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Effects of deinsurance on Alberta optometrists

Abstract

In January of 1995, basic vision examinations for patients aged 19 to 64 became deinsured in the province of Alberta. This deinsurance was the result of an effort by the Alberta Health Care Plan to cut back on escalating health care costs. The purpose of this thesis is to study the effects of deinsurance on Alberta optometrists. A survey (Appendix A) was mailed to all practicing optometrists in the province of Alberta one year post deinsurance. The effects of deinsurance were based on income and patient numbers, as well as opinions of whether optometrists would choose to be reinsured under Alberta Health Care. Results indicate that both income and patient numbers decreased one year after deinsurance but despite this, the majority of optometrists stated that they would not choose to return to being insured under Alberta Health Care.

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EFFECTS OF DEINSURANCE ON ALBERTA OPTOMETRISTS

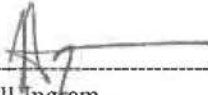
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KATHLEEN MURRAY

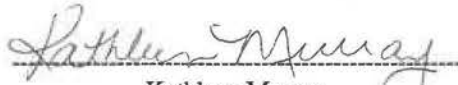
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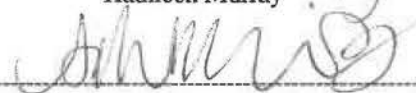
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BIOGRAPHIES

Jill Ingram is a 1997 graduate of Pacific University College of Optometry. She did her undergraduate studies at University of Alberta where she received her degree of Bachelor of Commerce. Upon graduation, Jill is planning on practicing optometry in the Phoenix metropolitan area. Eventually, she plans on returning to her home province of Alberta with hopes of opening her own private practice. Jill enjoys many outdoor recreational activities and conventional sports.

Kathleen Murray is a 1997 graduate of Pacific University College of Optometry. She received her undergraduate degree of Bachelor of Science with a major in psychology from the University of Alberta. She is originally from Drumheller, Alberta and plans to return there to practice optometry immediately after graduation. Kathleen enjoys many of the arts and takes pleasure in reading.

ABSTRACT

In January of 1995, basic vision examinations for patients aged 19 to 64 became deinsured in the province of Alberta. This deinsurance was the result of an effort by the Alberta Health Care Plan to cut back on escalating health care costs. The purpose of this thesis is to study the effects of deinsurance on Alberta optometrists. A survey (Appendix A) was mailed to all practicing optometrists in the province of Alberta one year post deinsurance. The effects of deinsurance were based on income and patient numbers, as well as opinions of whether optometrists would choose to be reinsured under Alberta Health Care. Results indicate that both income and patient numbers decreased one year after deinsurance but despite this, the majority of optometrists stated that they would not choose to return to being insured under Alberta Health Care.

INTRODUCTION

Canada's health care system has long been considered a model for countries all over the world. However in the early 1990's escalating health care costs and public concern over national and provincial deficits resulted in a wave of cutbacks in health care coverage. Optometry was first affected in Newfoundland in 1991 when coverage for optometric services was severed. Over the next few years optometric services were partially or completely deinsured in British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, and Nova Scotia. On January 1, 1995, Alberta Health Care Insurance Plan joined the ranks and deinsured basic vision examinations for patients aged 19 to 64.

In 1995, the Canadian Association of Optometrists (CAO) conducted a five part national survey of optometry. The survey was entitled, "Optometry in Canada: The 1995 National Survey and was published in the Canadian Journal of Optometry (CJO). Part five of the survey, published in the Autumn edition (Vol 57(3)) of the CJO, focused on the effects of deinsurance of optometric coverage and optometrists' opinions of deinsurance. One quarter of CAO members favored partial deinsurance even though CAO's official stand had been that deinsurance was "bad". Respondents who supported deinsurance felt there was freedom in setting fees, reduced government regulation and control and reduced health care costs. A major concern expressed through the survey was the need for an "even playing field" between ophthalmologists and optometrists.

The authors were particularly interested in the effects of deinsurance in their home province of Alberta. The results of the 1995 National Survey of Optometry had revealed that deinsurance was not always considered a negative and that optometrists in Alberta may not be pining for "the good ol' days" under the Alberta Health Care Insurance Plan. The authors wanted to know if optometrists in Alberta had seen a decrease in patient numbers and revenue and if, given the choice, they would return to coverage under the provincial health plan.

