Ophthalmic

PREMIUM
TRENDS
REPORT

2019

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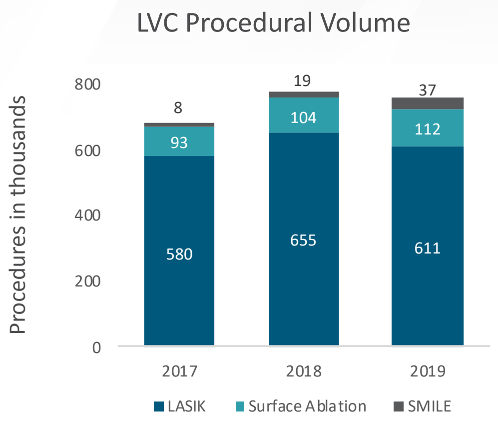
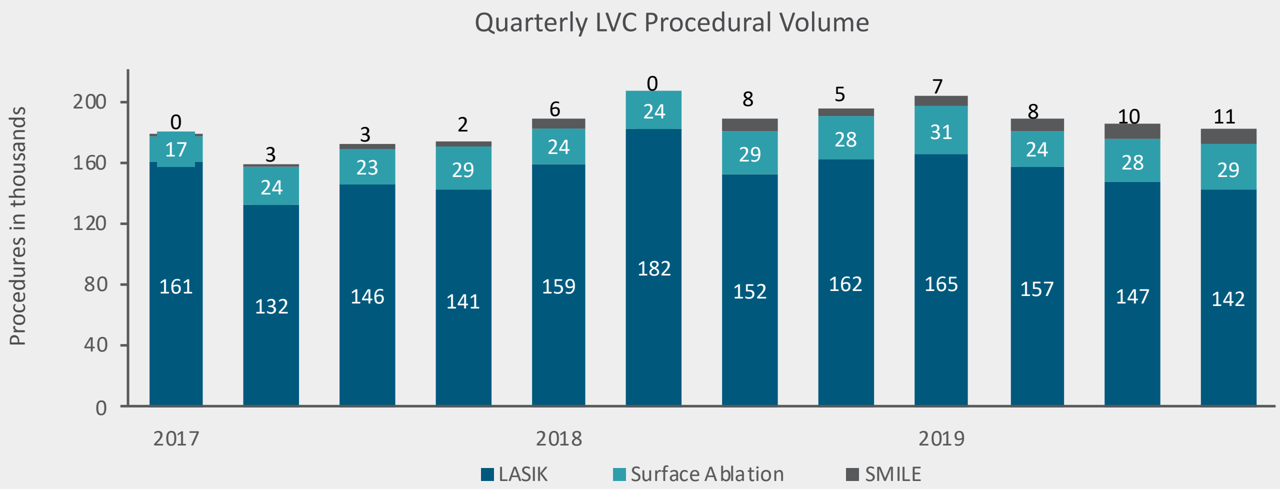
Market Scope has partnered with CareCredit to provide ophthalmic professionals valuable industry insights on current trends in laser vision correction (LVC) and cataract procedures. This report looks at the adoption of various technologies, including SMILE, corneal inlays, cross-linking, FLACS, premium IOLs, MIGS stents, and approaches to dry eye treatment. It also reviews current pricing structures and revenue trends. By understanding these key industry benchmarks, you may compare your own practice offerings to trends among other practices and possibly identify areas of opportunity and potential growth.

This report reflects aggregate responses from 2,985 surgeons who participated in Market Scope's quarterly surveys. Representing diverse clinical settings, respondents practiced in both independent and group settings in locations primarily owned by surgeons.

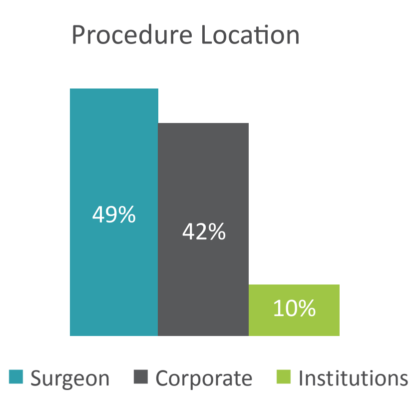
REFRACTIVE SURGERY: VOLUME AND LOCATION



In 2019, the number of laser vision correction procedures totaled nearly 760,000, similar to the volume seen in 2018 and maintaining a solid increase of 11% over 2017. Relative to 2018, total LASIK volume in 2019 declined by 7%, while surface ablation rose slightly. SMILE procedures nearly doubled – though they still represented a minimal number of procedures performed in 2019. Interestingly, year over year, the first quarter consistently shows strong volume.

