

A large, stylized curved arrow graphic that starts from the bottom left and points towards the top right. The arrow has a blue outer edge and a green inner edge, with a 3D effect.

Market Trends In Optometry 2015

Allergan Leading the Way to Help Optometrists Throughout Their Careers

- As the #1 therapeutic company in Optometry, Allergan is ready to help Optometrists treat the primary therapeutic diseases and conditions that exist in their practice – Glaucoma, Dry Eye & Allergy
- Allergan's commitment is to support Optometrists throughout their careers with innovative programs such as:



Teaching Institutions



New Graduates



Optometric Groups



Medical Management Boot Camps



Technicians



Allergan Academic Partnership Provides:

Students

Travel Grants to *Optometry's Meeting*®

3D Patient Counseling App for *iPad*®

Practice Management Support

Guest Lecturers / Lunch and Learns

Faculty and Administration

ASCO Benefactor Level Supporter

Product Education and Samples
for Patients

Advisory Boards

Faculty Retreats



Residents

Resident Day Programs

Travel Fellowships

Interviewing Skills Workshop

Resident-Practitioner Networking Event

Institutions

Support for Orientations, White Coat
Ceremonies, Graduations, and Alumni
Events

Inspirational Programs Featuring
InfantSEE and Tom Sullivan

Educational Grants/Sponsorships

Allergan's Optometric Professional Relations Team



Dave Gibson
Director,
*Optometric Professional
Relations and Strategies*



Mark Risher
Senior Manager,
*Optometric Academic
Development*



Elisha Wykoff
Manager,
Optometric Marketing

Key Account Managers Leading engagement with key accounts, state affiliates, and regional conferences



Marcy DeWalt
NORTHEAST

Connecticut	New Jersey
Delaware	New York
Indiana	Ohio
Maine	Pennsylvania
Massachusetts	Rhode Island
Michigan	Vermont
New Hampshire	West Virginia



Jared Latham
CENTRAL

Arkansas	Minnesota
Illinois	Nebraska
Iowa	North Dakota
Kansas	South Dakota
Louisiana	Texas
Missouri	Wisconsin



John McNally
SOUTHEAST

Alabama	North Carolina
Florida	South Carolina
Georgia	Tennessee
Kentucky	Virginia
Maryland	Washington, DC
Mississippi	



Aaron Strobe
WEST

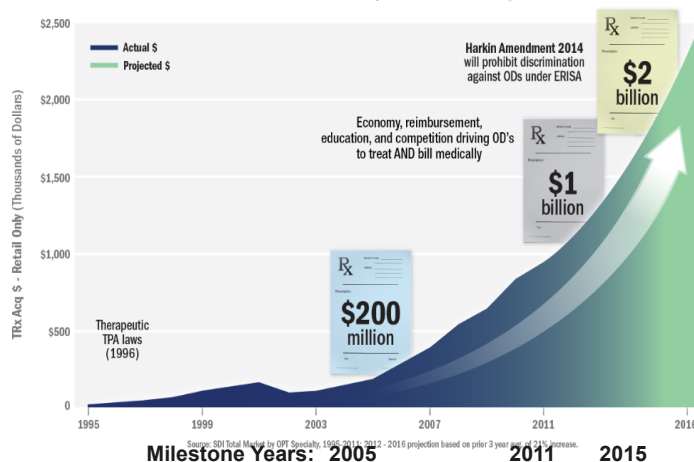
Alaska	Nevada
Arizona	New Mexico
California	Oklahoma
Colorado	Oregon
Hawaii	Utah
Idaho	Washington
Montana	Wyoming

