct them back to their insurance company for further explanation.

You can avoid this in a few ways:

Use “Cheat Sheets” for the plans that you take. 99% of all jobs will be roughly the same and pricing from a streamlined sheet that has what you need helps you avoid mistakes. This may be something the entire store uses or it may be something that you use alone.

Call! – Particularly if your store is open late nights and weekends when the insurance companies are closed, you may need to tell the patient or customer that you need to call their insurance company and get back to them with an amount.

Never guess about anything. All your calculations will be made from the Member Benefits Page. This will be a printout showing what the patient is covered for.

Benefit/Coverage Periods:

BE SURE TO CHECK FOR ACTUAL AVAILABILITY!

Never assume or take a patient's word that they have coverage. You must obtain an authorization from the insurance company before completing any financial transaction. The authorization will tell you what the patient is eligible for on the current date. Again, an authorization is not a guarantee of payment. The patient may be terminated from their job before coming in, or the plan may change.

Note: Plans will "roll-over" in different cycles and what the plan covers may differ from year-to-year. Insurance companies have different renewal dates for their groups. Some start on a calendar year, others may start mid-year. Another challenge with insurance companies is that they may start their benefit year during the middle of the year, but the benefits are available every calendar year.

Here are a few examples:

ECCA Insurance renews their group policy every calendar year. This means that the employees are eligible for services every January 1st.

VCPA Insurance renews their group policy every 2 years from the date of service. That means that if an employee has an exam and purchases glasses on June 29, 2011, he or she is not eligible for an exam or glasses again until June 29, 2013.

VIPA Insurance renews their group policy every October 1st, but the insured patient is eligible for services every calendar year. This means that someone could purchase glasses in November 2011 and purchase contacts or an additional pair of glasses in February 2012. Then, they are eligible once again for both on January 1 of 2013.

Some insurance plans offer exams every year or every 2 years. Some will offer the insured patient to purchase materials every year or every 2 years. Most insurance plans will only let the insured patient use their benefits towards glasses or contact lenses, but not both.

Example:

| PATIENT COVERAGE | | | |
|------------------|-------------------------|-------------------------|----------------------------|
| Exam/Prof Svcs | YES | Lens | YES |
| Service Freq | Exam 12 mos from Svc Dt | Lens 12 mos from Svc Dt | Frame 24 mos from Svc Dt |
| | | | Contact 12 mos from Svc Dt |

You will quickly learn that most people do not understand their vision coverage. This is not really their fault since the plans are always changing. So instead you need to understand the plans so you can explain them to the patient. You may also need to refer the patient directly to their insurance company or their human resources department if they have plan questions that you cannot answer.

Insurance "roll-over" is important for everyone to understand. Patients need to understand up-front that if they schedule an exam before their insurance benefits roll over then they will be charged the self-pay exam fee. The same applies to the patient's glasses or contact lens purchases outside of that roll over date. Some insurance plans state that the patient is eligible for discounts on any purchases made throughout the year. You also need to keep a keen eye out on material benefits that are out of sequence. Your patient may well be eligible for their lens benefit but not their frame benefit etc.

So, how do you know what your patient's benefits are?

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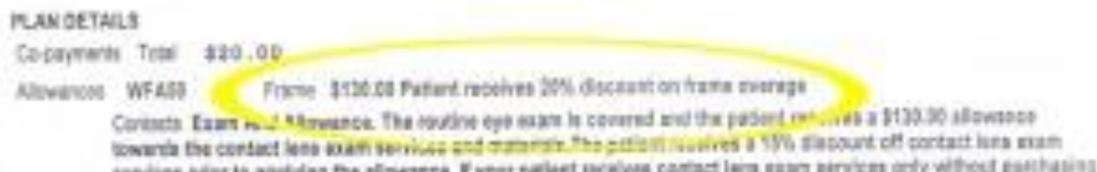
## The Key – The Member Benefits Page

This is your guide to determine exactly what your patient is eligible for and what allowances or discounts that they are entitled to. You will get the member benefits page from the insurance company as part of the authorization. In most cases this will be obtained on-line direct from the insurance company website.

