

**REPORT OF THE SPECIAL ADVISORY COMMISSION
ON MANDATED HEALTH INSURANCE BENEFITS ON**

**THE MANDATED DIRECT
REIMBURSEMENT OF OPTOMETRISTS
AND OPTICIANS PURSUANT TO
SECTIONS 38.2-3408 AND 38.2-4221 OF
THE CODE OF VIRGINIA.**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



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**COMMONWEALTH OF VIRGINIA
RICHMOND
1994**

SENATE OF VIRGINIA

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December 17, 1993

To: The Honorable L. Douglas Wilder
Governor of Virginia
and
The General Assembly of Virginia

The report contained herein has been prepared pursuant to §§ 9-298 and 9-299 of the Code of Virginia.

This report documents a study conducted by the Special Advisory Commission on Mandated Health Insurance Benefits to assess the social and financial impact and the medical efficacy of mandated direct reimbursement of optometrists and opticians by health insurers pursuant to §§ 38.2-3408 and 38.2-4221 of the Code of Virginia.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Clarence A. Holland".

Clarence A. Holland, M.D., Chairman
Special Advisory Commission on
Mandated Health Insurance Benefits

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INTRODUCTION

Sections 38.2-3408 and 38.2-4221 of the Code of Virginia require insurers to reimburse directly optometrists and opticians who provide covered services within their scope of licensure. The statutes do not, however, require insurers to provide coverage for any specific services.

The Special Advisory Commission on Mandated Health Insurance Benefits (Advisory Commission) reviewed the optometrist and optician mandates as part of its review of Virginia's existing mandated benefit and provider requirements pursuant to §§ 9-298 and 9-299 of the Code of Virginia. The Advisory Commission held a public hearing on April 5, 1993 to receive comments on both mandated provider categories.

LICENSING REQUIREMENTS

Optometrist

The Commonwealth of Virginia licenses and regulates optometrists through the Board of Optometry of the Department of Health Professions. Figures provided by the Department of Health Professions indicate that as of January 1, 1992 there were 2,594 optometrists licensed to practice in Virginia.

To be eligible for licensure an applicant must be a graduate of a school of optometry approved by the Council on Optometric Education, pass a written examination administered by the National Board of Examiners in Optometry, and pass a practical examination administered or accepted by the Virginia Board of Optometry.

The Virginia Board of Optometry has established standards of professional conduct and requirements for continuing education. Licenses must be renewed annually.

Section 54.1-3201 of the Code of Virginia defines the practice of optometry to include the following: (i) the examination of the human eye to ascertain the presence of defects or abnormal conditions which may be corrected or relieved by the use of lenses, prisms or ocular exercises, visual training or orthoptics; (ii) the employment of any subjective or objective mechanism to determine the accommodative or refractive states of the human eye or range or power of vision of the human eye; (iii) the use of testing appliances to measure the powers of vision; (iv) the examination, diagnosis, and optometric treatment of conditions and visual or muscular anomalies of the human eye; and (v) the prescribing or adapting of lenses, prisms or ocular exercises, visual training or orthoptics for the correction, relief, remediation or prevention of such conditions.

An optometrist may treat certain diseases or abnormal conditions of the human eye and its adnexa with certain therapeutic pharmaceutical agents only if certified by both the Board of Optometry and the Board of Medicine to do so. Certification requires the completion of certain training requirements and the passage of examinations administered by each board.

Optician

The Commonwealth of Virginia licenses and regulates opticians through the Board for Opticians of the Department of Commerce. Figures provided by the Department of Commerce indicate that as of February, 1992 there are approximately 1,214 licensed opticians in Virginia.

To be eligible for licensure an applicant must have completed an approved two-year course of study in opticianry or completed an approved three-year apprenticeship and pass both a written and a practical examination.

The Board of Opticians has established standards of practice and requires that licenses be renewed biennially.