Dramatic Increase in Therapeutic Care by ODs

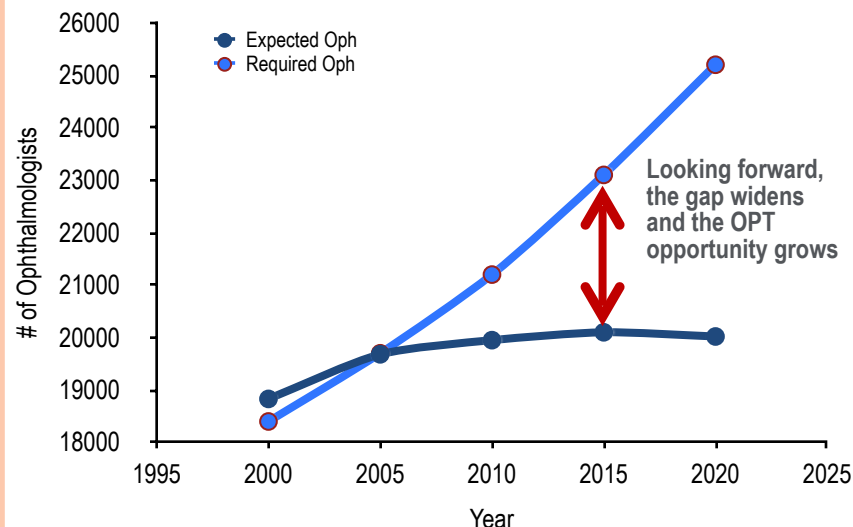
ODs are essential in eye care disease management
OD therapeutic prescribing reached \$2B in 2015¹

Optometric Prescribing Acquisition \$^{1,2}

Optometric Therapeutic Prescribing Reached \$1B In 2012
Reached \$2B In 2015



Ophthalmologist supply/ demand trends³



- SDI Health LLC. *Vector One®: National (VONA): Total Therapeutic Acquisition Dollars for Optometry*. Plymouth Meeting, PA: SDI Health LLC; 2012.
- IMS NPA Monthly Acquisition dollars, 52 weeks through Dec 2015