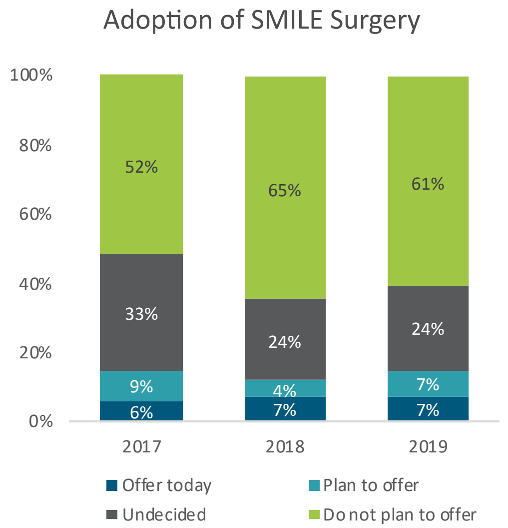


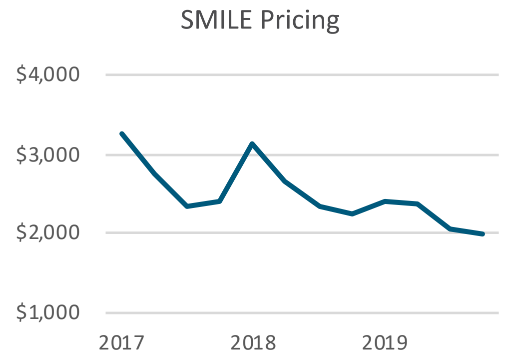
Procedure locations have not shifted in recent years. Nearly half of all procedures were performed in surgeon-owned centers, 42% in corporate-owned locations, and just 10% in centers owned by institutions.



REFRACTIVE SURGERY: TECHNOLOGY ADOPTION

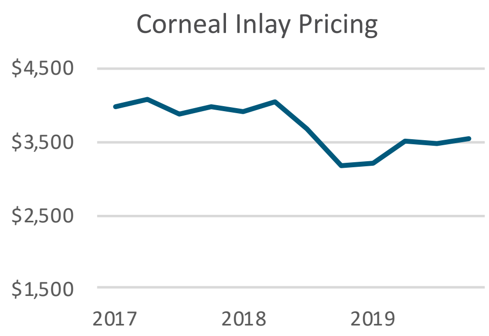
SMILE – Interest in small incision lenticule extraction has remained fairly constant since its FDA approval in November 2016. The majority of providers still do not currently offer the procedure or plan to offer it in the near future. 7% do offer SMILE, with another 7% planning to do so in the upcoming year, while still nearly one quarter of surgeons have yet to decide.



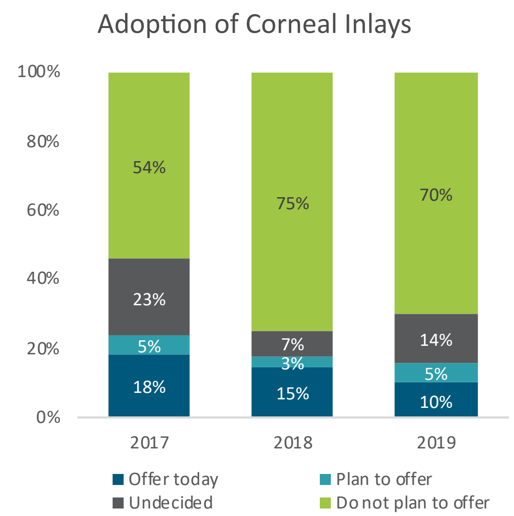


In Q1-2017, SMILE launched in the market at an average price of $3,268; however, the price has continued to trend down, dropping to an average of $1,988 in Q4-2019.

CORNEAL INLAYS – The number of practitioners offering corneal inlays has continued to decline over the past three years with only 10% offering them in 2019. The Kamra (by CorneaGen) was the first inlay to gain approval in 2015, and it is the only one available today. The Raindrop's removal in 2018 definitely created a negative ripple in both adoption and market pricing. Paired with presbyobes' risk-averse nature, an inherent resistence to the idea of monovision adaptation, and still a relatively high price tag, the potential benefits of this surgery may not outweigh possible barriers for many.