Licensed opticians are authorized to prepare and dispense eyeglasses, spectacles, lenses, and related appurtenances on prescriptions from licensed physicians and licensed optometrists. Opticians may also duplicate and reproduce previously prepared eyeglasses, spectacles, lenses, and related appurtenances and measure, adapt, fit, and adjust such items in accordance with the appropriate prescriptions, duplications or reproductions.

FINANCIAL IMPACT

Results of a study conducted in 1989 on behalf of Blue Cross and Blue Shield of Virginia (BCBSVA) by KPMG Peat Marwick indicate that the 1988 cost per contract year for optometrists was \$0.07 and less than \$0.01 for opticians. These figures represent the combined experience of BCBSVA's individual and group policies for the calendar year 1988. During that year, BCBSVA experienced claims of \$53,372 for 1,794 visits to optometrists at an average cost of \$29.75 per visit. BCBSVA also experienced claims of \$2,866 for 42 visits to opticians at an average cost of \$68.25 per visit.

In 1989, the State Corporation Commission's Bureau of Insurance conducted a study of the impact of mandated benefits and mandated providers. The Bureau's findings are presented in 1990 House Document No. 15. Results of the initial survey indicate that 50% of respondents reimbursed optometrists before

it was mandated. Forty-one percent of respondents reimbursed opticians prior to enactment of the mandate. In addition, the figures provided by the two companies which based their responses solely on claims data indicate that on average less than 0.5% of premiums is attributable to each of the two provider categories.

In 1992, the State Corporation Commission (SCC) issued its first annual report on the financial impact of mandated benefits and mandated providers pursuant to § 38.2-3419.1 of the Code of Virginia (1993 House Document No. 9). Insurers were only required to submit data for the fourth quarter of 1991 for this initial report. Therefore, the results reported in 1993 House Document No. 9 may not be truly representative of insurer experience. Subsequent reports will cover full calendar years.

The results presented in the SCC's report are as follows:

Portion of Premium Attributable to Each Mandate

	INDIVIDUAL		GROUP	
	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>
Optometrist	0.23%	0.35%	0.08%	0.09%
Optician	0.28%	0.42%	0.06%	0.07%

Portion of Claims Attributable to Each Mandate

	INDIVIDUAL	GROUP
Optometrist	0.01%	0.08%
Optician	0.00%	0.01%

These findings appear to be consistent with those reported in the 1989 studies.

LEGISLATION IN OTHER STATES

The March 31, 1991 edition of the Health Benefits Letter reports that 32 states (including Virginia) mandate third party reimbursement for optometrists. Information provided by the National Association of Insurance Commissioners indicates that 45 states (including Virginia) and the District of Columbia have some form of optometrist mandate.

The same sources indicate that Virginia is the only state with an optician mandate.

REVIEW CRITERIA

Social Impact

- a. The extent to which the treatment or service is generally utilized by a significant portion of the population.**

The Virginia Optometric Association estimates that approximately 65% of persons seeking eye care will obtain care from an optometrist. The Association also estimates that there are 630 optometrists currently practicing in Virginia.

The Virginia Society of Prescription Opticians Council reported that nearly 60% of all American citizens need vision correction through corrective lenses. Most of the services provided by opticians, however, involve routine care which is usually not covered by health insurance policies.

- b. The extent to which insurance coverage for the treatment or service is already available.**

Covered services rendered by optometrists within their scope of licensure must be reimbursed directly pursuant to §§ 38.2-3408 and 38.2-4221 of the Code of Virginia. Coverage for the evaluation and treatment of diseases of the eyes and visual dysfunctions is contained in most health insurance contracts; however, most routine eye care is not typically covered.

Coverage for corrective lenses as part of routine care is not usually included in most health insurance policies. Supplemental vision care riders or policies, however, are not uncommon. Opticians currently must be reimbursed directly for covered services rendered within their scope of licensure.

- c. If coverage is not generally available, the extent to which the lack of coverage results in persons being unable to obtain necessary health care treatments.**

Both optometrists and opticians are currently mandated providers in Virginia. If optometrists were not mandated providers, it has been argued that access to care would be limited because the number of eligible providers could be significantly reduced.

