

National Highlights

2000 AOA Third Party/Managed Care Survey¹

1. Third Party Practice Profiles. Optometrists were asked to estimate the percentage of their patients in 1999 sponsored (covered) by, and the percentage of their practice revenue coming from, various third-party and managed care sources. The “typical” OD patient profile consisted of 43.5 percent of patients covered by private plans and 25.2 percent covered by public health plans (e.g., Medicare, Medicaid, other government programs). Nearly 39 percent of patients in the typical practice were in private and public managed care plans (e.g., health maintenance or preferred provider organizations, including VSP). A third (31.2 percent) of patients had no third party coverage for OD services.

Revenue from private plans accounted for 35.9 percent of total revenue; from public plans: 20.7 percent. Out-of-pocket payments (including cost-sharing amounts from patients covered by third-parties) represented 43.4 percent of total revenue. Revenue from all managed care type plans (HMOs, PPOs, including VSP) was a third (31.0 percent) of total practice revenue.

1. Mean Percent Patients Covered By and Practice Revenue from Third-Party Sources, 1999

Source	Patients Covered By	Practice Revenue From
VSP	18.3%	15.7%
PPOs (other than VSP)	8.5%	7.0%
HMOs (private sector)	8.6%	6.1%
Other private plans (incl. discount vision plans)	8.1%	7.1%
Medicare HMOs	3.3%	2.2%
Medicare (fee-for-service)	14.4%	12.2%
Medicaid	6.5%	5.2%
Other government plans	1.0%	1.1%
No 3rd party coverage	31.2%	-----
Patient out-of-pocket payments	-----	43.4%
Total	100.0%	100.0%

¹Responses are for calendar year 1999. A stratified sample consisting of 4,000 AOA members, drawn in equal proportions from each state, was sent this survey. Because of the survey topic, optometrists in the armed services or employed by government, retirees, students and those in full-time academic positions were not included in the survey sample. The response rate was 29.9 percent (n=1034).

Increased participation in managed care has yielded higher patient volumes for most optometrists, but has enhanced gross income only for about 2 out of 5 ODs (41.7 percent). One in four optometrists (25.4 percent) reported improved net income from managed care in 1999.

2. Managed Care Patient Volume, Gross and Net Income, 1993-1999

Category	ODs 1993	ODs 1997	ODs 1999
Patient volume increased	54.8%	64.0%	62.6%
Gross income increased	40.7%	42.1%	41.7%
Net income increased	28.7%	22.8%	25.4%

2. Health Plan Participation. Optometrists participated in a variety of managed care and other medical/health plans and vision/optical plans during 1999. But only 8.8 percent indicated they were in a practice that participated in at least one prepaid capitated program (i.e., accepted a per member per month payment)--about the same as for 1997. One in three (32.9 percent) reported being denied panel status access to patients for a medical/health or vision/optical plan during the year. In addition, 7.7 percent reported that they were involuntarily dropped (deselected) from any medical/health or vision/optical plan in 1999.

3. OD Participation in Health Plans, 1999

Category	Medical/Health Mean # Plans	Vision/Optical Mean # Plans
HMOs	4.1	3.6
PPOs	5.4	4.9
Other plans	7.4	7.2

3. OD Managed Care Services. Optometrists who care for patients in HMOs and PPOs furnished an extensive list of covered optometric services during 1999. Virtually all ODs (95.1 percent) provided routine eye examinations and most provided contact lens services (89.3 percent) and dispensed eyewear (87.2 percent) to managed care patients. Optometrists also scored important gains in making direct referrals to specialists. In 1999, 84.4 percent of reporting ODs reported that they could now make direct referrals to specialists up from 78.1 percent in 1997 and 75.8 percent in 1993. Three of every five respondents described co-management of refractive surgical patients under managed care. Two of every three co-managed cataract surgical patients. Nearly seven of ten ODs (65.9 percent) in states that allow treatment of glaucoma provide glaucoma services to managed care patients.