3. DHHS Physician Supply and Demand Projections to 2020.

Drivers of Optometric Therapeutic Trends



Increasing demand for eye care services



Optometric adoption of medical management



Increasing number of therapeutically trained ODs



Engagement/Education by pharmaceutical companies

Optometry Is Under Financial Pressure From A Variety Of Sources

OPTERNATIVE

Eye Exams from the Comfort of Home

Cost: \$40

Eligible: 18-40yo

Reach: 27 states



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NEWS

WARBY PARKER LAUNCHES 1ST NATIONAL RETAIL PARTNERSHIP WITH NORDSTROM



Accountable Care Organizations

EyeMed

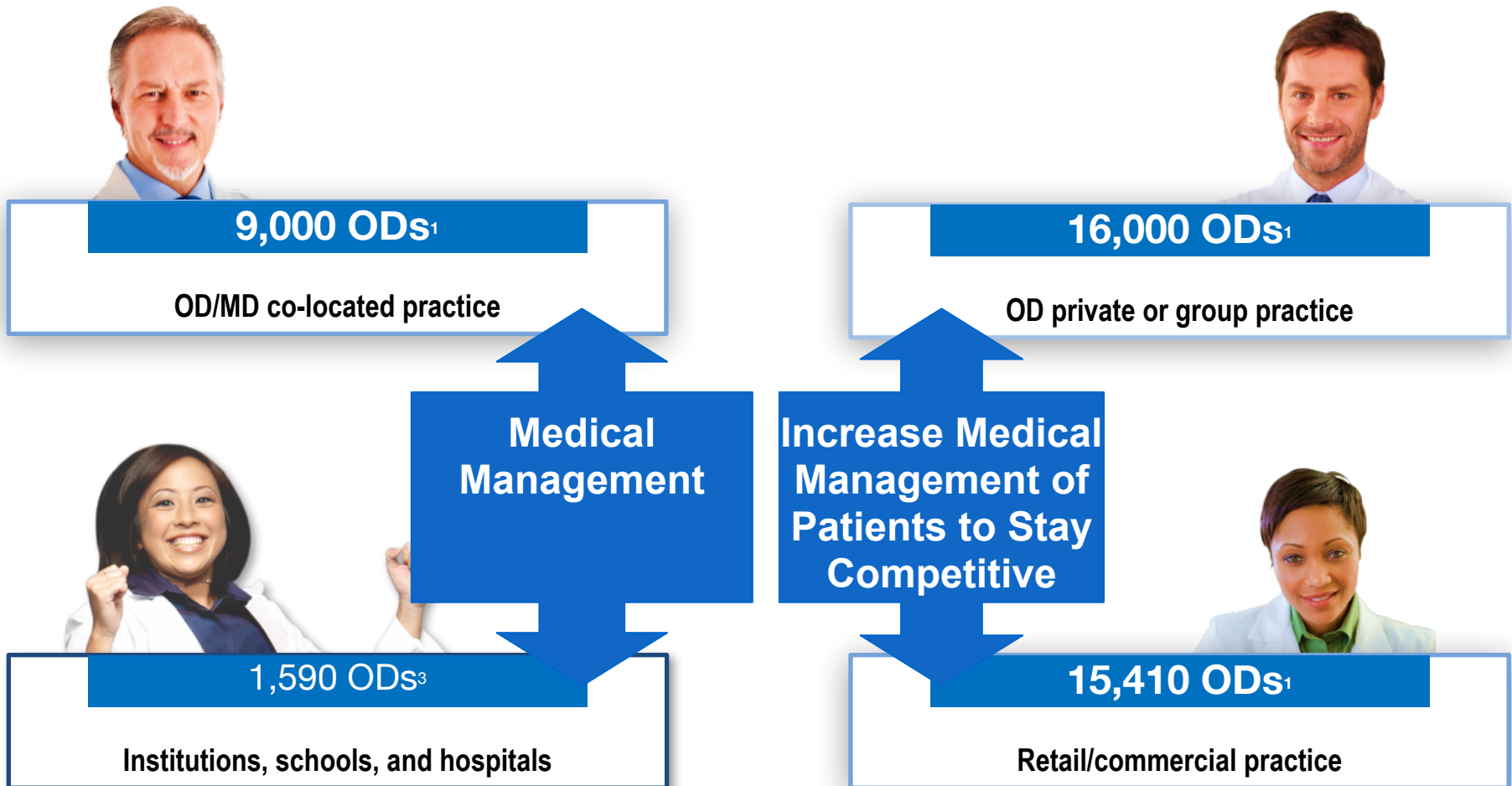
VISION CARE®



CVS pharmacy Optical

Allergan

Risk of Downward Pressure on The Optical Side of the Business



1. Number of ODs and volume per practice type are estimated based on 2010 Kaiser Association Research.
2. Optometry Eye Care Market Analysis (data through 4/04/2014)
3. Numbers are estimated based on ASCO 2013-2014 student data.

Discussion Topics

- Demographic trends and their impact on the prevalence of eye disease
- Impact of health care reform on optometric practices
- Reimbursement changes affecting eye care providers
- Influence of the internet and social media on consumer decision making
- Impact of market trends on optometry

Changing Demographics

Relationship between aging population and the 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.⁽¹⁾
- Growth in obesity leads 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 eye care providers each year with potential increase to over 10 million by 2020.⁽²⁾
- Dry Eye affects 11% of people aged 30 to 60; and 15% age 65 or older⁽³⁾; aging population will result in significant increase in dry eye disease.
- 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.⁽⁴⁾

(1) Source: "Vision Impairment and Eye Disease is a Major Public Health Problem," National Alliance for Eye and Vision Research & National Eye Institute.