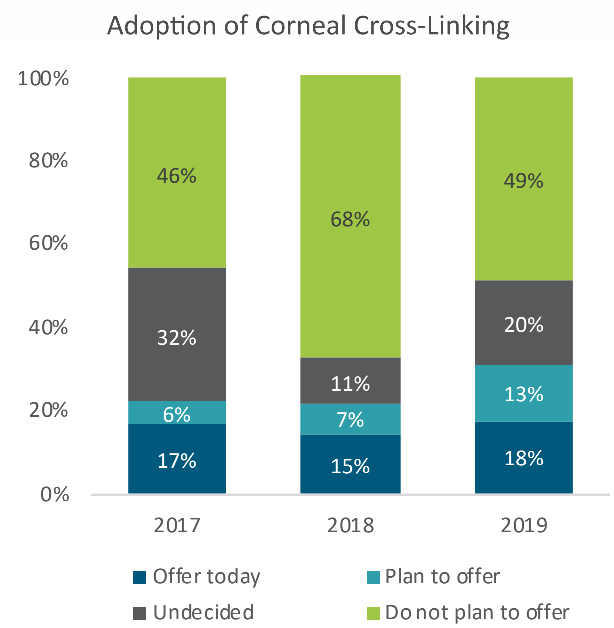


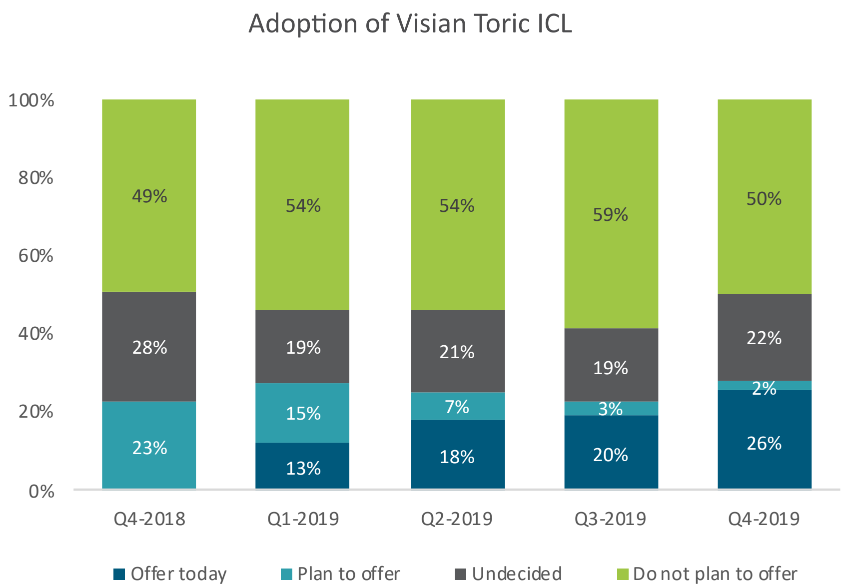
Throughout 2017 and the first half of 2018, the average price for corneal inlays was about $4,000. After Raindrop's withdrawal from the market, pricing dropped to $3,161 by Q4-2018 and has seemingly stabilized at around $3,500.



REFRACTIVE SURGERY: TECHNOLOGY ADOPTION

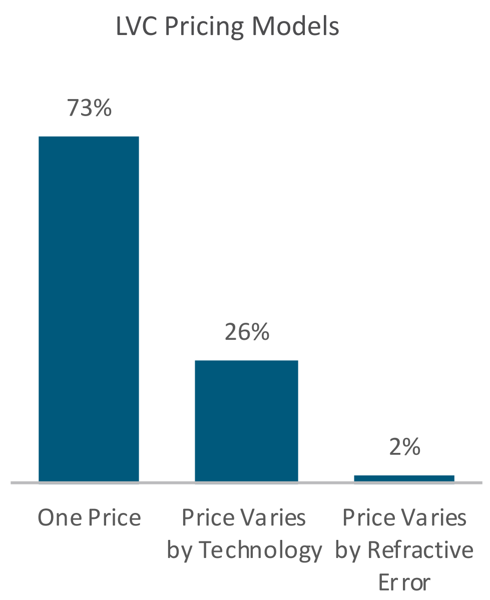
CORNEAL CROSS-LINKING – WIth approval of the Avedro KXL System in 2016, the availability of this treatment seems to be growing, with 18% of surgeons offering it in 2019. In addition, 13% plan to offer it in the upcoming year, and 20% are still considering it.

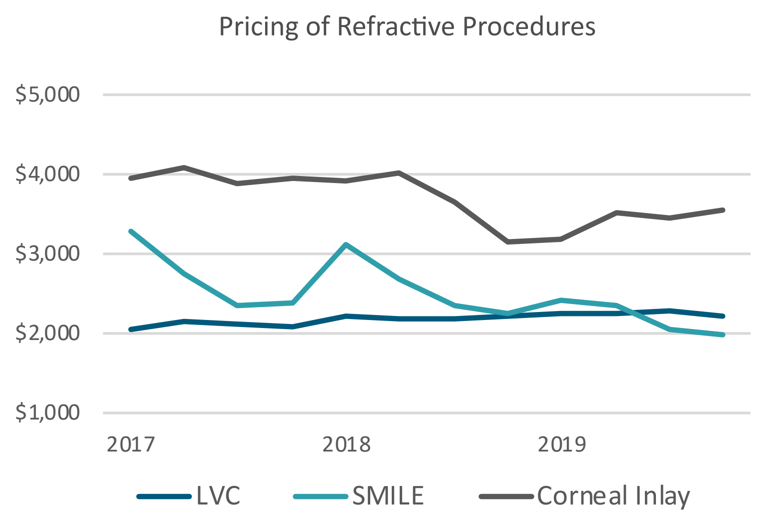




VISIAN TORIC ICL (by STAAR Surgical) is gaining consistent momentum in the market, as well, since its approval in late 2018. In fact, by Q4-2019, 26% of surgeons were offering it. With young myopia cases significantly on the rise and dry eye becoming more common, we expect to see continued adoption of this new lens.