The first thing you may want to look for is the type of plan funded or discount.

Funded means: That the employer and/or employees actually contribute (fund) money to the plan. These plans will show a dollar amount towards materials and/or services.

Example:

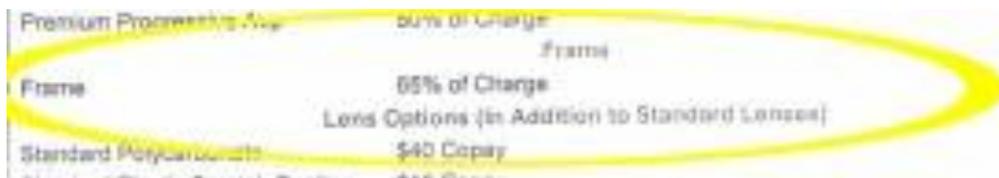


Notice that in this case you will actually deduct \$130 dollars from the full retail frame cost and then an additional 20% on the remaining balance of the frame overage.

Notice the WFA50 – this is the patient Wholesale Frame Allowance. If the frame they chose wholesales for that amount or less then the frame is covered in full by their insurance plan. You must work off the wholesale amount; the retail amount has no impact on this calculation. You must know how your frames are marked up in order to do this. You cannot guess at it. Some stores have minimal retail costs, some have different mark up for higher end products, some have different mark up for Plano sunwear etc.

Discount means: That the insurance company has negotiated with providers to offer materials and/or services at a discount. This may be 10%, 20%, 30% etc.

Example:



Notice that in this case you do not have a dollar amount to work with. You are only charging 65% of full charge as shown.

## Calculating Member Payment

This is very important. Whatever you do, you want the patient to pay what they owe. You can correct errors on the practice side of the balance sheet but it is difficult to correct an error on the patient side as the patient will not be happy if you call at a later date and ask for more money.

Let us look at three complete examples:

**Example 1:**

Bob Rob got the following:

Eye exam

New frame

New single vision polycarbonate lenses

With premium non-glare coating

His Member Benefits Page looks like this:

## Benefits/Reimbursement by Service

The amount the member will pay for each of the services, and the amount the provider will be reimbursed, is provided below. Please note this does not guarantee payment at the amounts indicated.

Member Name: **Bob Rob**  
 Member ID: \*\*\*\*\*  
 Social Security Number: \*\*\*-\*\*-4875  
 Date of Birth: 11/04/1980  
 Address: 13250 Highway 65  
 Bismark, ND 59874

Phone Number:  
 Gender: **Male**

Responsible Member: **Domestic Partner Mike Framar**

Network: BLUE VIEW VISION-  
 ACCESS  
 Plan: BLUE VIEW VISION VA  
 Benefit Level: 101  
 Plan Type: Funded Benefits

Authorization Number: 2051  
 Authorization Date: 05/16/2012  
 Services Approved: Exam, Lens, Frame, Contact  
 Requesting Location:  
 Requesting Provider:

## Member Benefits

| Vision Care Services                   | Member Pays                                   |
|----------------------------------------|-----------------------------------------------|
|                                        | Exam                                          |
| Exam                                   | \$15 Copay                                    |
| Dilation                               | \$0                                           |
| Eye Exam Refraction                    | \$0                                           |
|                                        | Lens (Standard)                               |
| Single Vision                          | \$50 Copay                                    |
| Bi-focal                               | \$70 Copay                                    |
| Tri-focal                              | \$105 Copay                                   |
| Standard Progressive Lens              | \$135 Copay                                   |
| Premium Progressive Lens               | 80% of Charge                                 |
| Other Lens Types                       | 80% of Charge                                 |
| Premium Progressive Avp                | 80% of Charge                                 |
|                                        | Frame                                         |
| Frame                                  | 65% of Charge                                 |
|                                        | Lens Options (In Addition to Standard Lenses) |
| Standard Polycarbonate                 | \$40 Copay                                    |
| Standard Plastic Scratch Coating       | \$15 Copay                                    |
| Tint                                   | \$15 Copay                                    |
| UV Treatment                           | \$15 Copay                                    |
| Standard Anti-reflective (A/R) Coating | \$45 Copay                                    |
| Other Coatings                         | 80% of Charge                                 |
| Oversized Lenses - Single Vision       | 80% of Charge                                 |
| Oversized Lenses - Multi-focal         | 80% of Charge                                 |
| Prism                                  | 80% of Charge                                 |
| Other Lens Options                     | 80% of Charge                                 |

Note: This plan is listed as “funded” but only offers discounts.

