

# How to Compete With Corporate LASIK Providers

An alternative for the independent ophthalmologist.

BY PARAG A. MAJMUDAR, MD



Over the past 10 years, LASIK has become a household word. With the procedure now considered the standard for refractive vision correction, patients' options for choosing a practice and a surgeon have never been more diverse.

## INDEPENDENT VERSUS CORPORATE CENTERS

The economics of LASIK as an elective surgical procedure are governed by many factors, including local and global market forces. For a time, competition from discount LASIK centers drove the procedure's prices down. Fortunately for the independent refractive surgeon, these deep-discount providers have all but disappeared, and LASIK prices have stabilized and even risen slightly with the introduction of new technology. However, recent trends have shown that a growing number of patients are looking at alternative avenues, such as the corporate LASIK centers, for their refractive surgery.

Louis Probst, MD, recently noted in *Cataract & Refractive Surgery Today*,<sup>1</sup> that the biggest threat to the independent LASIK provider is what he called the *organized corporate discounter*. Indeed, the independent refractive surgeon has probably noted declining volumes or, at the very least, increased competition from corporate entities. These institutions, by virtue of their economies of scale, can offer lower prices for LASIK and make up the lost revenue with increased volume shared among all of their centers (despite sometimes massive initial losses at any one location while the company builds market share). The private refractive surgeon simply cannot compete with such tactics. What, then, is a private practitioner to do? Obviously, we all want to increase our refractive volumes and market share. One solution is to offer a tiered approach to the procedure (ie, both a higher-valued and a lower-priced version of LASIK).

One of these two pricing options may capture those patients who might otherwise never approach your doorstep. One major disadvantage of lower-tiered pricing, however, is that it may cannibalize patients from your practice who might have otherwise paid a higher price for LASIK. The key, then, is to offer a lower price point discreetly. A relatively new pricing option for independent LASIK surgeons may do just that.

## AN ALTERNATIVE OPTION

### Accessing Health Plan Groups

Founded almost 3 years ago, Amerisight (Chicago, IL) is an organization that contracts with health plan sponsors to provide a LASIK benefits package to their members. It works exclusively with independent ophthalmologists to provide this LASIK benefit. Amerisight's participating health plan sponsors include HMOs, insurance companies, unions, large corporate employers, and affinity plans—the same organizations being pursued aggressively by the corporate chain discounters. Amerisight now services 20 million patients and aims to provide the benefit to 40 million potential patients by the end of 2007. Its current provider network is represented in most of the top metropolitan markets and in many of the largest secondary and tertiary markets. What differentiates Amerisight from other companies with similar business models such as Truvision, Inc. (South Jordan, Utah) is that Amerisight only works with independent providers and is not linked to a corporate parent (ie, TLC Vision Corporation; Chesterfield, MO).

### An Additional, Not Main, Source of Revenue

Amerisight's purpose is not to become a LASIK practice's main referral base. It is designed to serve as a value-added revenue program by giving each practice the ability to generate incremental patient revenue without additional advertising or marketing costs. Furthermore, Amerisight rep-

CRSToday.com

CRSToday.com

CRSToday.com

CRSToday.com

CRSToday.com

CRSToday.com

CRSToday.com

CRSToday.com

CRSToday.com

CRSToday.com

CRSToday.com

visit [www.crstoday.com](http://www.crstoday.com) for  
the current issue and  
complete archives

CRSToday.com

CRSToday.com

CRSToday.com

## TODAY'S PRACTICE

resents a limited provider network, meaning that participating practices will have access to patients whom they would otherwise not normally see. Often, a patient will be willing to drive 100 miles for a reduced-price LASIK procedure if it is endorsed by a trusted plan sponsor. Also, because another goal of the Amerisight's LASIK program is to create value for practices, the company limits the number of providers in each patient demographic location. The purpose of this restriction is to prevent a market from being saturated, even as new patients' access to providers is enhanced.

Amerisight's providers have the opportunity to generate additional revenue with procedures such as customized LASIK, Intralase (Intralase Corp., Irvine, CA), PRK, and Epi-LASIK, and it recently launched a new benefit plan for conductive keratoplasty. Amerisight establishes the fees for each of these procedures with an eye toward the additional expense they will pose to a provider.

Further revenue may be generated from word-of-mouth referrals by Amerisight's patients to family and friends who do not have the plan benefit and would therefore be subject to market prices.

### Patient Management

Amerisight handles much of the patients' preoperative workup. Members call a dedicated toll-free number, and an Amerisight Care Manager verifies their eligibility and prescreens them for contraindications. The members then select a local participating doctor from a credentialed list. With the member on the phone, the Amerisight Care Manager will make a three-way call to the selected practice for the initial LASIK consultation. Members with medical conditions that preclude them from undergoing LASIK (for example, cataracts) are referred to participating providers to receive appropriate medical care. This service allows participating practices to receive and generate revenue from non-LASIK patients.

### A COST-EFFECTIVE WAY TO COMPETE

There is no question that in the future, only those practices that maintain a significant and regular volume of LASIK patients will survive. We have seen surgeons who dabble in LASIK all but give up the procedure, probably as a consequence of a number of factors but primarily price-related competition. Private surgeons may not be able to contend with the deep pockets of the corporate centers, but that does not mean that they have to settle for reduced volumes or sacrifice those patients who are looking for a discounted procedure. Participating in a provider network such as Amerisight's is a cost-effective way to expand their practices without incurring additional advertising and marketing costs. In addition, it can help keep their appointment books full by drawing from a patient base that might otherwise be lured by the pricing of the LASIK chain discounters. ■

*Parag A. Majmudar, MD, is Associate Professor of Ophthalmology at Rush University Medical Center in Chicago and is in private practice as a partner with Chicago Cornea Consultants, Ltd. He is a consultant for Amerisight but has no direct financial interest in the company or any products mentioned herein. Dr. Majmudar may be reached at (847) 882-5900; [pamajmudar@chicagocornea.com](mailto:pamajmudar@chicagocornea.com). For more information on Amerisight, please contact (877) 507-4448.*

1. Probst LE. LASIK discounters. *Cataract & Refractive Surgery Today*. 2006;6:6:54.