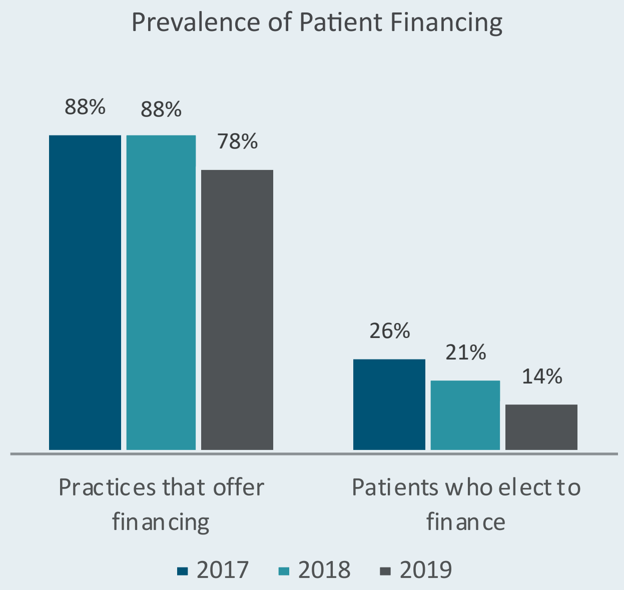
In 2019, 73% of practices charged one price for all laser-based procedures regardless of technology used, treatment technique, or refractive error at an average cost of $2,244. Pricing for LVC shows little seasonality and increased slightly in recent years, keeping pace with inflation. Corneal inlays continue to be billed at a higher cost per procedure, but declining volume minimizes overall revenue impact. SMILE pricing has declined to just below the average LVC price.

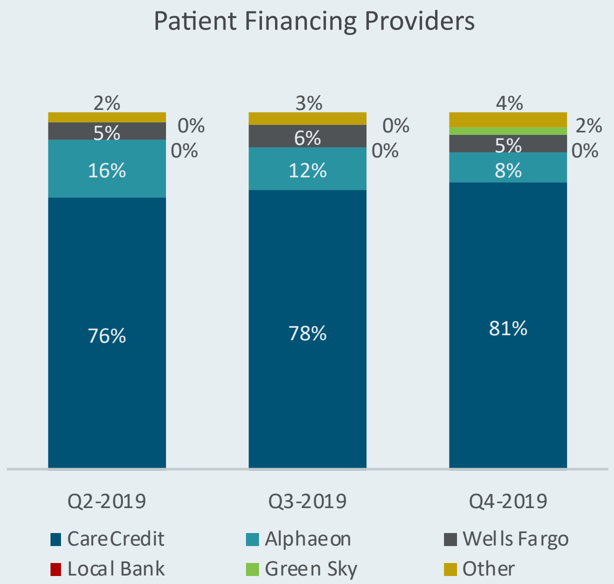




PATIENT FINANCING SOLUTIONS FOR ELECTIVE PROCEDURES

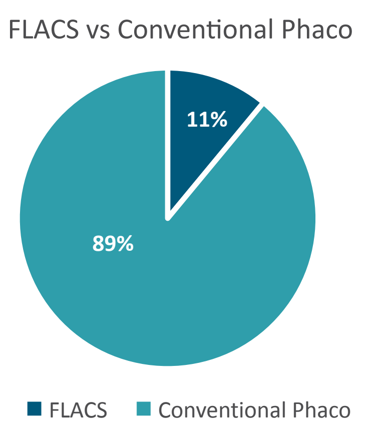
In 2019, nearly 80% of practices offered financing to patients, and 14% of patients offered the option took advantage of it. Of the patients who elected to finance their procedure, a vast majority (81%) did so through CareCredit.