His insurance calculations would look like this:

| Line | Description               | Without Insurance* | With Insurance |
|------|---------------------------|--------------------|----------------|
| 1    | Eye Exam                  | \$99               | \$15           |
| 2    | Refraction                | \$48               | \$0            |
| 3    | Frame                     | \$187              | \$121          |
| 4    | Lenses                    | \$100              | \$50           |
| 5    | Polycarbonate             | \$55               | \$40           |
| 6    | Premium Non-Glare Coating | \$93               | \$74           |
|      |                           | \$582              | \$300          |

\* Full retail value as determined by store. Or what you would sell that item for if the patient did not have insurance of any kind and you did not offer any type of discounts.

Line 1 Co-pay is \$15

Line 2 Co-pay is \$0

Line 3  $\$187 \times (.65)$  65% of charge or less 35% = \$121

Line 4 Single Vision has a \$50 “co-pay”

Line 5 Polycarbonate has a \$40 “co-pay”

Line 6 “Premium” no-glare coating (Other Coatings)  $\$93 \times (.80)$  80% or less 20% = \$74

**Bob Rob would pay you = \$300 for his visit and glasses.**

**Example 2:**

Tamika Jones got the following:

Eye exam

New frame

New single vision high-index 1.60 lenses

With premium non-glare coating

Photochromic lenses

Her Member Benefits Page looks like this:



|   |                |       |       |
|---|----------------|-------|-------|
| 8 | Co-Pay (Total) |       | \$20  |
|   |                | \$803 | \$296 |

Line 1 Covered with \$20 “Total Co-Pay”

Line 2 Covered with \$20 “Total Co-Pay”

Line 3 \$256 subtract \$130 allowance and then subtract an additional 20%

Line 4 Single vision plastic lenses are covered in full per insurance plan

Line 5 High index 1.60 lenses are charged according to VSP Signature Plan cost chart provided by insurance company

Line 6 Charged according to VSP Signature Plan cost chart provided by insurance company

Line 7 Charged according to VSP Signature Plan cost chart provided by insurance company

Line 8 One time – Total Co-Pay would be collected for exam only or materials only.

**Tamika would pay you = \$296 for her visit and glasses.**

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**Example 3:**

Padashwar Gupta got the following:

Eye exam

New frame

New premium progressive lenses

Polycarbonate

His Member Benefits Page looks like this:

## Benefits/Reimbursement by Service

The amount the member will pay for each of the services, and the amount the provider will be reimbursed, is provided below. Please note this does not guarantee payment at the amounts indicated.

Member Name: **Gupta, Padashwar**  
 Member ID: \*\*\*\*\*  
 Social Security Number: \*\*\*-\*\*-**2587**  
 Date of Birth: 09/26/1992  
 Address: **12587 Main Street**  
**Herthsville NM 87854**  
 Phone Number:  
 Gender: **Male**  
 Responsible Member:  
 Network: BLUE VIEW VISION ACCESS  
 Plan: BLUE VIEW  
 Benefit Level: 101  
 Plan Type: Funded Benefits

Authorization Number: **2051**  
 Authorization Date: **05/16/2012**  
 Services Approved: **Exam, Lens, Frame**  
 Requesting Location:  
 Requesting Provider:

### Member Benefits

| Vision Care Services                   | Member Pays                                       |
|----------------------------------------|---------------------------------------------------|
| Exam                                   | Exam<br>\$40 Copay                                |
| Dilation                               | \$0                                               |
| Eye Exam Refraction                    | \$0                                               |
|                                        | Lens (Standard)                                   |
| Single Vision                          | \$20 Copay                                        |
| Bi-focal                               | \$20 Copay                                        |
| Tri-focal                              | \$20 Copay                                        |
| Standard Progressive Lens              | \$85 Copay                                        |
| Premium Progressive Lens Base Premium  | \$85 Copay + (80% of Charge) less \$120 allowance |
| Other Lens Types                       | 80% of Charge                                     |
| Premium Progressive Avp                | \$85 Copay + (80% of Charge) less \$120 allowance |
|                                        | Frame                                             |
| Frame                                  | 80% of Balance over \$100                         |
|                                        | Lens Options (In Addition to Standard Lenses)     |
| Standard Polycarbonate (under 19)      | \$0                                               |
| Standard Polycarbonate (19 +)          | \$40 Copay                                        |
| Standard Plastic Scratch Coating       | \$15 Copay                                        |
| Tint                                   | \$15 Copay                                        |
| UV Treatment                           | \$15 Copay                                        |
| Standard Anti-reflective (A/R) Coating | \$45 Copay                                        |
| Other Coatings                         | 80% of Charge                                     |
| Oversized Lenses - Single Vision       | 80% of Charge                                     |
| Oversized Lenses - Multi-focal         | 80% of Charge                                     |
| Prism                                  | 80% of Charge                                     |
| Other Lens Options                     | 80% of Charge                                     |
|                                        | Non-Scheduled Items                               |
| Doctor Misc Material                   | 80% of Charge                                     |
| Non-scheduled Item - Retail            | 80% of Charge                                     |
| Retinal Imaging                        | \$39 Copay                                        |

|                                        |                     |
|----------------------------------------|---------------------|
| Standard Anti-reflective (A/R) Coating | \$45 Copay          |
| Other Coatings                         | 80% of Charge       |
| Oversized Lenses - Single Vision       | 80% of Charge       |
| Oversized Lenses - Multi-focal         | 80% of Charge       |
| Prism                                  | 80% of Charge       |
| Other Lens Options                     | 80% of Charge       |
|                                        | Contact Lenses      |
| Contact Lens - Conventional            | 85% of Charge       |
| Contact Lens - Disposable              | 100% of Charge      |
|                                        | Non-Scheduled Items |
| Non-scheduled Item - Retail            | 80% of Charge       |
| Retinal Imaging                        | \$39 Copay          |

His insurance calculations would look like this:

| Line | Description   | Without Insurance | With Insurance |
|------|---------------|-------------------|----------------|
| 1    | Eye Exam      | \$55              | \$40           |
| 2    | Refraction    | \$26              | \$0            |
| 3    | Frame         | \$144             | \$35           |
| 4    | Lenses        | \$219             | \$140          |
| 5    | Polycarbonate | \$45              | \$40           |
|      |               | \$489             | \$390          |

Line 1 \$40 co-pay

Line 2 \$0 co-pay

Line 3 \$144 subtract \$100 subtract additional 20%

Line 4 \$219 subtract 20% then subtract \$120 then add back his \$85 co-pay = \$140

Line 5 \$40 co-pay

**Padashwar would pay you = \$390 for his visit and glasses.**

These are just three examples. Every plan will be just a little different than another so practice, practice, practice!

### **Who Makes The Glasses?**

Depending on the insurance plan the eyeglasses may be made by the insurance company's own lab, they may be made by the lab of your choice or even "in-house". This is determined by the plan and the agreement between the insurance company and the provider.

### **Filing Claims:**

As soon as you finish with the patient try to get the job filed. This will be done directly on the insurance company website. Electronic forms make sure you fill out the required information. Most will also let you see the EOB so you can compare your figures.

If the insurance company's lab is making the glasses then you must file the claim in order to get the job started!

**No Claim Filed = No Glasses & No Money**

If the glasses will be made by the lab of your choice or in-house then you will not get paid for the work until the claim is filed.