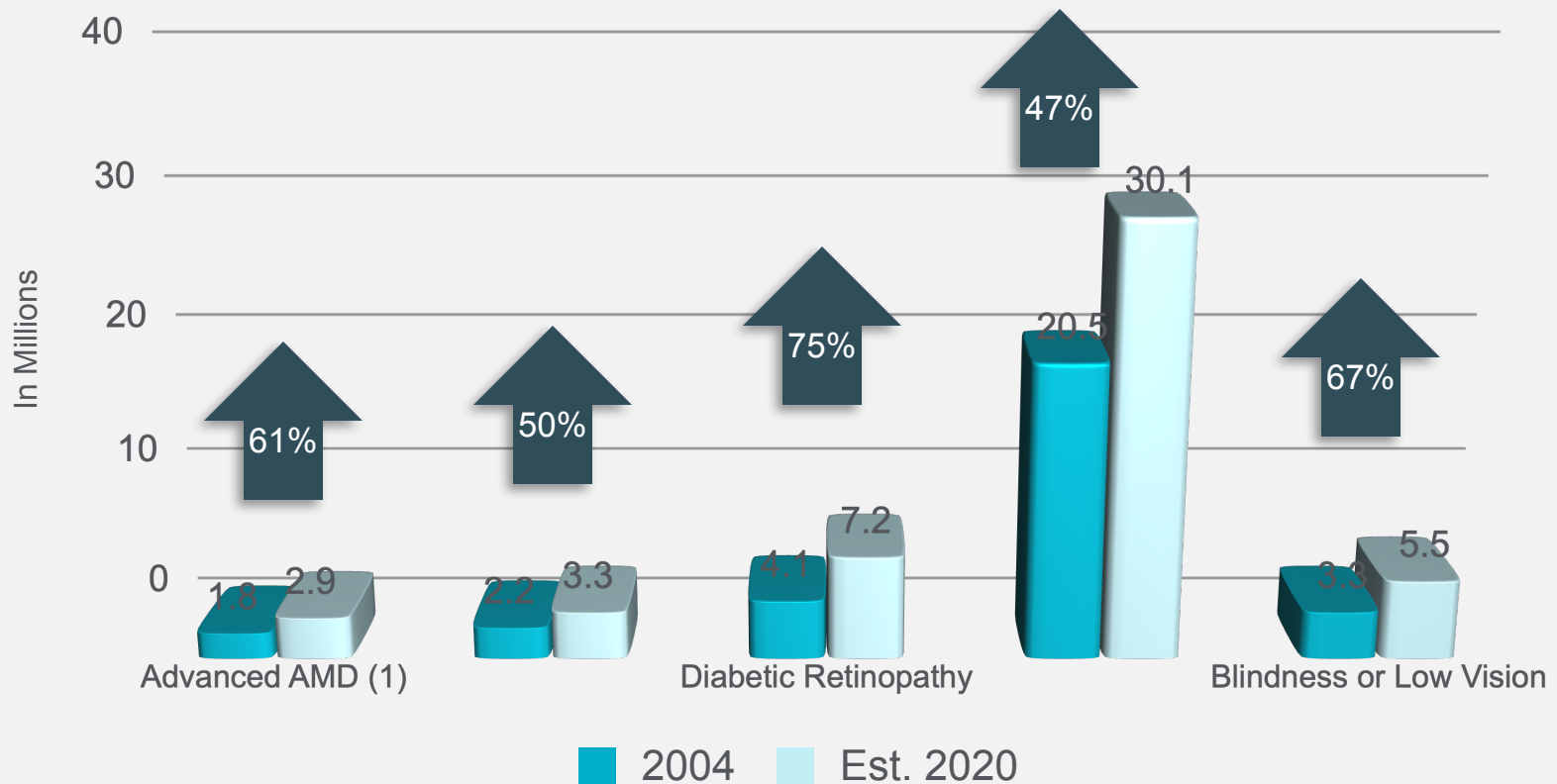
(2) Source: "Vision Problems in the U.S.," Prevent Blindness America and National Eye Institute.

(3) Source: Johns Hopkins University-Wilmer Eye Institute - International Task Force.

(4) 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.

Impact of Health Care Reform

Key Elements That Impact Optometry



Increase in Covered Lives



Payer Changes



Accountable Care Organizations



Harkin Amendment

- Individual mandate to have coverage by 2014 (with some exceptions)
- Legislation designates vision care for children as an essential health benefit (will likely increase demand for optometric care)
- Expansion of Medicaid program
 - Expand eligibility to all with income up to 133% of poverty level
 - Over 10 years Medicaid enrollment would grow by 15 million
 - Newly eligible adults guaranteed essential health benefits

1.

Creation of Health Benefit Exchanges at state level for individuals and small employers (effective 2014)

2.

Private insurance changes:

- New regulations prevent denial of coverage
- All new health plans to offer minimum set of services
- Increases in premiums subject to review and oversight

Accountable Care Organizations (ACOs)

- Legislation enabled the creation of ACOs as a contracting vehicle to drive quality and efficiency.
- ACOs are designed to facilitate coordination among providers when contracting with third party payers.
- Community based eye care providers will likely compete to be credentialed with ACOs.