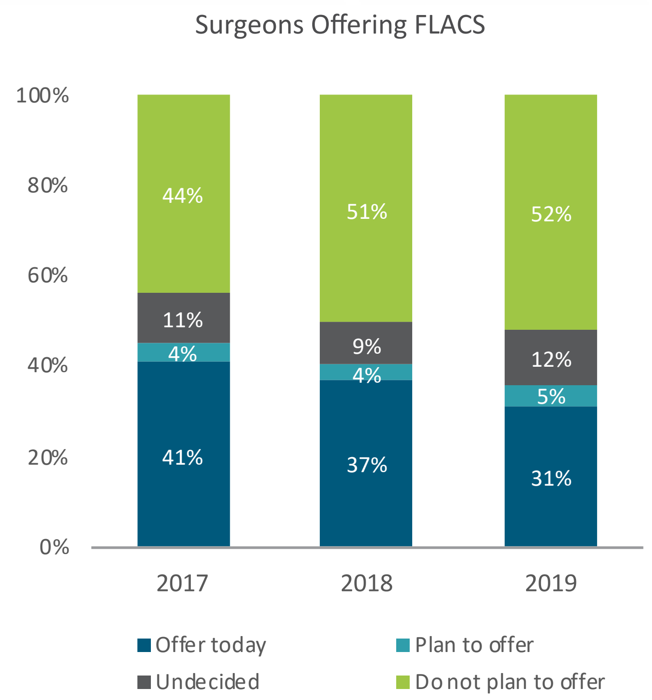




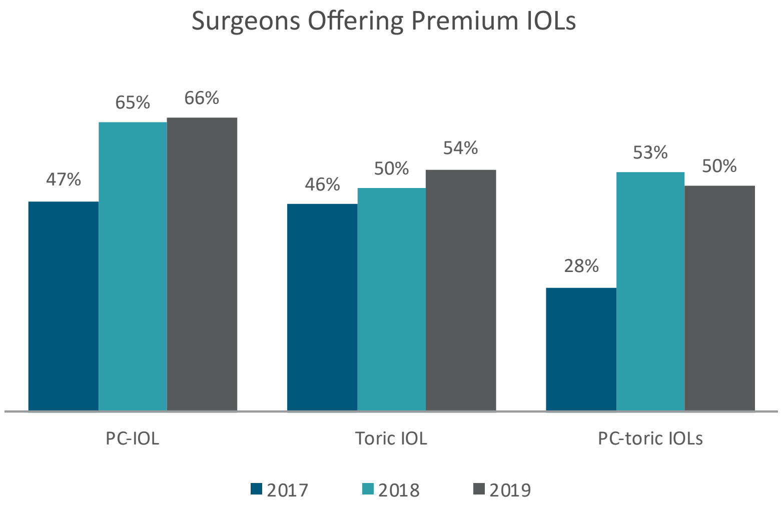
In 2019, nearly 80% of practices offered financing to patients; of the patients who elected to finance their procedure, the vast majority (81%) used CareCredit.

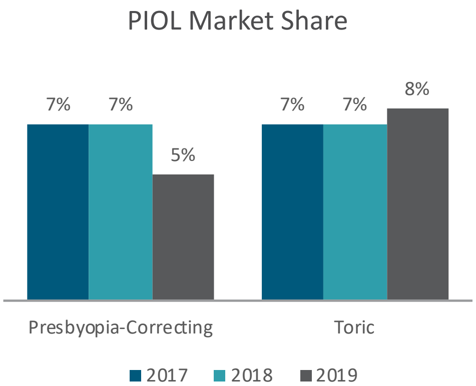
For the past several years, the number of cases being treated with femtosecond laser-assisted cataract surgery has plateaued at 11%. Yet the number of surgeons offering FLACS is trending down, with only 31% utilizing this technology in 2019 and over half not planning to use it in the near future.





With FDA approvals of new synthetic lens technologies in 2016 and 2017, premium IOLs are seeing sustained adoption in the market. In 2019, 66% of providers offered presbyopia-correcting IOLs, 54% offered toric IOLs, and 50% offered PC-toric IOLs.