- d. If the coverage is not generally available, the extent to which the lack of coverage results in unreasonable financial hardship on those persons needing treatment.**

Both optometrists and opticians are currently mandated providers in Virginia. If optometrists and opticians were not mandated providers, it has been argued that many insured

individuals due to limited access to care or coverage for such care, would either go without care or be forced to incur additional non-medical costs in seeking care from fewer less accessible physician providers.

e. The level of public demand for the treatment or service.

The Virginia Optometric Association estimates that the general population will visit their optometrist once every 1.8 years on average. The Virginia Society of Prescription Opticians Council contends that consumers value the services provided by opticians and are generally satisfied with their performance. They also point out that separation of the prescriptive and dispensing functions is beneficial to the consumer and the health care system.

f. The level of public demand and the level of demand from providers for individual and group insurance coverage of the treatment or service.

Because both optometrists and opticians are currently mandated providers in Virginia, it is difficult to assess the level of public demand for such coverage. However, it is reasonable to assume that the demand among optometrists and opticians is high. The level of demand among physicians and other health care providers is unknown.

g. The level of interest of collective bargaining organizations in negotiating privately for inclusion of this coverage in group contracts.

The Virginia Optometric Association reports that optometrists have long been included as mandated providers in many union health care contracts. The level of interest in either category of provider is largely unknown, however.

h. Any relevant findings of the state health planning agency or the appropriate health system agency relating to the social impact of the mandated benefit.

No such findings were reported to the Advisory Commission.

Financial Impact

a. The extent to which the proposed insurance coverage would increase or decrease the cost of treatment or service over the next five years.

Because coverage for optometrists and opticians has been required since 1977, it is unlikely that the continuation of such

coverage would result in significant change in cost over the next five years relative to other health care providers and services. No evidence was presented that would indicate that a significant increase or decrease in cost will result if the provider categories are maintained.

- b. The extent to which the proposed insurance coverage might increase the appropriate or inappropriate use of the treatment or service.**

Because coverage for optometrists and opticians has been required since 1977, it is unlikely that its continuation would result in an increase in either the appropriate or inappropriate use of treatment or services. No evidence was presented that would indicate that any such changes should be expected.

- c. The extent to which the mandated treatment or service might serve as an alternative for more expensive or less expensive treatment or service.**

The Virginia Optometric Association contends that optometrists generally charge less for comparable services than their physician counterparts. Although this position cannot be confirmed, no evidence to the contrary was presented during the course of the Advisory Commission's review.

The Virginia Society of Prescription Opticians Council indicates that opticians charge prices that are competitive with those charged by optometrists and ophthalmologists for fitting and dispensing eyewear.

- d. The extent to which the insurance coverage may affect the number and types of providers of the mandated treatment or service over the next five years.**

It is unlikely that the number of optometrists or opticians practicing in Virginia will rise significantly in the next five years as a result of their mandated provider status. The repeal of such status, however, would likely discourage some optometrists and opticians from practicing in Virginia.

- e. The extent to which insurance coverage might be expected to increase or decrease the administrative expenses of insurance companies and the premium and administrative expenses of policyholders.**

The optometrist and optician mandates have been shown to have a relatively small impact on premium. Administrative costs are minimal.

f. The impact of coverage on the total cost of health care.

From the evidence provided, it appears unlikely that retention of the mandated provider categories of optometrist and optician will have any significant impact on the total cost of health care.

Medical Efficacy

- a. The contribution of the benefit to the quality of patient care and the health status of the population, including the results of any research demonstrating the medical efficacy of the treatment or service compared to alternatives or not providing the treatment or service.**

Not applicable.

- b. If the legislation seeks to mandate coverage of an additional class of practitioners:**

- 1) The results of any professionally acceptable research demonstrating the medical results achieved by the additional class of practitioners relative to those already covered.**

Optometrists and opticians are currently mandated providers and the medical efficacy of the services they provide were not called into question during the course of the Advisory Commission's review.