The Harkin Amendment: What is it?

- Included in the final health care reform legislation as passed on March 23, 2010, it provided the nondiscrimination standard.
- The Amendment was offered by Senator Tom Harkin (D-IA), Chairman of the Health, Education, Labor and Pensions (HELP) Committee.
- It bars insurance plans from discriminating against any health care provider who is acting within that scope of the provider's license or certification under applicable state law. This protection applies to coverage or participation in plan networks.
- Effective on January 1, 2014.
- Applies across all categories of providers.

Summary of Provision

Any insurer offering group or individual coverage “shall not discriminate with respect to participation under the plan or coverage against any health care provider who is acting within the scope of that provider’s license or certification under applicable state law.”

Changes in Medicare Reimbursement

Changes in Medicare Professional Reimbursement

- 2015 Medicare Physician Fee Schedule was released on October 31, 2014.
- The 2015 conversion factor is \$35.8013 for January through March 2015, as a result of Congress passing a fix to the SGR in April 2014.
- If Congress didn't intervene before 4/1/15, the conversion factor will be \$28.2239, representing a 21.2% reduction in fees.
- ICD-10 was implemented on 10/1/2015 after several delays.

Source: "2015 Medicare Physician Fee Schedule (MPFS) Final Rule Released," American Society of Cataract and Refractive Surgery

Trends in Conversion Factors



Medicare's Conversion Factors



Changes in Professional Fee Reimbursement ⁽¹⁾

	2013	2014	2015(2)	% Change
92004 - New Patient Exam	\$151.40	\$151.17	\$149.29	-1.24%
92012 - Established Patient Exam	\$87.44	\$87.05	\$85.57	-1.70%
92014 - Established Patient Exam	\$126.23	\$126.10	\$124.23	-1.48%
92083 - Visual Field	\$66.69	\$65.20	\$64.80	-0.61%
92133 - Scan Computerized Diagnostic Imaging	\$45.25	\$45.14	\$44.39	-1.66%
92250 - Fundus Photos	\$81.31	\$79.17	\$79.48	+0.39%

Footnotes:

1. Fees represent the national average Medicare reimbursement rate. Fees have been calculated by using RVUs published in the Medicare physician fee schedule multiplied by the Medicare Conversion Factor.
2. Fees based on the Medicare Conversion factor for January – March 2015. Fees will be reduced 21.2% on April 1, 2015 if Congress does not intervene.

Future Reimbursement Trends



Changing demographics, the increase in prevalence of eye disease, and health care reform will likely contribute to future decline in third party reimbursement.



Changes in Medicare reimbursement likely to impact payment rates from commercial payers.