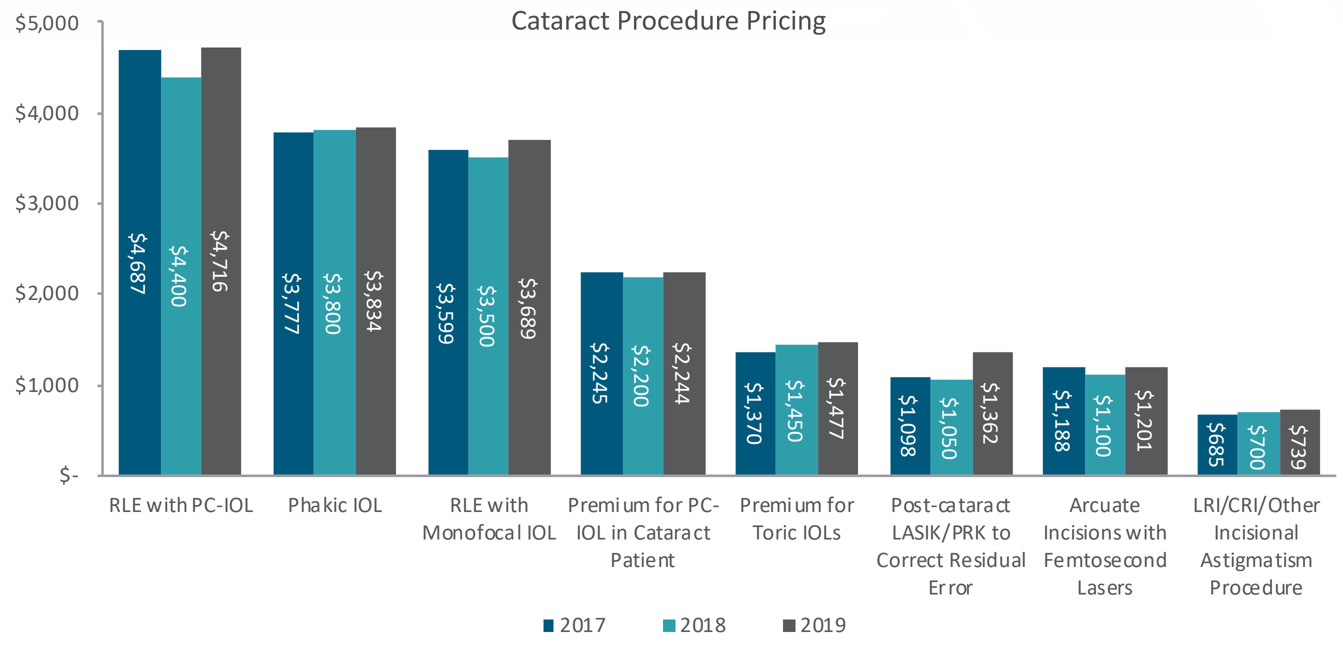




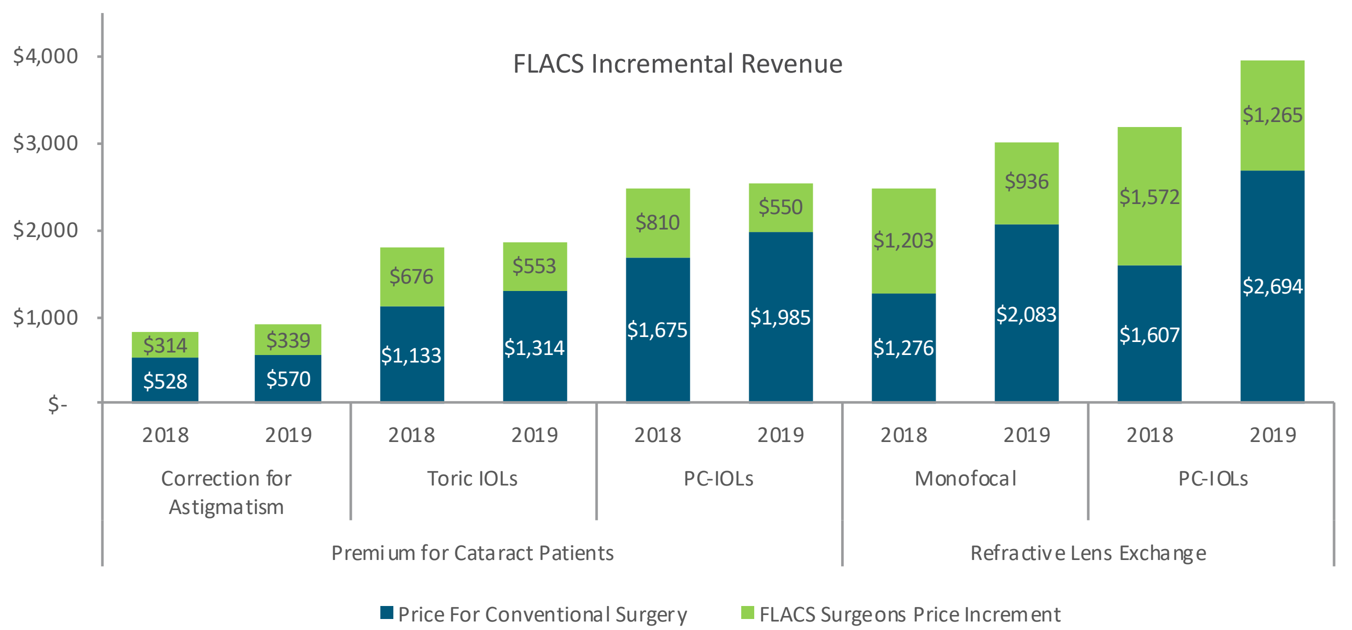
In 2019, PC-IOLs fell slightly in premium IOL market share to 5%, while toric lenses rose to 8%.

CATARACT SURGERY: PRICING & FLACS REVENUE

Average pricing for all procedures trended up slightly in 2019, with premium IOLs continuing to lead in per patient billings.



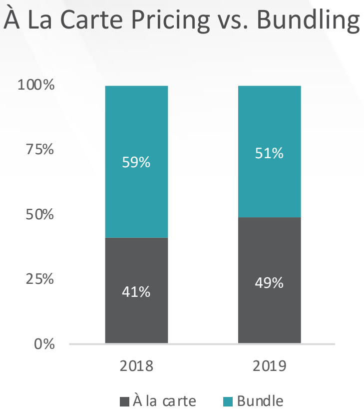
Incremental revenue for surgeons using FLACS declined in 2019 across all surveyed procedures; however, base pricing for conventional surgery increased across the board, contributing to overall higher billings. Incremental profitability is most significant in RLE procedures. For an RLE patient implanted with a PC-IOL, use of FLACS added $1,265 in additional billings.