- 2) The methods of the appropriate professional organization that assure clinical proficiency.**

In Virginia, the Board of Optometry and the Department of Commerce regulate and license optometrists and opticians, respectively. Licenses must be renewed annually by optometrists and biennially by opticians.

Effects of Balancing the Social, Financial and Medical Efficacy Considerations

- a. The extent to which the benefit addresses a medical or a broader social need and whether it is consistent with the role of health insurance.**

Mandating reimbursement for optometrists and opticians appears to address a medical need and to be consistent with the role of health insurance.

- b. The extent to which the need for coverage outweighs the costs of mandating the benefit for all policyholders.**

The costs of mandating reimbursement for optometrists and opticians has been shown to be small.

- c. The extent to which the need for coverage may be solved by mandating the availability of the coverage as an option for policyholders.**

Mandating optional coverage has not been shown to be effective in the past. Options are generally selected by those individuals who anticipate that it is very likely that they will need the offered coverage. Such adverse selection leads to higher costs for optional coverages which discourages their purchase.

RECOMMENDATIONS

It is the recommendation of the Special Advisory Commission on Mandated Health Insurance Benefits that the mandated provider categories of optometrist and optician contained in §§ 38.2-3408 and 38.2-4221 of the Code of Virginia be maintained in their current form. The Advisory Commission adopted this position at its May 3, 1993 meeting (10-Yes, 0-No).

CONCLUSION

In reviewing the issues of mandated reimbursement for optometrists and opticians, the Advisory Commission examined information concerning the social and financial impact of such requirements and the medical efficacy of the services provided by these provider types. During the course of its review, no interested party recommended to the Advisory Commission, either orally or in writing, that either of the categories be repealed. Evidence and testimony provided to the Advisory Commission during the course of its review supported the continuation of the current requirements of §§ 38.2-3408 and 38.2-4221 of the Code of Virginia with respect to optometrists and opticians and have led the Advisory Commission to conclude that no change is necessary at this time.

APPENDIX

§ 38.2-3408. Policy providing for reimbursement for services that may be performed by certain practitioners other than physicians. ---

A. If an accident and sickness insurance policy provides reimbursement for any service that may be legally performed by a person licensed in this Commonwealth as a chiropractor, optometrist, optician, professional counselor, psychologist, clinical social worker, podiatrist, physical therapist, chiropodist, clinical nurse specialist who renders mental health services, audiologist or speech pathologist, reimbursement under the policy shall not be denied because the service is rendered by the licensed practitioner.

B. This section shall not apply to Medicaid, or any state fund. (1968, c. 588, § 38.1-347.1; 1973, c. 428; 1979, c. 13; 1986, c. 562; 1987, cc. 549, 551, 557; 1989, cc. 7, 201.)

§ 38.2-4221. Services of certain practitioners other than physicians to be covered. --- A nonstock corporation shall not fail or refuse, either directly or indirectly, to allow or to pay to a subscriber for all or any part of the health services rendered by any doctor of podiatry, doctor of chiropody, optometrist, optician, chiropractor, professional counselor, psychologist, physical therapist, clinical social worker, clinical nurse specialist who renders mental health services, audiologist or speech pathologist licensed to practice in Virginia, if the services rendered (i) are services provided for by the subscription contract, and (ii) are services which the doctor of podiatry, doctor of chiropody, optometrist, optician, chiropractor, professional counselor, psychologist, physical therapist, clinical social worker, clinical nurse specialist who renders mental health services, audiologist or speech pathologist is licensed to render in this Commonwealth. (Code 1950, § 32.195.10:1; 1966, c. 276, § 38.1-824; 1973, c. 428; 1979, cc. 13, 721; 1980, c. 682; 1986, c. 562; 1987, cc. 549, 551, 557; 1988, c. 522; 1989, cc. 7, 201.)