

## National Highlights

### 2004 AOA Third Party/Managed Care Survey<sup>1</sup>

**Third Party Practice Profile.** Optometrists were asked to estimate the percentage of their patients in 2003 sponsored (covered) by, and the amount of their practice revenue coming from, various third-party and managed care sources. The “typical” OD patient profile consisted of 48.4 percent of patients covered by private plans and 27.5 percent covered by public health plans (e.g., Medicare, Medicaid, other government programs). Nearly 46.9 percent of the patients in the typical practice were in private and public managed care plans (e.g., health maintenance organizations, preferred provider organizations, VSP, etc.). Nearly one-quarter (24.1 percent) of patients had no third-party coverage for OD services. Revenue in 2003 from private plans accounted for 41.3 percent of total revenue; from public plans, 23.7 percent. Out-of-pocket payments (including cost-sharing amounts from patients covered by third-parties) represented 35.0 percent of total revenue. Revenue from all managed care type plans (HMOs, preferred provider plans, VSP, etc.) was 39.5 percent of total patient revenue, up from 35.9 percent in 2001.

#### 1. Patients Covered by and Revenue from Third-Party Sources Mean Percent, 2003

<u>SOURCE</u>	<u>% PATIENTS</u>	<u>%REVENUE</u>
VSP	21.0	17.4
Other self-directed vision plans	6.9	5.7
HMOs (private sector)	8.6	7.4
Other managed care	7.4	6.3
Other private indemnity/discount plans	4.5	4.5
Medicare HMOs	3.0	2.7
Medicare fee-for-service	16.1	14.8
Medicaid	7.2	5.2
Other government plans	1.2	1.0
No 3 <sup>rd</sup> party coverage	24.1	-----
Patient out-of-pocket payments	-----	35.0
TOTAL	100.0 %	100.0%

<sup>1</sup> Responses are for calendar year 2003. A stratified sample of 4,000 AOA members was sent this survey in the summer of 2004. 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 sample. The response rate was 14.0 percent (n=561).

Increased participation in managed care yielded higher patient volumes for most optometrists (56.3 percent), but enhanced gross income only for nearly four of every ten ODs (39.0 percent). One of four optometrists (25.5 percent) reported improved net income from managed care.

## 2. Managed Care Patient Volume, Gross and Net Income, 1993-2003

CATEGORY	1993	1997	1999	2001	2003
Volume increased	54.8%	64.0%	62.6%	59.7%	56.3%
Gross income increased	40.7%	42.1%	41.7%	40.4%	39.0%
Net income increased	28.7%	22.8%	25.4%	26.2%	25.5%

**Health Plan Participation.** Optometrists participated in a variety of managed care and other medical/health plan during 2003. One in three (34.0 percent) reported being denied panel status access to patients for a medical/health or vision/optical plan during the year. In addition, 8.0 percent reported that they were involuntarily dropped (deselected) from any medical/health or vision/optical plan in 2003. Some 10.7 percent of the survey respondents reported that their practices were affiliated with a retail optical company.

## 3. OD Participation in Health Plans, 2003

CATEGORY	MEDICAL/HEALTH Mean # Plans	VISION/OPTICAL Mean # Plans
HMOs	4.4	3.8
Preferred provider organ.	5.8	4.5
Other plans	9.5	5.7

**OD Managed Care Services.** Optometrists who care for patients in HMOs and preferred provider organizations furnished an extensive list of covered optometric services during 2003. While virtually all ODs provided routine eye examinations, most (85.7 percent) also provided contact lens services and dispensed eyewear (81.6 percent) to managed care patients. Optometrists also continued to make gains in making direct referrals to specialists for medical/surgical systemic conditions. In 2003, 85.0 percent reported they could make direct referrals to specialists, up from 75.8 percent a decade earlier in 1993. Some 40.7 percent served as gatekeepers for all eye care in managed care plans during 2003. Nearly three-quarters of ODs (71.3 percent) in states that allowed treatment of glaucoma provided such services to managed care patients. Two-thirds of survey respondents (66.5 percent) described co-management of refractive surgical patients and 68.8 percent were involved in co-management of cataract surgical care patients in managed care programs. The number of ODs furnishing vision therapy services in 2003 increased to one in five (19.2 percent).