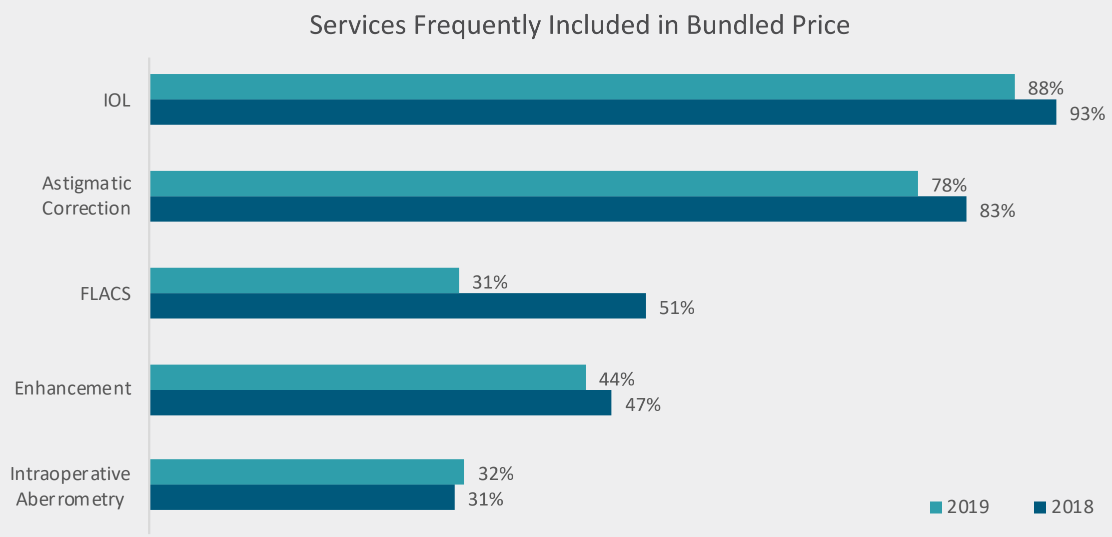


CATARACT SURGERY: PRICE BUNDLING

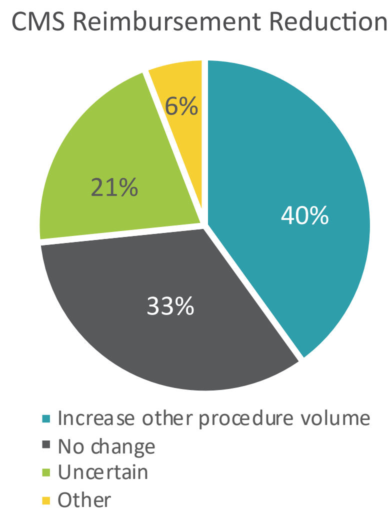
À la carte pricing seems to be trending up in 2019, with nearly half of all respondents utilizing this pricing structure.

Of the providers who offered a bundled price in 2019, 88% included the IOL, 78% included astigmatic correction, 31% included FLACS, 44% included enhancements, and 31% included intraoperative aberrometry.