METHODS

Subjects

All optometrists practicing within the province of Alberta were eligible to participate in this study. No limitations were set as to number of years practicing, mode of practice, or any other such restrictions. A complete listing of all current optometrists practicing in the province of Alberta was obtained from the Alberta Optometric Association. Surveys were then sent to each optometrist with a self addressed return envelope. In total, 248 surveys were sent out, with 116 returned, showing a response rate of 47%.

Survey Compilation

The survey was constructed in a format to increase the simplicity of filling out the responses in order to obtain a high response rate. Eight questions were asked with corresponding answers that simply required the optometrists to check off the most appropriate answer. An additional page was included that allowed space for any additional comments the optometrists may have regarding the deinsurance issue.

In order to determine the effects of deinsurance, numbers from the year preceding the implementation of the deinsurance policy were compared to numbers one year post-deinsurance. Thus, in both the areas of patient numbers and income levels, a comparison between 1994 and 1995 levels was made.

The effect of deinsurance was determined regarding three main areas. The first of these was the effect on income. Since the survey included every optometrist practicing in Alberta, practice income levels were not asked since this would disclude all those optometrists who were in an associate or employee relationship. Therefore, the income numbers were based on the individual optometrist's personal income as stated by line 150 on their personal tax statement. The results consisted of three questions on the survey. The first of

these was an estimation of their gross personal income in the 1994 fiscal year. The optometrist had a series of answers to choose from which ranged from less than \$50, 000 to \$200, 000 or more and occurred in \$10, 000 increments. The next question then asked them to compare their income from the 1995 fiscal year to the 1994 levels. They were given the choice of increase, decrease, or no change. The final question asked by what amount their 1995 income had changed and the answers ranged from \$5000 to more than \$50, 000 and occurred in \$5000 increments.

The second area of interest was the effect deinsurance had on patient numbers within the practices. Since exact numbers would likely be difficult for each optometrist to obtain, each doctor was simply asked for estimations. The first question asked the optometrist to compare patient numbers in 1995 to 1994 and determine if they had either increased, decreased, or stayed the same. The second question then asked the optometrist to estimate the change in patient numbers and the answers ranged from 10% to more than 50% and occurred in 10% increments.

The final subject of interest was to determine if Alberta optometrists, if given the opportunity, would wish to be reinsured. One question on the survey addressed this topic by asking the optometrist if he/she would choose to be insured under the Alberta Health Care Insurance Plan. The answer was a simple yes or no response.

Two other questions were asked on the survey that provided little relevant information for the purposes of this thesis but were mainly for the authors' own interest. One question asked how many years the optometrist had been in practice and another asked what mode of practice the optometrist operated within. Neither question had any relevance to the effects that deinsurance had on the practice of optometry and no further discussion will be pursued in these areas.

Data Analysis

To determine the effects of deinsurance on income levels, a straight percentage was calculated by dividing the income change amount (question 5 in Appendix A) by the 1994 gross personal income amount (question 3 in Appendix A). From this, the percentage increase, decrease and no change amounts were obtained. The increases and decreases were then categorized in table form from less than 10% to greater than 35% occurring in 5% increments. No calculations were required to determine effects on patient numbers as the percentages were obtained directly from the survey (question 7 in Appendix A) to obtain percentage increase, decrease and no change amounts. Tables were then constructed to categorize the increases and decreases from 10% to greater than 50% occurring in 10% increments. To determine whether optometrists would choose to be reinsured, the yes and no responses were totaled and then divided by the total number of responses to obtain a percentage value. No statistical analysis was required since the authors were not attempting to determine a relationship between any of these variables.

RESULTS

Income

Income levels, as an average, in 1995 as compared to those in 1994 declined overall. As shown in Table 1, 67% reported a decrease, 13% reported an increase, and 20% reported no change in income levels as a result of deinsurance. This overall was further broken down to determine the amounts by which income had declined as a result of deinsurance and these values can be seen in Table 2. As can be determined from this table, the average decrease in income was approximately 20-24% and the median was 15-19%. The responses of income increases were broken down into ranges which are shown in Table 3. It can be deducted from this table that the average increase in income was 15-19% and the median increase was less than 10%.