4. Optometric Services Furnished to HMO/PPO Patients, 1993-1999

OD Services Furnished	1993	1997	1999
Routine eye exams	95.3%	95.6%	95.1%
Eyewear dispensing	81.3%	79.3%	87.2%
Direct referral to specialists	75.8%	78.1%	84.4%
Treatment of glaucoma*	n/a	n/a	65.9%
Vision therapy	18.6%	12.0%	15.4%
Gatekeeper for all eye care	37.7%	31.8%	35.3%
Contact lenses	84.3%	85.5%	89.3%
Co-manage refractive surg.	n/a	n/a	60.5%
Co-manage cataract surg.	n/a	n/a	66.5%

* if applicable in respondent's state

** n/a=not available

4. **Discounting.** In 1999, nearly half of all patients received fee discounts for eye examinations, up significantly compared with previous years. The average discount for eye examinations rose only slightly to 22.7 percent. More patients (39.9 percent) also received fee discounts for frames and lenses; these discounts averaged 25.5 percent. The percentage of patients receiving discounts for contact lens services also increased markedly in 1999, reaching 22.7 percent versus 15.1 percent in 1997. The average discount for contact lenses was 18.3 percent.

5. Examination, Frames/Lens and Contact Lens Discounts, Mean Percent, 1993-1999

Service	% Patients w/Discounts			% Average Discount		
	1993	1997	1999	1993	1997	1999
Examinations	32.1	37.9	48.4	19.3	21.5	22.7
Frames/lenses	24.9	31.4	39.9	23.6	25.9	25.5
Contact lenses	17.1	15.1	22.7	18.3	15.4	18.3

5. **Prescriptions Filled Elsewhere.** Results from the survey indicate that the mean percentage spectacle prescriptions taken elsewhere for filling was 11.5 percent (median 8 percent) and 9.1 percent for contact lenses (median 5 percent). These percentages that have remained relatively constant over the last several years.

6. **Medicare.** During 1999, nearly all optometrists (97.1 percent) saw Medicare patients in

their offices. Most of the optometrists (88.3 percent), who treated Medicare patients, were participating physicians, i.e., they accepted payment assignment in all cases. Some 7.3 percent accepted assignment on a case-by-case basis, while 4.4 percent reported they never took assignment. Only 2.9 percent of surveyed ODs treated no Medicare patients at all.

7. **Medicaid.** Seven of 10 optometrists (71.3 percent) provided Medicaid eligible patients with eye examinations in 1999. Six out of 10 (62.8 percent) also reported providing eyeglasses to those covered by the Medicaid program.

8. **Practice Area Characteristics.** Nearly half (47.2 percent) of the optometrists characterized their practice area in 1999 as suburban; 23.2 percent as urban; and 29.6 percent as rural. ODs estimated the population in their practice draw areas as follows:

6. OD-Estimated Size of Practice Draw Area

Size of Draw Area	Under 25,000	25,000-100,000	100,000-250,000	Over 250,000
Percent ODs	19.6%	43.7%	21.0%	15.7%

9. **Years in Practice.** Of those responding to the 2000 AOA Third Party/Managed Care Survey, 93.5 percent were male and 6.5 percent female. Nearly nine of ten of all optometrists (87.9 percent) identified themselves as part of a private practice setting; the remaining 12.1 percent reported they were in some type of corporate practice setting. Half of all reporting ODs were in practice 23 years or more during 1999. The mean number of years in practice for all optometrists was 25.

7. Years in Practice, 5-Year Intervals. All ODs and by Gender 1999

Years in Practice	% All ODs	% All Males	% All Females
5 years or less	0.1	0.1	0
6 to 10 years	0.7	0.4	3.1
11 to 15 years	7.6	6.9	14.1
16-20 years	28.5	26.5	54.7
21 to 25 years	25.2	25.9	14.1
26 to 30 years	16.1	16.2	9.4
31 to 35 years	9.2	9.9	1.6
36 to 40 years	5.7	6.3	0
41 or more years	7.1	7.7	3.1

10. **Type of Practice.** Most responding optometrists (93.2 percent) designated themselves as

self-employed, while fewer than one in ten (6.8 percent) reported they were employed by others. Three-fourths of the ODs were in solo practice or in 2-member partnerships or groups. The percentage of responding ODs in solo practice (56.3 percent) was about the same as that reported in the 1998 AOA Third Party/Managed Care Survey (53.1 percent).

8. Primary Practice Type, 1999

Self-Employed	Percent
Solo	56.3
Partnership or group (2-person)	18.5
Partnership or group (3-5 persons)	11.2
Partnership or group (6 or more)	2.4
Optical chain franchisee or lessee	3.1
Independent contractor	1.1
Other self-employed	0.6
All Self-Employed	93.2

Employed by	Percent
Optometrist(s)	1.0
Ophthalmologist(s)	1.7
HMO	1.2
Hosp/clinic/other multi disciplinary	1.7
Optical chain	0.8
Other employed	0.4
All Employed by Others	6.8