Session Overview

- Discuss key market drivers
- Offer historical perspectives on health care reform
- Discuss potential impact of ACOs on the ophthalmology practice
- Present Reputation Management Principle
Key Market Drivers

**Ophthalmology**

- Demographic shift and impact on prevalence of eye disease.
- Availability of new drugs and devices.
- Patient Protection and Affordable Care Act (PPACA), Medicare Shared Savings Program, etc.
## Forecast of Population by Age
(in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 44</td>
<td>184,624</td>
<td>189,025</td>
<td>194,792</td>
<td>202,226</td>
</tr>
<tr>
<td>45 - 64</td>
<td>62,440</td>
<td>80,890</td>
<td>83,911</td>
<td>84,356</td>
</tr>
<tr>
<td>65 +</td>
<td>35,061</td>
<td>40,229</td>
<td>46,837</td>
<td>54,804</td>
</tr>
<tr>
<td>TOTAL</td>
<td>282,125</td>
<td>310,234</td>
<td>325,540</td>
<td>341,386</td>
</tr>
</tbody>
</table>

**Source:** US Census Bureau, Population Division, Interim State Projections of Population.
Increasing Need for Delivery of Services

Shortage of ophthalmic providers creates opportunity for optometrists to provide greater role in delivery of services.

Source: DHHS Physician Supply and Demand Projections to 2020
Growing Demand

Demographic trends will drive increase in prevalence of eye disease.

- 200,000 Americans develop advanced AMD each year; expected to double by 2020.\(^1\)

- Cataract affects 1 in 6 people over age 40\(^2\); 30.1 million Americans expected to have cataracts by 2020 (47% increase over 2004).\(^1\)

- Growing levels of obesity lead to increase in diabetic retinopathy; currently 4.1 million over age 40 affected, projected 7.2 million by 2020.\(^1\)

- Glaucoma accounts for over 7 million visits to MDs each year with a potential increase of more than 60% by 2020.\(^2\)

- Blindness or Low Vision affects 1 in 28 Americans over the age of 40; 5.5 million Americans are expected to be affected by blindness or low vision by 2020.\(^3\)

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3) Source: National Eye Institute, 2004 Study.
Incidence Rates in Americans Age 40+

Eye Disease Prevalence and Projections
(Adults 40 Years and Older)

(1) An additional 7.3 million are at substantial risk for vision loss from AMD.

Source: National Eye Institute, 2004 Study. The study examined primarily Advanced AMD, Glaucoma, Diabetic Retinopathy, and Cataracts, noting these as the four most common eye diseases in Americans age 40 years and older.
Growth in Cataract Volume

* Estimated based on a utilization rate of 3.5 per 1,000 for the population under age 65 and a utilization rate of 61 per 1,000 for the population age 65 and older.

Source: Data per Market Scope, “Ophthalmic Market Perspectives”.

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Source: Data per Market Scope, “Ophthalmic Market Perspectives”.
Premium Lens Options

Current Available Technology:
- Two multifocal
- One accommodating

Expected Technologies:
- Additional accommodating
- Toric multifocal

Source: Market Scope: “Ophthalmic Market Perspectives”.
PC-IOL and Toric Trends

Source: Data per “Ophthalmic Market Perspectives”, Market Scope.
Cataract Growth in Comparison to PC-IOL and Toric Trends

*Estimated based on a utilization rate of 3.5 per 1,000 for the population under age 65 and a utilization rate of 61 per 1,000 for the population age 65 and older.*

**Source:** Data per Market Scope, “Ophthalmic Market Perspectives”.
Companies Developing Femtosecond Laser Technology

6 Femtosecond Platforms:

- Alcon Inc. / LenSx
- OptiMedica Corp.
- Ziemer Ophthalmic Systems AG
- LensAR, Inc.
- Bausch & Lomb and Technolas Perfect Vision
- Abbott Medical Optics
Assessing the Economic Viability of Femtosecond Laser*

Assumptions

**Laser Acquisition Costs**
- Cost of Laser and Other Related Equipment: $550,000
- Build Out Cost (if applicable): $35,000
- Total Capital Cost: $585,000

Amortization Period (number of months for financing the laser): 60
Annual Interest Rate: 6%
Monthly Loan Payment: $11,310

**Variable Costs per Procedure**
- Per Use Fee/Disposables: $450
- Other Supply Costs (if applicable): $25
- Other Variable Expenses (surgeon specific): $50
- Total Variable Costs per Procedure: $525

**Fixed Costs**
- Annual Debt Service: $135,716
- Annual Laser Maintenance Cost: $40,000
- Incremental Annual Rent: $10,000
- Incremental Annual Staffing Costs (refer to Exhibit 1): $14,000
- Other Incremental Costs: $10,000
- Total Annual Fixed Costs: $209,716

**Patient Fee per Procedure**
- Enter the “upcharge” fee to the patient for use of the laser. Different scenarios can be analyzed by entering various fee amounts in the shaded cells below.

