New opportunities

# The case for in-office finishing

Optometrists should optimize the entire patient eye-care experience to maintain competitiveness

**By Steve Swalgen**

**Take-Home Message**

Today's general economic conditions and individual business owners' needs to maximize profit models is one underlying rationale for in-office finishing (IOF). Optometrists need to maximize the entire patient eye-care experience from exam through dispensing to maintain viability.

Today's general economic conditions and individual business owners' needs to maximize profit models is one underlying rationale for in-office finishing (IOF). Most independent optometrists are seeking a way to grasp fully and use more efficiently the existing equipment and technologies in their offices and may be considering, perhaps for the first time, an IOF lab.

The ability of ODs to compete and retain or gain better control over their businesses and financial destinies is no longer an outsource-versus-in-house balancing act. IOF has been a mainstay for a little more than 50% of optometric practices across the United States for about 20 years. However, it's been more common in Eastern and Midwestern states than Western states.

Some of this variance has been directly related to prior policy requiring specific third-party payer work to be sent from the optometric practice to a certified or wholly owned wholesale lab for full accommodation of the prescription job (surfacing of lens on through finished lens product). In some cases, policies have prevented either independent ODs from considering IOF at all, or practices that do finish from upgrading their existing edging technology to more feature-rich systems.

Vision Service Plan (VSP), with 55 million covered lives and approximately 27,000 participating independent ODs, recently began setting what is anticipated to be an encouraging national direction. The company will be rolling out a new policy that will allow independent ODs to perform IOF for their own VSP-covered work.

Figure 2: **Santinelli/Nidek LEX-V system with auto-blocking and drilling.** (Photo provided by Santinelli International.)

Because this is a significant policy shift, the business opportunity aspects cannot be underestimated. By way of developing very competitive reimbursement for single-vision jobs, ODs can increase their revenue stream (based on lens material, coatings, and add-ons) via IOF. The long-standing return-on-investment (ROI) models for edging onsite are inherently strengthened by this new, and likely to expand (beyond single-vision stock lenses), initiative and policy change.

Caveats to this policy exist, however, including sourcing single-vision lenses directly from a wholly owned VSP lab. This course of action may be more related to auditing and maintaining initial distribution needs of the national rollout.

## Phased-in approach

VSP reports that independent ODs have responded favorably to the new policy, and that interest in the "program pilots" continues to grow. The program is now being implemented in a phased regional approach, with an expectation that by early 2011 all U.S. independent optometric practices that handle VSP patients will be able to participate in this economic game-changing event.

The independent OD practice that already edges lenses in-house will have the opportunity to maximize opportunity further and, based on the volume of single-vision lenses, will likely position the practice to upgrade to greater technology or edging tabletop platform for the lab.

ODs that have not done IOF before will now be in a position to change their business models and offer a single-day—or less—turnaround opportunity, based on the chosen stock lens inventory for the practice. Edging companies provide various ROI tables for a practice to input their own level of prescription work so a realistic investment versus payoff return for new technology is easily calculable.

## User-friendly, feature-rich

Further good news is that edging technology levels for the retail environment are now more user-friendly and feature-rich than ever before. A traditional solid, yet economic, plat-


Figure 1: **Santinelli/Nidek LE-1000-S edger with auto-safety bevel, groove, and polish.** (Photo provided by Santinelli International.)

form would include lens edging, automated safety beveling, grooving, and diamond luster polish (see Figure 1 on Page 44).

Typically, a manual or semi-automated blocking choice, along with a direct water or tank and pump arrangement, is standard and space-conscious for even the smallest of retail store labs. Additionally, similar "system" approaches are available that enable the optometric practice to reach virtually any and all desired levels of prescription finish outcome.

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This system approach would include high-base curve (wrap) lens edging for designer-style frames along with drilling technology to address three-piece rimless mount styles (see Figure 2 on Page 44). The opportunity to capture a greater percentage of customers that previously hadn't been considered is inherent in the current level of finish technology offerings.

Manufacturers also have developed specific machine settings to assure on-axis results when edging super anti-reflective coated lenses. Simply, anything that can be or historically has been edged/finished at an outsourced wholesale lab is completely within the realm of IOF-available edging technologies. In fact, many—if not most—wholesale labs often use the same edgers that reside in the retail lab.

## More than installation, training

The edging suppliers have developed sales and service organizations that go well beyond mere installation and training on an initial IOF investment. Field service direct employees, online support, and a consultative interaction with ODs have become standard in today's competitive retail edging environment. Extended service contracts and preventative maintenance have all become the norm of the typical 5-to-10-year life of an in-office edger.

## Fate of wholesale

Where does this leave the local wholesale lab? They, like all others, are learning to adjust their business models to attract and retain clientele. The policy shift by VSP has led several labs to consider further their own uncut business opportunities with the independent OD in the aggregate.

Wholesale labs and lens manufacturers are already developing special programs whereby they will fund the OD's edger purchase—such as the monthly lease payment—based on a matrix of monthly, uncut lens purchases. Wholesale labs, whether local independent- or corporate-owned, will continue to be the conduit of individual prescription lens supply, OD practice education, and will provide a host of patient-to-practice C-Sat-based opportunities to help ODs maintain and grow their businesses.

The extent to which the IOF opportunity for independent ODs is maximized is related to overall demographic challenges, local competitiveness with big-box in-store and chain environments, and the ability to provide a level of personal service and differentiation that keeps patient loyalty year-in, year-out.

This is a dynamic period of change and opportunity. Maximizing the entire patient eye-care experience, from exam through dispensing, will be seen as an individual practice requirement in order to maintain viability. **OP**



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