

Davis Vision

This managed vision care company has become one of the largest in the country through unmatched flexibility, efficiency, and the support of its parent company.



Tom Davis, chief marketing officer and executive vice president

www.davisvision.com
HQ Plainview, NY
Members 55 million

Like eyesight itself, vision care coverage is something people take for granted until they don't have it anymore. Fortunately, New York-based Davis Vision is helping people realize they don't have to go without it.

"We are perfectly positioned for a value-driven buy because we offer high quality benefits and vertical integration that allows us to maintain an unbeatable cost structure," said Tom Davis, chief marketing officer and executive vice president.

With roots as an optical shop founded in 1917, Davis Vision entered managed vision care about 45 years ago when it became the single vision care source for a local labor union. The company still has that client and is now one of the top managed vision care companies in the country, covering about 20 million funded lives and around 55 million lives when the tally includes discount plans.

Davis Vision has been directly owned by HVHC, Inc., a Highmark company, since 1996. HVHC also owns Eye Care Centers of America, the largest U.S.-owned retail optical specialty chain, and Viva International, one of the largest frame companies in the world.

Although relationships between Davis Vision, HVHC, and the other related companies are advantageous for all parties, Davis Vision is fairly independent. It acts as the vision care provider to a number of Blue Cross Blue Shield plans around the country and counts some of the largest companies in the country as customers.

Preparing for growth

The interesting aspect of Davis Vision's impressive size is the fact that it managed to grow without a dedicated sales force. Traditionally, the company's sales growth emanated primarily from corporate headquarters rather than a nationwide presence of sales offices. Despite the fact that Davis Vision expanded throughout the country and worked with all the components of the HVHC family to grow everyone's business, the company never took advantage of growth by creating regional sales offices.

"Most of our business was sold either through existing relationships with current clients, brokers, or consultants or through our Web site," said Davis. "We came to the realization that the market is changing, and there are more competitors out there that had developed their sales teams and gained a larger presence in the market. We had to do that ourselves to remain competitive."

Simultaneously, the company embarked on a rebranding initiative, updating the brand and its marketing materials. Davis



said the company has industry-leading systems capabilities in terms of internal personnel, delivery capabilities, and flexibility but needed to package it better to the general public. Part of its branding effort required focusing on five key qualities the company believes sets it apart from the competition.

According to Davis, Davis Vision provides the best value to members through the lowest out-of-pocket expenses and an unmatched frame selection. He said the company also provides better value to clients in terms of technology and flexibility through some of the best technological platforms available in healthcare, let alone managed vision care, and a mixed network of independent ophthalmologists and optometrists and retail providers.

Davis said service and quality are differentiating factors about the company as well. It retains 98% of its group clients. Many



companies in managed vision care talk about holding onto such a high percentage of members. Davis Vision actually holds on to nearly all of its groups. The company is the only managed vision care company that is ISO-9001 2000 certified and is one of two companies that is NCQA certified for its provider credentialing process.

Last but not least is community service. Both Davis Vision and its parent are committed to assisting the communities they serve. This year, Davis Vision will participate in 45 community outreach programs. The company recently sent volunteers to help with the Hands On New Orleans program, where they helped renovate a school destroyed by Hurricane Katrina and conducted free vision screenings for more than 300 disadvantaged youths.

Cost controls

The major factor driving its market now is cost. Davis Vision has to maintain a competitive cost structure and high quality programs to ensure efficiency in the manufacturing process. Each of its optical labs has been reengineered and refurbished with state-of-the-art equipment in the last four years. The vertical integration achieved through collaboration with ownership and sister companies helps Davis Vision reduce costs everywhere during the transaction process as well. The efficiency achieved through vertical integration allows the company to offer benefits like an unconditional one-year eyeglass breakage warranty.

“We own the most up-to-date lab system in the U.S., and that is one way we maintain a high level of competitiveness through cost, by making sure our labs are efficient and through the buying power we have with our frame distribution process,” Davis said. “We can provide a cost competitive program through sheer volume because we cover so many people.”

Davis Vision’s commitment to the U.S. market has helped it grow as well. The company never went overseas for manufacturing or customer service, which helped with maintaining control and ensuring satisfied clients. The company is continuing this tradition as it recently invested in building the largest optical lab near Philadelphia, which was completed in October 2008.

“It gives us the capacity for growth and is part of our continuous improvement effort to be sure our labs operate at peak efficiency,” said Davis. “We are expecting significant growth through a combination of some new contracts and the expansion of our sales force, so we needed additional capacity to accommodate that growth.”

With companies and individuals looking at ancillary coverage expenses with a close eye, the economic challenges of its clients present challenges to Davis Vision. That is one reason getting the word out about the value it provides is critical to the company’s growth strategy. Working together with its sister companies should help all HVHC companies, including Davis Vision, with benefits gained through economies of scale. The company is also working to help everyone understand that good eye care is part of good overall healthcare.

“Eye exams can help with early detection of some medical maladies, and Davis Vision is pioneering that. Ten years ago, we were providing our largest clients with diabetes diagnoses through retinal eye exams, so we are working to connect the dots between vision care and overall good health,” Davis said. “We have a collective direction given to us by HVHC, and we are working to make sure our name is as well-known around the country as it is in New York.” +

—Eric Slack