<table>
<thead>
<tr>
<th>Model</th>
<th>Patient Fee per Procedure</th>
<th>Total Variable Costs per Procedure</th>
<th>Gross Margin per Procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 1</td>
<td>$750</td>
<td>$525</td>
<td>$225</td>
</tr>
<tr>
<td>Model 2</td>
<td>$850</td>
<td>$525</td>
<td>$325</td>
</tr>
<tr>
<td>Model 3</td>
<td>$950</td>
<td>$525</td>
<td>$425</td>
</tr>
</tbody>
</table>

**Break-Even Analysis Models**

**Femtosecond Laser Break-Even Analysis Model 1**
- Revenue vs. Costs
- Procedures Per Year

**Femtosecond Laser Break-Even Analysis Model 2**
- Revenue vs. Costs
- Procedures Per Year

**Femtosecond Laser Break-Even Analysis Model 3**
- Revenue vs. Costs
- Procedures Per Year

* The numbers shown in the example are for demonstration purposes only.
U.S. Refractive Procedures Performed Annually

Does the Patient Protection and Affordable Care Act (PPACA) really represent a reform of health care?
Historical Perspectives

1990’s: Market-based consolidation, fear of loss of patient access, new and innovative contracting models, i.e. IPAs, PHOs, IDNs, etc.

2000’s: Growth in Medicare Advantage plans, increase in Federal subsidies, consumer push for provider choice, fee-for-service payment model adopted by most plans and payers.
What’s different now?

Economic Constraints:
- Impact of recession
- Challenges to federal and state budgets
- Impact of baby boomers
- Increasing cost of health care

Legislative Initiatives:
- Patient Protection and Affordable Care Act (PPACA), Medicare Shared Savings Program (MSSP)
Are Accountable Care Organizations a concern for Ophthalmology?
What is an Accountable Care Organization? (ACO)

- An ACO is a network of doctors and hospitals that share responsibility for patient care.
- Analogous to a T.V. manufacturer that contracts with suppliers to build sets.
- ACOs are designed under the framework of the MSSP.
- The challenge is to prove that the overall health care product works better and costs less.
Why were ACOs included in the PPACA?

Medicare is a prime target in deficit reduction efforts.

Due to baby boomers coming of age, Medicare costs are expected to soar in the coming decades.

ACOs are being designed to “test” if sharing of health care information and resources while also focusing on meeting quality standards can result in cost savings.
How will an ACO work?

- ACOs will be formed by providers (hospitals and integrated delivery systems most likely groups).
- Medicare beneficiaries will be assigned to an ACO based on who their doctor is.
- If the doctor is part of an ACO, that patient will be automatically included.
- Patients can choose to opt out.
- Patients are free to see any provider (in or out of the ACO).
- ACOs will be measured based on 33 quality performance indicators.
These Indicators Will Fall Within Several Broad Categories:

- Patient Care Giver Experience
- Coordination of Care Standards
- Patient Safety
- Preventive Health
- At Risk Population / Frail Elderly Health Considerations
Specialists can join any number of ACOs; however, primary care providers can only join one.

Fee-for-service will still be used (for now); however, financial incentives will be provided for keeping costs down and keeping patients healthy.

Although ACOs are being formed to contract with Medicare beneficiaries, many will use to contract with private payers.
So what does all of this mean to you?
What are the implications for Ophthalmology?

- It is hard to know
- Impact will be market specific
- Large integrated systems more likely to succeed
- Ophthalmologists will seek out what are perceived as more sustainable practice models
- Shared savings payment models are likely a precursor to risk-based reimbursement
- New reimbursement models are already in play between a number of health plans and providers
Reputation Management

What is it?
Monitoring what is being said about you and your practice online, to guard against the negative as well as build the positive brand of the practice.

Why is it important?
- Negative comments are a reality and often become more prevalent with time.
- Consumers generally trust online reviews.¹
- Provides an opportunity to correct untruths and calmly respond to negative feedback.
- Help shape the conversations that people are having about your practice.

Reputation Management

What does it look like?

Reviews for two seafood restaurants in Cancun, as posted on www.tripadvisor.com

**Calypso's**

- #9 of 242 restaurants in Cancun
- ★★★★★ based on 131 reviews
- Price: $6 - $24
- Cuisines: Mexican, Seafood
- Good for: Families with children, Local cuisine, Outdoor seating, Special occasions, Dining on a budget
- Dining options: Lunch, Dinner, Late Night

  "So good the first time we went back before we left Cancun" - Apr 3, 2011
  "Quite possibly the BEST meal I've ever had!!" - Apr 1, 2011

**Santos Mariscos**

- #125 of 242 restaurants in Cancun
- ★★★★★ based on 8 reviews
- Price: $15 - $20

  "Don't be fooled by the high rating - most reviews are 2 years old" - Feb 21, 2011
  "Bad food with a case of food poisoning" - Jan 18, 2010
Reputation Management

What does it require?

- Constant monitoring.
- Ability to handle negative reviews and contact review sites in a calm and professional manner.
- Ability to use good judgment when responding to both positive and negative reviews.
- Development of set policies and procedures for your practice staff regarding how to handle inflammatory reviews.
- Processes for encouraging happy patients to post their reviews.
Reputation Management

How do I begin tracking online?