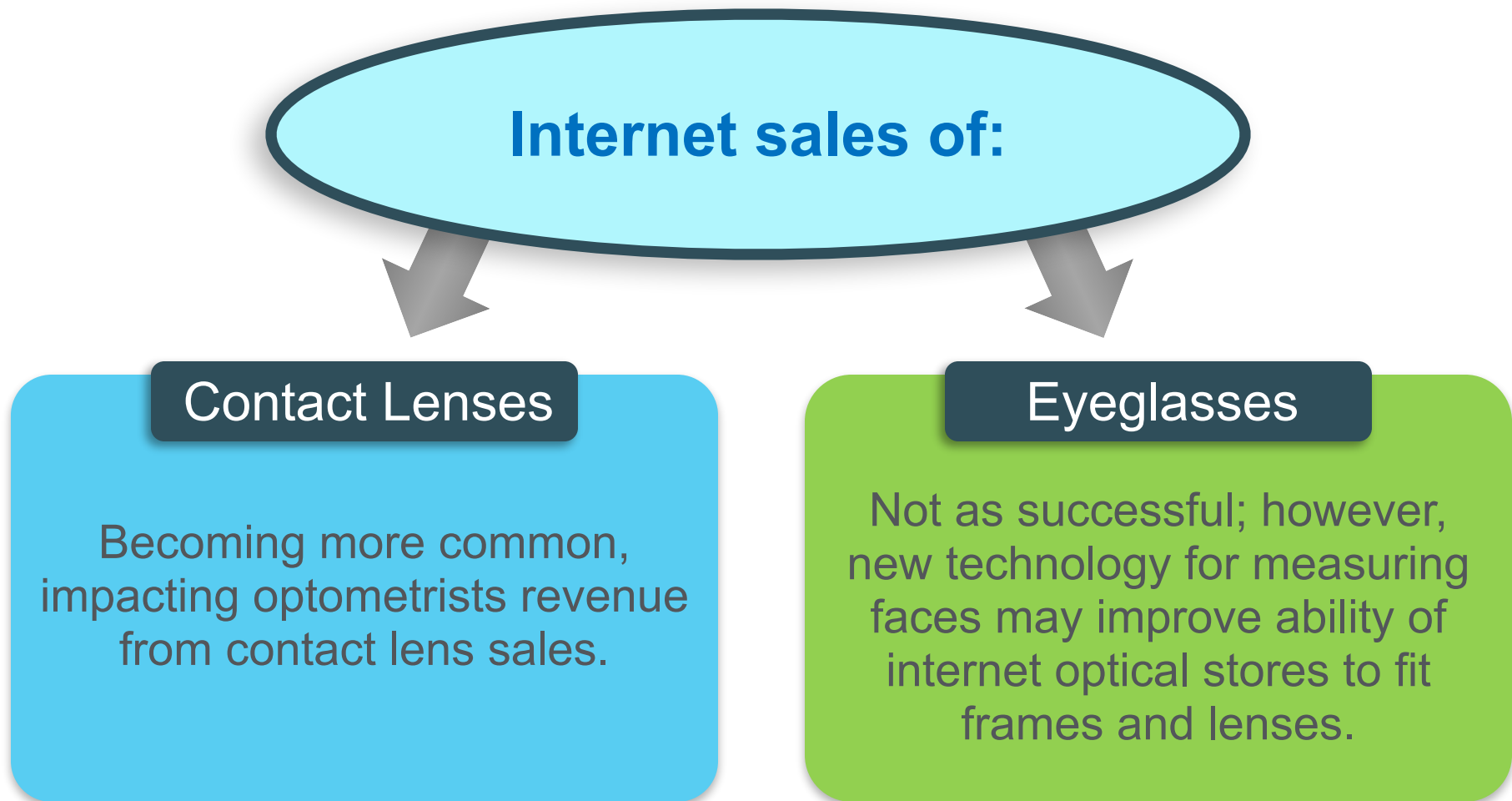


Increased utilization patterns likely to impact reimbursement on commonly performed eye care procedures.

Changing Dynamics with Eye Care Consumers

- Increasing use of the internet allows patients greater access to health information.
- Consumers are more frequently using e-commerce.
- The use of social media is influencing consumers and thereby impacting provider marketing strategies.
- Providers need to deliver online patient education in a more efficient manner.
- Providers need to implement aggressive website optimization strategy.

Internet Sales of Contact Lenses and Eyeglasses



Why is Online Marketing Important?

The International Telecommunication Union Reports:

3.2 Billion People
Worldwide are online.



82.2 out of every 100
people* are online.



*In developed countries

Source: ITU World Telecommunication /ICT Indicators database - <http://www.itu.int/en/ITU-D/Statistics/Documents/facts/ICTFactsFigures2015.pdf>

Why is Online Marketing Important?

72%

Of internet users look online for health information

Why is Online Marketing Important?



