

National Highlights

2002 AOA Third Party/Managed Care Survey¹

Third Party Practice Profile. Optometrists were asked to estimate the percentage of their patients in 2001 sponsored (covered) by, and the amount of their practice revenues coming from, various third-party and managed care sources. The “typical” OD patients profile consisted of 45.0 percent of patients covered by private plans and 25.3 percent covered by public health plans (e.g., Medicare, Medicaid, other governmental programs). Nearly 43.8 percent of patients in the typical practice were in private and public managed care plans (e.g., health maintenance, preferred provider organizations, VSP, etc.). Nearly one-third (29.7 percent) of patients had no third party coverage for OD services. Revenue from private plans accounted for 37.3 percent of total revenue; from public plans, 21.8 percent. Out-of-pocket payments (including cost-sharing amounts from patients covered by third-parties) represented 40.9 percent of total revenue. Revenue from all managed care type plans (HMOs, preferred provider plans, VSP, etc.) was a 35.9 percent of total patient revenue, up from 31.0 percent in 1999.

1. Patients Covered by and Revenue from Third Party Sources, Mean Percent, 2001

SOURCE	% PATIENTS	% REVENUE
VSP	21.1	16.9
Other vision plans	6.2	5.4
HMOs (private sector)	5.9	5.0
Other managed care	7.5	6.0
Other private indemnity/discount plans	4.3	4.0
Medicare HMOs	3.1	2.6
Medicare (fee-for-service)	14.0	12.7
Medicaid	7.1	5.5
Other governmental programs	1.1	1.0
No 3 rd party coverage	29.7	-----
Patient out-of-pocket payments	-----	40.9
TOTAL	100.0%	100.0%

¹ Responses are for calendar year 2001. A stratified sample of 4,000 AOA members, drawn in equal proportion 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 23.1 percent (n=885).

Increased participation in managed care yielded higher patient volumes for most optometrists (59.7 percent), but has enhanced gross income only for four of every ten ODs (40.4 percent). One of four optometrists (26.2 percent) reported improved net income from managed care in 2001.

2. Managed Care Patient Volume, Gross and Net Income, 1993-2001

CATEGORY	1993	1997	1999	2001
Volume increased	54.8%	64.0%	62.6%	59.7%
Gross income increased	40.7%	42.1%	41.7%	40.4%
Net income increased	28.7%	22.8%	25.4%	26.2%

Health Plan Participation. Optometrists participated in a variety of managed care and other medical/health plans during 2001. But only 5.8 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). One in three (34.3 percent) reported being denied panel status access to patients for a medical/health or vision/optical plan during the year. In addition, 9.1 percent reported that they were involuntarily dropped (de-selected) from any medical/health or vision/optical plan.

3. OD Participation in Health Plans, 2001

CATEGORY	MEDICAL/HEALTH MEAN # PLANS	VISION/OPTICAL MEAN # PLANS
HMOs	2.5	2.3
PPOs	5.0	3.7
Other plans	7.8	7.5

OD Managed Care Services. Optometrists who care for patients in HMOs and PPOs furnished an extensive list of covered optometric services during 2001. Virtually all ODs (93.6 percent) provided routine eye examinations and most provided contact lens services (87.6 percent) and dispensed eyewear (82.1 percent) to managed care patients. Optometrists also continued to make gains in making direct referrals to specialists. In 2001, 85.5 percent of reporting ODs indicated that they could make direct referrals to specialists up significantly from only 75.8 percent in 1993. Two-thirds (66.4 percent) described co-management of refractive surgical patients under managed care. Nearly seven of ten (68.5 percent) in states that allowed treatment of glaucoma provided glaucoma services to managed care patients.

4. Optometric Services Furnished to HMO/PPO Patients, 1993-2001

SERVICES FURNISHED	1993	1997	1999	2001
Routine eye exams	95.3%	95.6%	95.1%	93.6%
Eyewear dispensing	81.3%	79.3%	87.2%	82.1%
Direct referral to specialists	75.8%	78.1%	84.4%	85.5%
Treatment of glaucoma*	n/a	n/a	65.9%	68.5%
Vision therapy	18.6%	12.0%	15.4%	17.1%
Gatekeeper for all eye care	37.7%	31.8%	35.3%	39.6%
Contact lenses	84.3%	85.5%	89.3%	87.6%
Co-manage refractive surgery	n/a	n/a	60.5%	66.4%
Co-manage cataract surgery	n/a	n/a	66.5%	68.9%

* if applicable in respondent's state

** n/a = not available

Discounting. In 2001, nearly half (47.3 percent) of all patients received discounts for eye examinations. The average discount for eye examinations rose slightly to 23.0 percent. Slightly fewer patients (38.2 percent) also received fee discounts for frames and lenses; these discounts averaged 24.7 percent. The percentage of patients receiving discounts for contact lens services declined to 19.9 percent in 2001 compared with 22.7 percent in 1999. The average discount for contact lenses was also lower to 14.7 percent from 18.3 percent in 1999.

5. Examination, Frames/Lenses and Contact Lens Discounts, Mean Percent, 1993-2001

SERVICE	% PATIENTS WITH DISCOUNTS				% AVERAGE DISCOUNT			
	1993	1997	1999	2001	1993	1997	1999	2001
Examinations	32.1	37.9	48.4	47.3	19.3	21.5	22.7	23.0
Frames/lenses	24.9	31.4	39.9	38.2	23.6	25.9	25.5	24.7
Contact lenses	17.1	15.1	22.7	19.9	18.3	15.4	18.3	14.7

Prescriptions Filled Elsewhere. Results from the survey indicate that the mean percentage of spectacle prescriptions taken elsewhere for filling was 14.0 percent (median 10.0 percent) and 11.3 percent for contact lenses (median 7.0 percent). These percentages have remained relatively constant over the last several years.

Medicare. During 2001, nearly all optometrists (97.0 percent) saw Medicare patients in their offices. Most of the optometrists (86.3 percent), who treated Medicare patients, were participating physicians, i.e., they accepted payment assignment in all cases. Some 9.6 percent accepted assignment on a case-by-case basis, while 4.1 percent reported they never took assignment.

Medicaid. Two-thirds of all optometrists (66.1 percent) provided Medicaid-eligible patients with eye examinations in 2001. Most ODs (59.3 percent) also reported providing eyeglasses to those covered by the Medicaid program.

Practice Area Characteristics. Nearly half (46.0 percent) of the optometrists characterized their practice area in 2001 as suburban; 22.7 percent as urban; and 31.3 percent as rural. ODs estimated the population in their practice draw areas as follows:

6. OD-Estimated Size of Practice Draw Area, 2001

SIZE OF DRAW AREA	UNDER 25,000	25,000- 100,000	100,000- 250,000	OVER 250,000
Percent ODs	18.4%	45.0%	20.4%	16.2%

Gender and Years in Practice. Of those responding to the 2002 AOA Third Party/Managed Care, 90.7 percent were male and 9.3 were female. Half of the reporting ODs were in practice 23 years or more during 2001. The mean (average) number of years in practice was 24.8 years.

Type of Practice. Most responding optometrists (93.6 percent) designated themselves as self-employed, while the remainder (6.4 percent) reported they were employed by others. Most of the ODs were in solo practice (53.3 percent) or in 2-member partnerships or groups (21.9 percent). The percentage of responding ODs in solo practice was slightly lower (by 3 percentage points) than that reported in the 2000 Third Party/Managed Care Survey.
