POSITION STATEMENT

Remuneration for sustainable primary eye care

Position statement key points

- Remuneration arrangements for optometry should be centred on the delivery of clinical services.
- Optometrists should be afforded the right to set their own fees under Medicare to reflect the true cost of primary eye-care services, as is the case for other health-care providers.
- A viable Optometric Medicare Benefits Schedule is essential to support the sustainable delivery of primary eye care.

Optometry Australia position

Optometry Australia calls on the Australian Government to:

- Honor the commitment to remove the 'cap' on fees that optometrists can charge under Medicare by 1 January 2015
- Apply annual indexation of the MBS using CPI as an appropriate index to more closely reflect the true cost of providing optometric care
- Preserve the existing 85 per cent Medicare rebate for optometric services to ensure all patients are encouraged to access primary eye care in a timely manner and
- Increase DVA fees for optometric services to 115 per cent of the MBS (as is the case for medical services), to account for the additional level of complexity commonly encountered during the provision of primary eye care to veterans.

Background

In the absence of further revisions to the Optometric Medicare Benefits Schedule (OMBS), Optometry Australia is concerned for the sustainability of primary eye care for all Australians. Vision problems and eye disease are among the most common health complaints within Australia with just over 10 million Australians reporting a long-term eye condition.[1] Estimates suggest the total economic cost of vision loss to Australian society is approximately $16.6 billion annually.[2]

Including optometry in Medicare since 1975 has provided the community with timely access to high-quality primary eye care, evidenced by the fact optometrists deliver approximately 75 per cent of all primary eye examinations nationally. Like most areas of health care, optometry has evolved significantly over the past 30 years; including advances in clinical scope of practice, diagnostic technology and equipment, and the establishment of systematic linkages with other health-care providers, all for the benefit of patient care. Remuneration arrangements for optometrists have not kept pace with these developments, as shown by the growing disparity between the cost of providing primary eye care and the capacity to acquire fair remuneration for services.

Demographic and social factors such as an ageing population, rising prevalence of chronic diseases that directly affect the eyes (e.g. diabetes) and growing community expectation for rapid access to health care all impact on the demand for primary eye care and require a sustainable and flexible optometry sector.[2]

In the 2014-2015 Federal Budget the Australian Government announced a number of measures directly relating to the application of the OMBS, including a commitment to remove the cap on fees that optometrists can charge under Medicare. Although the government's commitment to remove the cap on fees under Medicare by 1 January 2015 is a significant step forward in ensuring the long-term viability of the profession, other measures arising from the Federal Budget, particularly the reduction to the Medicare rebate for optometric services and the continued freeze on OMBS indexation, threaten the sustainable provision of optometry services and patient access to primary eye care.

[1] AIHW 2004-05. National Health Survey 2004/05 – Eye Health Facts. Canberra: AIHW

Remuneration arrangements should be centred on the delivery of clinical services

For many optometrists, the ability to receive fair remuneration and remain viable is heavily reliant upon the selling of prescription optical appliances (i.e. prescription glasses and contact lenses). Most optometric practices could not viably operate without this cross-subsidisation, a situation that potentially devalues optometric clinical care. While the provision of optical appliances is an important component of care for patients with eye focusing problems, to ensure quality, full scope of optometric care,[*] optometrists must have the capacity to receive fair income from the provision of clinical services, independent of patient need for an optical appliance.

In recent times, there has been a trend away from patients filling prescriptions in-practice as increasing numbers of patients seek the least expensive option, including purchasing prescription lenses from online vendors at low cost, further compromising optometrists' ability to earn an equitable income. As a registered health-care practitioner, it is difficult to justify the expectation on optometrists to supplement a large proportion of their income through the selling of prescription eyewear, particularly in a rapidly increasing market for optical appliances.

With an ageing population, more patients will require ready access to primary eye care for the early detection and management of conditions that do not involve the prescription of optical appliances, conditions such as macular degeneration, glaucoma and diabetic retinopathy, further justifying the need for a remuneration model that has the provision of clinical care at its core.

Rising costs of primary eye care

Rapid innovations in optometric equipment that benefit patient care such as optical coherence tomography (OCT), have seen practice costs continue to rise. With the exception of dentistry, optometric equipment costs are higher than those of most other health professions. Based on previous discussions conducted by Optometry Australia with three major optometry equipment suppliers, the estimated average equipment cost per practice is $372,000.[4] In addition to costly medical equipment, clinical information systems that facilitate better patient care and co-ordination are also expensive to implement. For example, the cost of establishing compatible clinical information software (without government assistance) has been identified by many

*As described by the relevant standards, guidelines and codes which regulate the requirements for optometric practice in Australia.