**No Claim Filed = No Money**

Be sure you keep your work organized and **FILE THOSE CLAIMS!**

### **Medical vs. Vision Coverage:**

Depending on the type of office you work in you may see patients for medical visits, routine visits or both. Routine visits are non-medical, non-emergency and are scheduled as a “check-up” not as a necessity. Medical exams are a necessity or emergency. The patient is suffering from some discomfort with their physical eye or vision and feels the need to address the problem immediately. Medical conditions that require monitoring like glaucoma, diabetes or macular degeneration are also covered by medical plans.

Routine eye exams are the visits covered by “vision” plans. A routine eye exam should include examination of the eye internally and externally, and include refraction. Refraction determines the patient’s prescription, the old, “Which is better one or two”, thing?

Which of the patient’s insurance will be billed? That depends on the visit. When the doctor first walks into the room with the patient and asks them the purpose of their visit or what brings them in today he or she determines whether the visit is medical or routine. Example: “Broke my glasses” is vision. “Need my annual diabetes check” is medical.

Medical visits must be billed to the medical insurance according to the patient’s plan. If handling medical insurance becomes part of your job I would strongly recommend taking a course or finding a way to gain experience. Improper billing of medical claims can be costly and lead to fines and even imprisonment.

Some medical insurance companies require a referral from the patient’s primary care physician (PCP). Some medical insurance companies do not recognize Optometrists, only Ophthalmologists.

## **Questions and Answers:**

Q: Can my patient use their insurance for both glasses and contacts?

A: Most insurance plans will only let the patient purchase glasses OR contacts, but not both. Be sure to see their benefits statement and call the insurance company if necessary. Many insurance companies require you to give a discount on additional materials.

Q: What is COBRA and what does it mean to me?

A: COBRA means Consolidated Omnibus Budget Reconciliation Act and it is a way to continue your insurance coverage if your employment should terminate. What does it mean to you? Nothing! It is just a term that you will hear used so you should know what it means. Your patient either has coverage or they do not and you can get an authorization or you cannot: What is Medicare?

A: Medicare is insurance for people who are 65 and older, people with or without certain disabilities, or medical conditions. Medicare does not pay the refraction fee portion of the exam. It will be up to the individual practice or store if you accept Medicare. Medicare is nothing to take lightly! Do not attempt to file claims for Medicare if you do not know what you are doing. Keep accurate records in case of an audit.

Q: What is Medicaid?

A: Medicaid is a health and medical services program for individuals and families with low income and few resources. Primary oversight of the program is handled at the federal level, but each state:

- Establishes its own eligibility standards,
- Determines the type, amount, duration, and scope of services,
- Sets the rate of payment for services, and
- Administers its own Medicaid program.

It will be up to the individual practice or store if you accept Medicaid. Medicaid is nothing to take lightly! Do not attempt to file claims for Medicaid if you do not know what you are doing. Keep accurate records in case of an audit.

Q: What is a flexible spending account or FSA?

A: A Flexible Spending Account (FSA) or Health Savings Account (HSA) are employer-sponsored benefits that enables the insured to pay for eligible medical expenses on a pre-tax basis. They get to set aside a pre-determined amount for the year and use that amount towards their medical expenses. Since the amount is tax sheltered the use of the funds are closely regulated. FSA accounts must be used within a set time limit or they are forfeited. This can work in your favor when a patient has three or four days to use up hundreds or even thousands of dollars or lose them.

Q: Is it better for the patient to use their benefits for glasses or contact lenses?

A: Normally, if they are wearing a routine contact lens using the benefits for glasses will give them more “bang for your buck”. A lot of insurances will cover a certain dollar amount on the frame and lens options (anti-reflective coat, photochromic lenses, etc.), whereas the benefit for contact lenses only gives them a set amount. Depending on the benefits, they could possibly get a pair of \$250 glasses with no out-of-pocket cost compared to a year’s worth of contacts with \$50 out-of-pocket.

Q: Why does the member benefit page say “co-pay” when it is really just a discount we have to give the patient?

A: It sounds better and makes the insurance plan appear to be working on the behalf of the patient. The patient reads that they can have a polycarbonate lens for a \$45 “co-pay” when in fact it is just the amount that the provider agrees to charge a patient for polycarbonate. So, there is really no “co” in the “co-pay”!