#### 4. Optometric Services Furnished to Managed Care Patients, 1993-2003

SERVICES FURNISHED	1993	1997	1999	2001	2003
Eyewear dispensing	81.3%	79.3%	87.2%	82.1%	81.6%
Direct referral to specialists	75.8%	78.1%	84.4%	85.5%	85.0%
Treatment of glaucoma*	n/a	n/a	65.9%	68.5%	71.3%
Vision therapy	18.6%	12.0%	15.4%	17.1%	19.2%
Gatekeeper for all eye care	37.7%	31.8%	35.3%	39.6%	40.7%
Contact lens services	84.3%	85.5%	89.3%	87.6%	85.7%
Co-manage refractive surg.	n/a	n/a	60.5%	66.4%	66.5%
Co-manage cataract surg.	n/a	n/a	66.5%	68.9%	68.8%

\* if applicable in respondent's state

\* n/a = not available

**Discounting.** In 2003, half (51.3 percent) of all patients received discounts for eye examinations. The average discount for eye examinations rose slightly to 24.5 percent. Slightly fewer patients (41.3 percent) received fee discounts for frames and lenses; these discounts averaged 25.7 percent. The percentage of patients receiving discounts for contact lens services increased to 23.2 percent. The average discount for contact lens services also increased to 15.7 percent in 2003.

#### 5. Examination, Frames/Lenses and Contact Lens Service Discounts, Mean Percent, 1993-2003

SERVICES	% PATIENTS DISCOUNTS					% AVERAGE DISCOUNT				
	1993	1997	1999	2001	2003	1993	1997	1999	2001	2003
Examinations	32.1	37.9	48.4	47.3	51.3	19.3	21.5	22.7	23.0	24.5
Frames/lenses	24.9	31.4	39.9	38.2	41.3	23.6	25.9	25.5	24.7	25.7
Contact lenses	17.1	15.1	22.7	19.9	23.2	18.3	15.4	18.3	14.7	15.7

**Medicare.** During 2003, nearly all optometrists (95.8 percent) saw Medicare patients in their offices. Most of the optometrists (89.1 percent), who treated Medicare patients, were participating physicians, i.e., they accepted payment assignment in all cases. Some 5.7 percent accepted assignment on a case-by-case basis, while 5.2 percent reported they never accepted assignment.

**Medicaid.** More than two-thirds of responding optometrists (70.2 percent) provided Medicaid-eligible patients with eye examinations in 2003. Most ODs (59.7 percent) reported providing eyeglasses to those covered by Medicaid. Another (65.7 percent) provided medical eye care to Medicaid patients.

**Practice characteristics.** Nearly half (48.4 percent) of the optometrists described their practice area in 2003 as suburban; 19.7 percent as urban; and 31.9 percent as rural. ODs estimated that the population of their practice draw areas was as follows:

**6. OD Estimated Size of Practice Draw Area, 2003**

<b>SIZE OF DRAW AREA</b>	<b>UNDER 25,000</b>	<b>25-000– 100,000</b>	<b>100,000- 250,000</b>	<b>OVER 250,000</b>
<b>Percent ODs</b>	<b>21.5 %</b>	<b>40.8 %</b>	<b>21.5 %</b>	<b>16.2 %</b>

**Gender and years in practice.** Of those responding to the 2004 AOA Third Party/Managed Care Survey, 86.3 percent were male and 13.7 percent were female. Half the reporting ODs were in practice 23.0 years or more during 2003. The mean (average) number of respondent years in practice was 24.2 years.

**Type of practice.** Most responding optometrists (90.9 percent) designated themselves as self-employed, while the remainder (9.1 percent) were in the employ of others. Most of the optometrists (47.2 percent) were in solo practice or in 2-member partnerships or groups (24.2 percent). The percentage of responding ODs in solo practice was sharply lower (by 6.1 percentage points) than that reported (53.3 percent) in the 2002 Third Party/Managed Care Survey.

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