[4] Equipment supplier consultation, (not published).

optometrists as a key barrier to participating in the Personally Controlled Electronic Health Record (PCEHR).[5]

Removal of the cap on fees under the OMBS

Optometry Australia welcomes the Australian Government's commitment to remove the cap on fees that can be charged under Medicare by 1 January 2015 and seeks to ensure it is honoured as soon as practical. Until the Medicare fee cap is removed, optometrists cannot determine their own fee structures based on the real costs of providing quality clinical services. Optometry Australia believes optometrists must be allowed to set their own fees in order to obtain fair remuneration for the clinical services they provide. The ability to set their own fees under Medicare will also assist optometrists to deliver care in line with their full scope of clinical practice. For example, the full MBS fee for a comprehensive eye assessment (MBS item 10900) is currently set at $71.00, independent of the unique care requirements of each patient (e.g. a comprehensive examination may last for 16 minutes for one patient but 40 minutes for another, depending on their clinical needs). The *Health Insurance Act 1973* stipulates that Medicare benefits are payable only for professional services that are considered 'clinically relevant'. As the clinical needs of each patient are different, optometrists should have the ability to provide a comprehensive eye assessment that is clinically relevant to each individual patient, and be remunerated accordingly. Effectively, fees for optometric services must reflect the true cost of providing care.

Removing the cap on fees is also an issue of health-care provider equity. Removal of the fee cap will allow optometrists the freedom to seek fair remuneration for their services, in the same manner as any other health professional participating in Medicare is able to do.

Optometry Australia calls on the government to ensure its commitment to remove the cap on fees that optometrists can charge under the OMBS is honoured, affording optometrists the same right as other health-care providers to earn fair remuneration consistent with the clinical care they provide.

[5] OAA-Australian Medicare Locals Alliance. 2013. Survey: eHealth readiness among optometric practices. (Unpublished)

Optometry Australia
204 Drummond Street Carlton VIC 3053 | 03 9668 8500 | Fax 03 9663 7478
PO Box 185 Carlton South VIC 3053 | optometryaustralia@optometry.org.au | www.optometry.org.au

OPTOMETRISTS ASSOCIATION AUSTRALIA ABN 17 004 622 431 TRADING AS OPTOMETRY AUSTRALIA

A viable Optometric Medicare Benefits Schedule

Optometry Australia believes there are essential parameters of the OMBS that should remain sacrosanct as they help to ensure the sustainability of primary eye care for all Australians. These essential parameters are:

- Continued optometric coverage under Medicare
- Annual indexation of the OMBS aligned to relevant market indices and
- A fair and viable OMBS rebate to support access.

Continuation of optometry under Medicare

Medicare coverage for optometric care has been to the benefit of all Australians. A previous analysis has demonstrated that including optometry in Medicare is a highly cost-effective way to provide essential primary eye care to the community.

Any move to limit Medicare coverage of optometry services would be likely to reduce patient access to primary eye care, resulting in poorer eye health outcomes. Notwithstanding the need for further revisions to the OMBS, Optometry Australia recognises the continuation of optometry in Medicare will benefit all Australians.

Indexation of the OMBS aligned to relevant market indices

Indexation of the OMBS has consistently not kept pace with the Consumer Price Index (CPI), as shown by the comparative analysis outlined in Table 1. Since the mid-1990s, indexation has been aligned to a specific wage cost index that does not reflect the true cost of providing clinical care, such as adopting and upgrading the necessary technology to improve patient outcomes. This means the amount optometrists are able to charge for their services has been decreasing year after year, in real terms. The impact of this cost discrepancy falls on optometry practices, the majority of which are small, private practices (as well as many franchises that operate as a small business). While the inadequacy of indexation impacts on services provided by all health professionals participating in Medicare, it particularly affects optometrists as they have been unable to charge above the fee determined by government under Medicare. CPI is widely regarded as a market index that more closely reflects the cost of providing clinical services across many areas of health care, not just optometry.[6]

[6] Royal Australian College of General Practitioners, Delayed freeze on MBS indexation slashes $664.4 million away from primary healthcare services, media release, 14 May 2013.