Table 1: Effect on Income Levels

| | GROSS | PERCENTAGE |
|-----------|-------|------------|
| DECREASE | 74 | 67% |
| INCREASE | 14 | 13% |
| NO CHANGE | 22 | 20% |

Table 2: Breakdown of Decrease in Income Into Percentage Ranges

| | GROSS | PERCENTAGE |
|---------|-------|------------|
| <10% | 8 | 11% |
| 10-14% | 6 | 8% |
| 15-19% | 18 | 24% |
| 20-24% | 13 | 18% |
| 25-29% | 14 | 19% |
| 30-35% | 6 | 8% |
| >35% | 8 | 11% |
| UNKNOWN | 1 | 1% |

Table 3: Breakdown of Increase in Income Into Percentage Ranges

| | GROSS | PERCENTAGE |
|---------|-------|------------|
| <10% | 4 | 29% |
| 10-14% | 3 | 21% |
| 15-19% | 2 | 14% |
| 20-24% | 1 | 7% |
| 25-29% | 3 | 21% |
| 30-35% | 0 | 0% |
| >35% | 1 | 7% |
| UNKNOWN | 0 | 0% |

Patient Numbers

Overall, patient numbers decisively declined in 1995 as a result of deinsurance of optometry services. As shown in Table 4, 84% of optometrist reported a decline, 6% reported an actual increase, and 10% reported no change in patient numbers following deinsurance. This definitive decrease was further broken down into percentages of decrease and these results can be seen in Table 5. From this one can determine that the average decrease in patient numbers was approximately 20% and the median decrease was also 20%. Of those optometrists that reported an increase in patient numbers, it can be deducted from Table 6 that the average increase was 18% and the median increase was 10%.

Table 4: Effect on Patient Numbers

| | GROSS | PERCENTAGE |
|-----------|-------|------------|
| INCREASE | 92 | 84% |
| DECREASE | 7 | 6% |
| NO CHANGE | 11 | 10% |

Table 5: Breakdown of Decrease in Patient Numbers Into Percentage Ranges

| | GROSS | PERCENTAGE |
|---------|-------|------------|
| 10% | 23 | 25% |
| 20% | 43 | 47% |
| 30% | 20 | 22% |
| 40% | 4 | 4% |
| 50% | 0 | 0% |
| >50% | 0 | 0% |
| UNKNOWN | 2 | 2% |

Table 6: Breakdown of Increase in Patient Numbers Into Percentage Ranges

| | GROSS | PERCENTAGE |
|---------|-------|------------|
| 10% | 4 | 57% |
| 20% | 0 | 0% |
| 30% | 3 | 43% |
| 40% | 0 | 0% |
| 50% | 0 | 0% |
| >50% | 0 | 0% |
| UNKNOWN | 0 | 0% |

Reinsurance

Given the opportunity to return to being insured under Alberta Health Care, the majority of optometrists indicated that they would not choose to return to AHC. As can be seen in Table 7, in response to the question of whether they would choose to be reinsured under the Alberta Health Care Insurance Plan, 34% of optometrists indicated yes, 62% indicated no, and 4% were uncertain.

Table 7: Response to Reinsurance Option

| | GROSS | PERCENTAGE |
|-----------|-------|------------|
| YES | 39 | 34% |
| NO | 72 | 62% |
| UNCERTAIN | 5 | 4% |

DISCUSSION

The results of the study show that both patient numbers and optometrist's income decreased in 1995 as compared to 1994 which can be attributed to the deinsurance of optometric services under the Alberta Health Care Insurance Plan. Despite these facts, the majority of optometrists in Alberta do not want to return to being insured under the Alberta Health Care Plan.

The majority of optometrists indicated that there was an increase in patient numbers right before the deinsurance deadline, followed by a dramatic decrease for the six months following the deinsurance. But by 10-12 months following deinsurance, patient numbers were returning to normal levels with optometrists reporting equality between 1996 and 1994 levels. There was a consensus that patients initially resisted paying for eye exams since they had become so accustomed to total eye coverage. Patients are now accepting the fee for services system and as a result, the patient numbers had started returning to previous levels by the end of 1995.

There was concern among the optometric profession in Alberta regarding the decreasing fees being set by the Alberta Health Care for optometric services over the past few years. Therefore, many optometrists commented on deinsurance being a positive step for optometry since they could now set their own fees at a level that was fair and profitable for the services provided. The majority of optometrists reported increasing their fees approximately 30% after deinsurance. This resulted in fees increasing from the \$35.94 set by AHC prior to deinsurance to fees averaging between \$45.00 to \$50.00. Optometrists also reported more gross income per patient after deinsurance. Both of these results helped to offset the decrease in patient numbers. Therefore, income levels actually declined less than what would be expected considering the accompanying levels of decline in patient numbers.

