Overview of the Contact Lens Marketplace – Part 2

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2017 Prescriber Supply and Practice Modality

- There are approximately 42,900 US optometrists & 16,700 ophthalmologists
- Roughly 12,500 ODs are affiliated with optical retail chains (11,300 locations); most do not sell contact lenses or eye glasses. *
- Nearly 26,000 ODs are involved in private practice (24,000 locations) and typically sell contact lenses and eyeglasses.

  - Prescriber owned chains (e.g., Vision Source, My Eye Dr., Eye Care Partners, Ossip, TSO, Today's Vision) are considered "private practice" and are not included in the optical chain location count.

Changes in the supply of optometrists and eyewear retail locations

- 1975 – 20,000 active ODs, 85% self-employed, with most of the the rest employed by other ODs.
  - ODs performed 29 million eye exams, 57% of the 51 million total.
- 1986 – 24,500 active ODs, 73% in private practice
- 2003 – 22,500 independent prescribers selling CLs; approximately 16,500 other retail locations
- 2012 – 40,000 ODs in active practice - 22,800 (57%) independent; 9600 (24%) in affiliation with optical chains; 18,000 ophthalmologists
  - ODs performed 88 million refractive eye exams (of 104 million)

Practice Formats for Chain-Affiliated Doctors

- Independent Contractor – typically an optometrist (but may be a physician) with a sublease or license agreement for an equipped office (may be more than one) co-located with an optical retailer
  - Most sublease and license agreements specify that the prescriber will not sell eyewear. Some allow the prescriber to sell contact lenses.
  - This is this most frequently used format, covering over 80% of the locations.
  - The sublessee/licensee often employs optometrists to staff the office(s).
- Direct employee of the optical retailer
  - Estimated to be 5-10% of the optical retail locations.
  - Most states prohibit the corporate practice of both medicine and optometry.
- Franchise
  - Estimated to be 5-10%.
  - The owner may be a prescriber or an optician/retailer, and may employ or contract with prescribers.
  - The franchise sells eyewear.

Who Prescribes Contact Lenses

- In 2013, ODs performed 85% of the comprehensive eye exams in the US and wrote 90% of the prescriptions for corrective eyewear.
  - Contact lens exams were 27% of the refractive exams by ODs.
- In 2017, independent ECPs (including OMDs) performed 63.3% of CL eye exams.
  - ODs affiliated with optical retailers performed 28.1% of CL eye exams.
  - 8.7% of CL wearers reported “other/don’t know” where they got the exam.
- Presumably, ophthalmologists wrote under 10% of the Rxs for CLs.
- In 2017, independent ECPs sold 37.3 % of contact lenses.
  - This suggests ophthalmologists sold under 4% of contact lenses.
  - Many ophthalmologists have limited or no dispensaries, or have a sublease or license agreement with an optical dispenser who sells corrective eyewear.

Contact lens share by product modality

Dollar share (from industry sources)

- One day wear = 40-45% and growing
- 2 week = 20-22% and declining
- Monthly = 30-35%
- GP/Specialty/Custom = < 5%

Patient share (from Vision Council):

- Daily Lenses in 2017: 28.7%
- Weekly: 22.3%
- Monthly: 39.8%
- GP/Specialty/Custom: 9.2%

Impact of Vision Care Insurance on Contact Lens Sales

- Employers often offer vision benefits as an option, and individual and family plans are also available. Monthly premiums for an individual typically are $10-20.
- About 50% of US adults have vision care coverage; all children with health insurance have vision care (the ACA made pediatric vision care an “essential health benefit.”)
- About 50% of contact lens buyers report using vision care benefits in their last purchase of contact lenses. Nearly 2/3 of eyeglass buyers used vision care benefits.
- Major vision plans include VSP, EyeMed, Davis
  - An eye exam with refraction is a typical benefit, often with a co-pay ($10-20).
  - A dollar allowance for eyeglass frames and lenses is also often included; generally $115 - $150 (some higher priced plans offer higher allowances.)
  - The eyewear benefit in many plans can be used for contact lens fitting/evaluation and product.
  - Plans may also provide discounts on services and products beyond allowances.

Contact Lens Price Ranges by Sales Channel

	ALCON AIR OPTIX AQUA	ALCON AIR OPTIX NIGHT & DAY AQUA	BAUSCH & LOMB ULTRA	COOPERVISION BIOFINITY	COOPERVISION AVAIRA	ACUVUE OASYS 2-WEEK	ACUVUE VITA
Independent Optometrist Channel							
Annual Supply Average Price	$204	$292	$241	$207	$276	$240	$218
Current Rebate Value	$0	($60)	($60)	($50)	($30)	($40)	($40)
Annual Supply Price After Rebate	$204	$232	$181	$157	$246	$200	$178
Internet Channel							
Annual Supply Average Price	$151	$237	$216	$149	$220	$207	$194
Current Rebate Value	($33)	($40)	($30)	($25)	($45)	($34)	$0
Annual Supply Price After Rebate	$117	$197	$186	$124	$174	$172	$194
National Retail Channel							
Annual Supply Average Price	$219	$301	$245	$196	$268	$254	$227
Current Rebate Value	($57)	($67)	($40)	($33)	($40)	($31)	($50)
Annual Supply Price After Rebate	$163	$233	$205	$162	$228	$223	$177
Club Channel							
Annual Supply Average Price	$149	$244	$216	$142	$173	$194	$240
Current Rebate Value	($38)	($62)	($40)	($15)	$0	($20)	($20)
Annual Supply Price After Rebate	$112	$182	$176	$127	$173	$174	$220

Contact Lens Price Ranges by Sales Channel: Dailies

	ALCON DAILIES AQUACOMFORT PLUS	ALCON DAILIES TOTAL 1	BAUSCH & LOMB BIOTRUE ONEDAY	COOPERVISION PROCLEAR 1-DAY	COOPERVISION MYDAY	COOPERVISION CLARITI	ACUVUE MOIST	ACUVUE OASYS 1-DAY	ACUVUE TRUEYE
Independent Optometrist Channel									
Annual Supply Average Price	$524	$768	$570	$554	$689	$531	$558	$720	$677
Current Rebate Value	($120)	($120)	($90)	$0	($130)	($130)	($120)	($200)	($120)
Annual Supply Price After Rebate	$404	$648	$480	$554	$559	$401	$438	$520	$557
Internet Channel									
Annual Supply Average Price	$439	$723	$486	$493	$644	$513	$505	$673	$650
Current Rebate Value	($99)	($107)	($48)	($52)	($41)	($46)	($62)	($91)	($63)
Annual Supply Price After Rebate	$339	$615	$437	$441	$603	$467	$443	$582	$587
National Retail Channel									
Annual Supply Average Price	$584	$836	$599	$543	$653	$569	$584	$755	$735
Current Rebate Value	($106)	($133)	($70)	($84)	($108)	($70)	($100)	($154)	($128)
Annual Supply Price After Rebate	$478	$703	$529	$459	$545	$499	$484	$602	$607
Club Channel									
Annual Supply Average Price	$365	$664	$476	$453	$680	$482	$446	$631	$539
Current Rebate Value	($140)	($140)	($70)	($50)	($50)	($90)	($30)	($50)	$0
Annual Supply Price After Rebate	$225	$524	$406	$403	$630	$392	$416	$581	$539