The fee for the most common optometry item under the OMBS, item 10900, in 2013 was $71.00. If appropriate indexation had been applied using CPI (as per Table 1), the estimated actual fee would attract $12.60 more than that currently paid under the MBS. The continued freeze on indexation, as flagged by the Australian Government in the 2014-2015 Federal Budget, will serve only to devalue the cost of optometric care even further, placing more pressure on optometrists and ultimately threatening the sustainability of the primary eye-care system.

Optometry Australia calls on the government to apply annual indexation to the OMBS using CPI to reflect the real cost of providing primary eye care.

Table 1. Actual indexation versus CPI indexation of the OMBS (item no.10900)

Year	*10900 Schedule fee*	*Actual Medicare indexation rate*	*CPI (Dec. quarter to Dec. quarter)*	*Fee if CPI used as indexation rate*
1998	$53.40	-	1.60%	$53.40
1999	$54.20	1.50%	1.80%	$54.40
2000	$54.85	1.20%	5.80%	$57.50
2001	$56.15	2.40%	3.10%	$59.30
2002	$57.55	2.50%	3.00%	$61.10
2003	$59.00	2.50%	2.40%	$62.50
2004	$60.25	2.10%	2.60%	$64.20
2005	$61.45	2.00%	2.80%	$66.00
2006	$62.75	2.10%	3.30%	$68.10
2007	$64.15	2.20%	3.00%	$70.20
2008	$65.65	2.30%	3.70%	$72.80
2009	$67.15	2.30%	2.10%	$74.30
2010	$68.35	1.8%%	2.70%	$76.30
2011	$69.70	2.0%	3.10%	$78.70
2012	$71.00	1.9%	2.20%	$80.40
2013*	$71.00	0.0%	2.70%	$82.60

Source: Optometric MBS and ABS catalogue 6401.0 Consumer Price Index

*The Australian Government has frozen indexation of the OMBS from November 2013 until July 2016.

A fair and viable Medicare rebate for optometry

In the 2014-2015 Federal Budget, the Australian Government announced an intended five per cent cut to the Medicare rebate for optometric services, effective 1 January 2015. To ensure sustainable provision and access to primary eye care across all regions, Optometry Australia supports a fair and viable optometric Medicare rebate and believes the existing 85 per cent rebate must be preserved. Preserving the 85 per cent Medicare rebate would help many optometrists to continue to bulk-bill those patients for whom an out-of-pocket cost compromises timely access to primary eye care. Despite the best intentions of practices that regularly bulk-bill patients who cannot afford out-of-pocket costs, a reduction in the Medicare rebate will threaten the long-term viability of bulk-billing and of many practices that provide high volumes of care to patients from low socio-economic backgrounds, as they will be forced to absorb the five per cent cut to the Medicare rebate. Reducing the Medicare rebate for optometric services is also out of step with the arrangements of other health-care providers participating in Medicare, such as the general practice rebate that is currently set at 100 per cent of the schedule fee.

Optometry Australia calls on the government to preserve the 85 per cent Medicare rebate for optometry services to ensure all patients are encouraged to access primary eye care in a timely manner and support optometrists to continue bulk-billing where necessary.

Increase the DVA fees for optometric services to 115 per cent of the OMBS

As the prevalence of low vision and eye disease rises sharply with increasing age, optometry is considered an important and essential component of health care for veterans, evidenced by the fact that optometrists see more than 100,000 veterans each year. At present, the Department of Veterans' Affairs fee schedule for optometrist consultations is set at 100 per cent of the OMBS.[7] Veterans often have more complex eye-care needs arising from the multiple co-morbidities compared with the broader community and therefore, regularly require more time and resources from their optometrist. The additional time and resources required are duly recognised by the DVA schedule for medical services, where a DVA item is set at 115 per cent of the corresponding MBS item. There is no clinical basis for optometry to be considered any differently from medical services in the context of treating veterans.

Using the 2013 OMBS as a reference, Optometry Australia calls on the government to account for the additional level of care commonly provided to veterans by increasing the DVA fees for optometric services to 115 per cent of the OMBS.

[7] Department of Veterans Affairs. Optometrist Fees for Consultations. November 2012

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204 Drummond Street Carlton VIC 3053 | 03 9668 8500 | Fax 03 9663 7478
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