Avg. Monthly
Google
Searches*

Eye Care	6,600
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Eye Doctor	49,500
------------	--------

Eye Care Doctor	50
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Eye Center	2,400
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Vision Care	3,600
-------------	-------

Benefits of Including Online Marketing in Allergan General Marketing Strategies

- ✓ Creates awareness / visibility
- ✓ Offers the ability to brand yourself or product
- ✓ Impacts search engine rankings
- ✓ Creates a targeted list of followers
- ✓ Builds your reputation
- ✓ Drives traffic to your website / blog
- ✓ Monitor what's being said about you
- ✓ Customer service tool
- ✓ Access to important people
- ✓ Increases your accessibility to vendors and partners

Practice Website

What Good Looks Like



High-quality, attractive logo



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Actual patient photo
by Dr. Rahban

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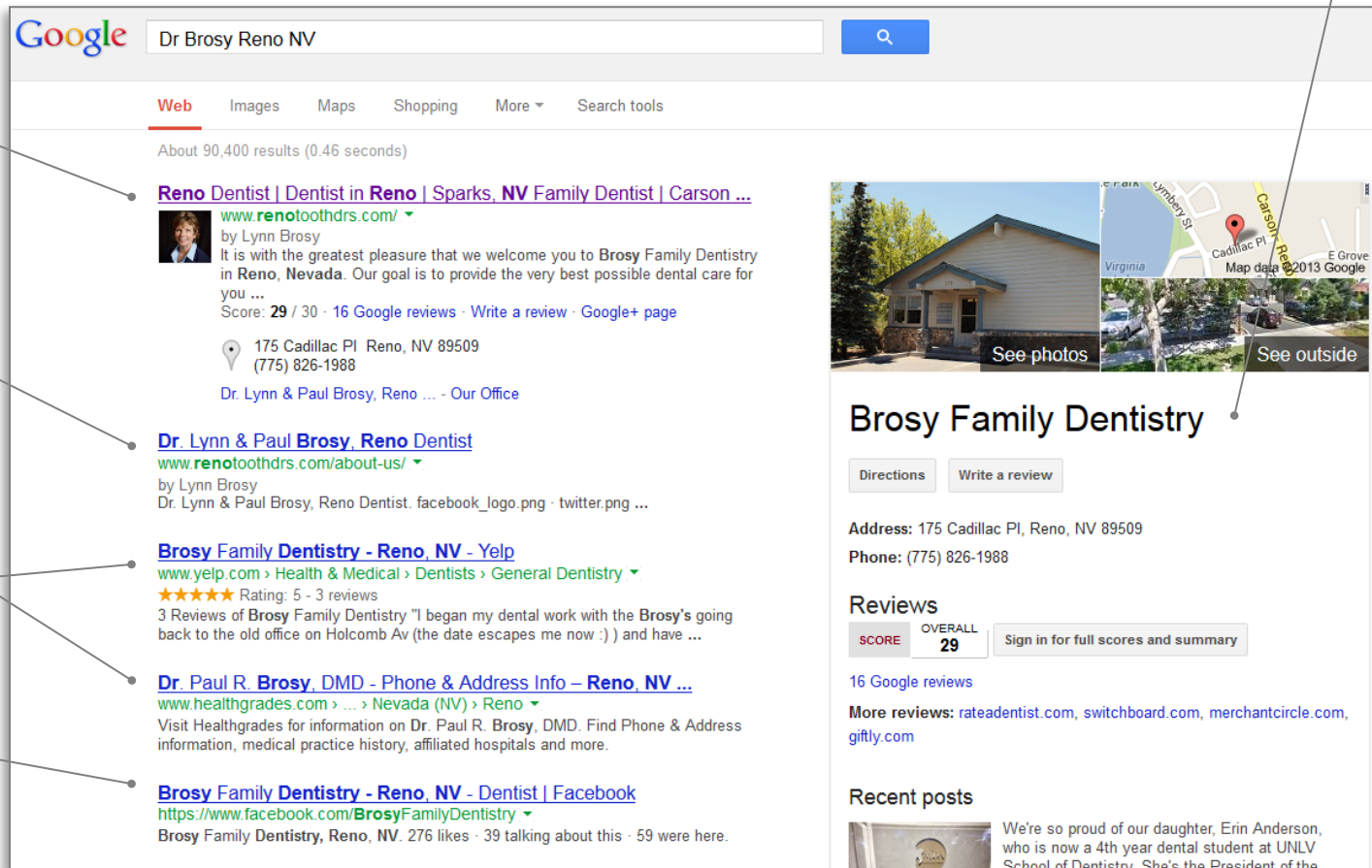
Provider credentialing