- Simple is best…
- Google Alerts
  - Physician name
  - Name of practice
  - Top key words for practice
  - Competitors’ names
  - Alerts are not only used for negative reviews, but can also be used proactively to check up on relative standing in community (blogs, online articles, local publication).
- Weekly Google, Yahoo, and Bing searches
  - Same process but more time intensive, will give more comprehensive results
Dr Melinda Haws - Tennessee Cosmetic Surgeon - The Plastic Surgery Center of Nashville - HD The Doctors Dr. Melinda Haws is a premier Tennessee cosmetic surgeon. At The Plastic Surgery Center of Nashville, Dr. Haws will help you unlock your inner beauty and ... Meet the Doctors. Dr. Mary Gingrass and Dr. Melinda Haws are exceptional female plastic surgeons at our Nashville, Tennessee cosmetic surgery practice. Place page

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Dr. Mary Gingrass - Dr. Melinda Haws

Dr. Melinda Haws - Tennessee Cosmetic Surgeon - YouTube

About Dr. Mary Gingrass & Dr. Melinda Haws of Nashville - YouTube

More videos for dr melinda haws

Dr. Melinda Haws, MD, Plastic Surgeon, Nashville, TN - Plastic surgery ratings, reviews, & more at Vitals.com - Surgical Specialists - TN - Nashville

Rating: 4.4/5.0, 2 reviews
Dr. Melinda Haws, MD, Nashville, TN, Rated 4.4 By Patients. 2 Reviews, Attended Two Star Medical School, Phone Number & Practice Locations.

Dr. Melinda Haws, MD, Nashville, TN, Plastic Surgery. Get a FREE Background Report on Dr. Haws. View ratings, complaints, credentials, and detailed practice ...
Once you are tracking…

...begin responding to both positive and negative reviews!
Handling Reviews

- Be objective.
- Research the complaint.
  - Is there any truth to what has been written?
- If so, it may be best to respond to the post.
  - Recognize the patient as important with valid concerns.
- Thank them for bringing this information to light. Reassure the community that the issue is being addressed.
- Reach out to the offended patient personally, to rectify.

Take care to not violate any patient privacy laws!
Handling Reviews

- Understand the policy of the review site.
  - What is their protocol for handling these situations?
- Follow protocol, explain that the review is not representative of your practice and you believe this comes from an ex-employee or a competitive threat.
- Allow the review site time to research the complaint.
- As needed (and as a last option) get an attorney involved.

Take care to not violate any patient privacy laws!
General Reputation Management
Dos and Don’ts

Dos
- Be proactive, build your website and have it fully optimized. Consumers should find you here first!
- Encourage happy patients to post constructive comments to help other patients.
- Manage/track online reputation.
- Claim your review sites.
- Integrate social media/review sites into your website.
- Engage in social media, direct the conversation.
- Respond to positive posts as well as negative!
General Reputation Management

Dos and Don’ts

- Do not get nasty or threaten a web review company.
  - You want to partner with them to fix any false posts; you want them on your side.

- Do not react emotionally to negative reviews: consider them objectively and determine what action (if any) should be taken prior to responding.

- Do not reveal any patient health or privacy information.

- Do not, under any circumstances, write your own reviews on review sites, pose at patients, or transcribe patient testimonials into the site.
  - Google knows who you are!
  - Remember “Lifestyle Lift”?
ATTORNEY GENERAL CUOMO SECURES SETTLEMENT WITH PLASTIC SURGERY FRANCHISE THAT FLOODED INTERNET WITH FALSE POSITIVE REVIEWS

Cuomo's deal is first case in nation against growing practice of "astroturfing" on Internet

'Lifestyle Lift' Will Pay $300,000 in Penalties and Costs to New York State

NEW YORK, N.Y. (July 14, 2009) - Attorney General Andrew M. Cuomo today announced a settlement with cosmetic surgery outfit Lifestyle Lift over the publishing of fake consumer reviews on the Internet.

Under the settlement, Lifestyle Lift will stop publishing anonymous positive reviews about the company to Internet message boards and other Web sites, and will pay $300,000 in penalties and costs to the State of New York. The case is believed to be the first in the nation aimed at combating "astroturfing," a growing problem on the Internet.

Lifestyle Lift employees published positive reviews and comments about the company to trick Web-browsing consumers into believing that satisfied customers were posting their own stories. These tactics constitute deceptive commercial practices, false advertising, and fraudulent and illegal conduct under New York and federal consumer protection laws. The settlement marks a strike against the growing practice of "astroturfing," in which employees pose as independent consumers to post positive reviews and commentary to Web sites and Internet message boards about their own company.

"This company's attempt to generate business by duping consumers was cynical, manipulative, and illegal," said Attorney General Cuomo. "My office has and will continue to be on the forefront in protecting consumers against emerging fraud and deception, including "astroturfing," on the Internet."
Final Thoughts

- Insurance companies will be “ahead of the curve” in anticipating changing market dynamics.
- Market forces *may* cause a “subtle shift in power” from payers to providers.
- Market consolidation will accelerate among all stakeholders.
Thank you!