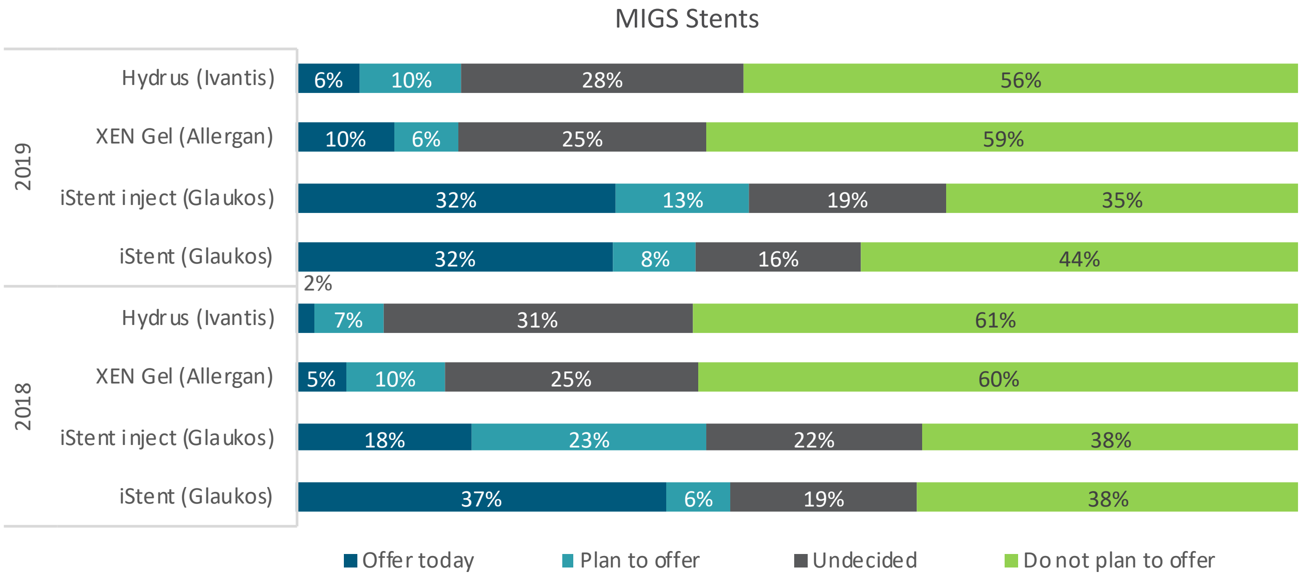




In the second half of 2019, 40% of respondents reported that the reduction in Medicare/Medicaid reimbursements for cataract surgery had helped to increase other procedure volume.



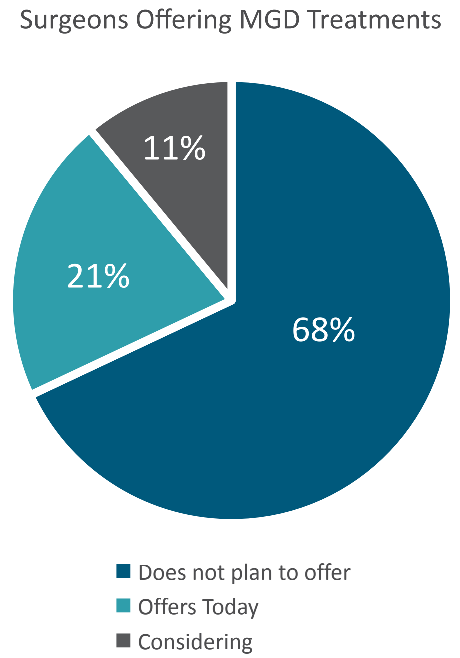
Adoption of MIGS stents is on the rise. In 2019, 16% of respondents offered or planned to offer Hydrus (versus 9% in 2018), 10% offered XEN Gel (versus 5%), and 32% offered iStent inject (versus 18%). We will monitor the impact of Allergan's XEN Gel recall in October 2019 to better understand long-term effects.

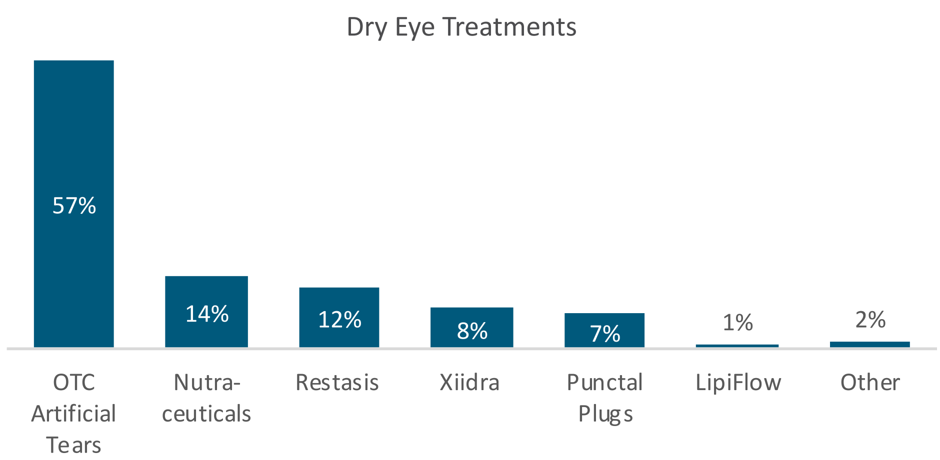


DRY EYE: TECHNOLOGY ADOPTION

In 2019, 79% of cataract surgeons did not actively offer treatments for MGD – the leading cause of dry eye disease.

Of those who did offer treatments, 57% relied upon OTC artificial tears to alleviate symptoms, 20% utilized prescription anti-inflammatory lubricants (Restasis or Xiidra), and very few offered in-practice treatments or procedures such as punctal plugs, LipiFlow, IPL, or BlephEx.





As dry eye is a contraindication before refractive and cataract surgeries as well as a common condition post-op, it will be interesting to see if surgeons treat it more aggressively in the future.

We appreciate your feedback at any time regarding survey questions, results, methods, and more. Please address any comments or questions to Tony Ingenito, Director of Operations, at tony@market-scope.com or 314-400-7652. No part of this document may be reproduced without written permission from Market Scope. Market Scope takes due care to report information from sources believed to be reliable. However, no liability is assumed for information contained in this report.

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