Search Engine Optimization

What Good Looks Like



Optimized
Google+
Local
Listing



The screenshot shows a Google search for "Dr Brosy Reno NV". The search results include several entries:

- Reno Dentist | Dentist in Reno | Sparks, NV Family Dentist | Carson ...**
 - www.renotoothdrs.com/
 - by Lynn Brosy
 - It is with the greatest pleasure that we welcome you to Brosy Family Dentistry in Reno, Nevada. Our goal is to provide the very best possible dental care for you ...
 - Score: 29 / 30 · 16 Google reviews · Write a review · Google+ page
 - 175 Cadillac Pl Reno, NV 89509 (775) 826-1988
 - Dr. Lynn & Paul Brosy, Reno ... - Our Office
- Dr. Lynn & Paul Brosy, Reno Dentist**
 - www.renotoothdrs.com/about-us/
 - by Lynn Brosy
 - Dr. Lynn & Paul Brosy, Reno Dentist. facebook_logo.png · twitter.png ...
- Brosy Family Dentistry - Reno, NV - Yelp**
 - www.yelp.com > Health & Medical > Dentists > General Dentistry
 - ★★★★★ Rating: 5 - 3 reviews
 - 3 Reviews of Brosy Family Dentistry "I began my dental work with the Brosy's going back to the old office on Holcomb Av (the date escapes me now :)) and have ...
- Dr. Paul R. Brosy, DMD - Phone & Address Info - Reno, NV ...**
 - www.healthgrades.com > ... > Nevada (NV) > Reno
 - Visit Healthgrades for information on Dr. Paul R. Brosy, DMD. Find Phone & Address information, medical practice history, affiliated hospitals and more.
- Brosy Family Dentistry - Reno, NV - Dentist | Facebook**
 - https://www.facebook.com/BrosyFamilyDentistry
 - Brosy Family Dentistry, Reno, NV. 276 likes · 39 talking about this · 59 were here.

On the right side of the search results, there is a Google+ Local listing for Brosy Family Dentistry:

- Brosy Family Dentistry**
- Directions Write a review
- Address: 175 Cadillac Pl, Reno, NV 89509
- Phone: (775) 826-1988
- Reviews**
- SCORE OVERALL 29 Sign in for full scores and summary
- 16 Google reviews
- More reviews: rateadentist.com, switchboard.com, merchantcircle.com, giftly.com
- Recent posts**
- We're so proud of our daughter, Erin Anderson, who is now a 4th year dental student at UNLV School of Dentistry. She's the President of the

Practice
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Page

Impact of Market Trends on Optometry

General Observations

- ▶ Increasing prevalence of eye disease will create a possible provider supply/demand imbalance.
As a result, optometry is likely to play a greater role in medical management.
- ▶ Legislative changes are also likely to expand medical management opportunities for optometrists.
- ▶ Ophthalmologists and optometrists likely to seek new integration strategies.
- ▶ Providers will seek new and innovative strategies to enhance operating efficiency.



Opportunity for Optometry



Approximately 33,000 optometrists currently practice in the U.S.⁽¹⁾



Projections indicate 24% growth rate by 2020.⁽¹⁾



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

Why is the Harkin Amendment important to me?

Expands potential contracting opportunities with self-insured employers.

What should I do?

- Get educated and informed about the implications this has in your local market.
- Understand the relevance to your practice.
- Assess if you want to grow the medical management part of your practice.
- Contact self-insured employers to get credentialed.
- Contact your state society if you encounter any challenges.

Practice Integration Strategies

Integrated Model:

- Merger/co-ownership approach
- Acquisition/employee arrangements

Contracting Networks:

- ACOs
- IPA

Improving Practice Efficiency

More
focused
approach to
how doctors
run their
business:

- Disease state / service line orientation
- Use of new technology
- Enhance staff and provider productivity and improve efficiencies
- Leverage new marketing channels

Closing Comments

Understand how market changes will impact your practice.

Review current practice and operating model for best positioning in the future.

Carefully analyze areas of opportunity to expand services, enhance productivity, and improve practice efficiency.

**A practice that plans properly will
be able to take full advantage
of emerging market trends.**

Thank You!



The Leader in Optometric Therapeutics

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