The nature of patient encounters has been dramatically changed by the effects of deinsurance. Optometrists indicated that they are no longer performing preventative health care since patients are no longer coming in

for routine eye exams. Fees for services are draining the routine exam populations and optometrists are only seeing patients that are experiencing problems. As a result, optometrists are producing more revenue per patient exam since there are a higher number of prescriptions being generated. There is concern, however, that routine eye exams are being neglected and the consensus is that the optometric community as a whole must make the public aware of the necessity of regular eye exams.

Deinsurance occurred in a time of increasing unemployment, budget cuts, corporate downsizing, and reduced discretionary spending and consumer confidence. Therefore, deinsurance was not an isolated event and cannot be interpreted as the single cause of reductions in patient numbers and optometric incomes. It can be assumed that these other events also affected the results of this study but these economic factors do not arise dramatically and then dissipate after only one year. Thus it can be assumed that they do have an effect but that deinsurance was the main factor influencing the decrease in patient number and income that occurred one year post-deinsurance of optometric services.

The most common comment from the survey was in regards to the uneven playing field that optometrists felt existed between ophthalmologists and optometrists. Under current AHC regulations, ophthalmologists are covered for medically related optometric services such as red eyes, foreign body removal, glaucoma follow up exams, etc. Many optometrists feel that they are equally competent to provide these services but are restricted since they are not covered for these services by AHC. Therefore, it is in this area only that optometrists would want to return to being insured by AHC so that they may have equal coverage with ophthalmologists. Also, ophthalmologists can bill AHC for eye exams that are deemed "medically necessary" which has opened the door for abuse of the system both by the doctors as well as patients. Because of this, optometrists feel they are losing refractive patients to ophthalmologists whose services are potentially covered by AHC through creative billing procedures. In this regard, optometrists want to gain equality with ophthalmology by having medically related service covered under AHC for both factions while refractive and routine health exams would continue to be deinsured for both optometrists and ophthalmologists.

CONCLUSION

In conclusion, the survey seems to indicate that deinsurance of optometric services did initially decrease both patient numbers and income but that numbers are starting to return to normal levels. The majority of optometrists would not choose to return to being reinsured for routine optometric services but would like to be insured for medically related optometric services. Deinsurance has resulted in producing patients who are more selective in who they choose to see for optometric services. Therefore, optometry has entered into an environment in which those optometrists who provide the best and most comprehensive eye care and who market their skills effectively will survive and flourish.

APPENDIX A

Please place a mark next to the most appropriate answer.

(1) How many years have you been in practice?

__Number of years

(2) What best describes your mode of practice?

- Private practice/professional setting
- Private practice/retail setting
- Group practice with 1+ optometrists
- Group practice with 1+ ophthalmologists
- Chain or corporate practice

(3) What category best describes your gross personal income (line 150 on personal tax form) from your practice for the 1994 fiscal year?

- Less than \$50,000
- \$50,000 to 59,999
- \$60,000 to 69,999
- \$70,000 to 79,999
- \$80,000 to 89,999
- \$90,000 to 99,999
- \$100,000 to 109,999
- \$110,000 to 119,999
- \$120,000 to 129,999
- \$130,000 to 139,999
- \$140,000 to 149,999
- \$150,000 to 159,999
- \$160,000 to 169,999
- \$170,000 to 179,999
- \$180,000 to 189,999
- \$190,000 to 199,999
- \$200,000 or more

(4) After deinsurance of optometry from Alberta Health Care Insurance Plan, did your income from the 1995 fiscal year (line 150) as compared to the above 1994 fiscal income:

- increase
- decrease
- no change

(5) Approximately by what amount did your income change?

- no change
- \$5000
- \$10,000
- \$15,000
- \$20,000
- \$25,000
- \$30,000
- \$35,000
- \$40,000
- \$45,000
- \$50,000
- more than \$50,000

(6) Comparing your patient numbers in 1995 to 1994 did you notice an:

- increase
- decrease
- no change

(7) The estimated change in patient numbers was:

- no change
- 10%
- 20%
- 30%
- 40%
- 50%
- more than 50%

(8) Would you choose to be reinsured under the Alberta Health Care Insurance Plan?

- yes
- no

