



**IMO Submission on the Review of the Operation  
of Cuts under the Financial Emergency Measures  
in the Public Interest Act 2009**

**as covered by**

**S.I. No. 195/2009 — Health Professionals  
(Reduction of Payments to Ophthalmologists,  
Optometrists and Dispensing Opticians)  
Regulations 2009**

**4 January 2013**

## **IMO Submission in relation to Ophthalmic Medical Practitioners**

The Minister for Public Expenditure and Reform announced in Budget 2013 that professional fees will be reduced to save €70 million. The Minister for Health, in accordance with Section 9 of the Financial Emergency Measures in the Public Interest Act 2009,(FEMPI) is conducting a review of the operation, effectiveness and impact of the amount and rate fixed by Under S.I. No. 195/2009 — Health Professionals (Reduction of Payments to Ophthalmologists, Optometrists and Dispensing Opticians) Regulations 2009

The Minister for Health signed revised payments under the Health (Reduction of Payments to Ophthalmologists, Optometrists and Dispensing Opticians) Regulations 2009 on the 23<sup>rd</sup> of December 2011. The IMO made extensive submissions both written and oral as part of this process and all of the arguments advanced in that process are still relevant and apply. It is worth revisiting the submissions made to update on the full extent of the arguments. For the purposes of clarity the IMO wishes to restate the case that has been previously made.

Under the Health Service Executive Community Ophthalmic Services Scheme, adult medical cardholders and their dependants are entitled, free of charge, to eye examinations and necessary spectacles/appliances. Ophthalmic Medical Practitioners hold contracts with the HSE on behalf of the State to deliver services to such eligible persons in accordance with the terms of an agreement reached in 1999 between the Irish Medical Organisation and the Health Boards for the Provision of Medical Eye Examinations and the Provision of Spectacles and Contact Lenses.

The objectives of the 1999 Agreement include the following:

1. to provide medical eye examinations for eligible persons
2. to achieve significant benefits to eligible persons in terms of health and social gain
3. to facilitate maximising the health and social gain potential of the scheme
4. to eliminate existing waiting lists for the services

A second smaller group of Ophthalmologists provides services to the HSE under the Community Ophthalmic Services Medical Treatment Scheme (COSMTS). Following negotiations between the IMO and the HSE, this Scheme commenced in 2004 and allows for the more intensive treatment of patients, including minor surgery, in a community setting. These services have proven to be excellent value for money for the State and the IMO has encouraged the HSE to extend the Scheme and provide for more treatment to be delivered in a Primary Care setting. Indeed, the Minister

for Health has recognised the efficacy of this Scheme and has encouraged the HSE to extend the Scheme to encompass more Ophthalmic practices.

### **Reduction in Professional Fees for Ophthalmic Medical Practitioners**

This submission aims to highlight that making further cuts in professional fees for Ophthalmic Medical Practitioners will in effect obstruct the aim of providing a more cost effective and efficient health service in Ireland.

The IMO believe there are a number of issues which need to be addressed when contemplating any further reduction in professional fees payable to Ophthalmic Medical Practitioners.

#### **➤ Relative Value for Money Offered by Ophthalmic Medical Practitioners**

In Ireland approximately one in ten Hospital Accident and Emergency attendances relate to eye injuries. A fully resourced and community based Ophthalmic Medical Service will help to alleviate this pressure on secondary care, as less than 15% of Ophthalmic consultations that take place in a primary care or community settings need subsequent referrals to secondary or tertiary care. In addition, the IMO estimates that community based ophthalmic consultations and treatments, including minor surgeries under the COSMTS, cost approximately one third of the cost of delivering the same treatment in a Hospital setting. The HSE's own figures show that ophthalmological patient episodes in the Scheme cost, on average, €76 while in the Hospital setting the cost is €130.

Reducing the supports available to Ophthalmic Medical practitioners could, inadvertently, shift the cost and care burden from primary care in the community into the Hospital network. The benefits of community based eye services in terms of reducing the workload in hospitals is obvious and to hinder this would run counter to the commitment contained in the Programme for Government that *"the right care is delivered in the right place"* and would also run counter to the aims contained in 'Future Health' that in excess of 90% of health care needs be met within the broader Primary Care environment.

#### **➤ The general nature of expenses of Ophthalmic Medical Practitioners and the net effect of a gross reduction in fees**

Ophthalmic Medical Practitioners have highlighted that their indirect costs are somewhere in the region of 40% to 60% of total gross turnover (this is comprised of employee salaries, infrastructure costs, I.C.T. costs, insurance / indemnity costs,

utilities etc). Accordingly, a general reduction in fees and associated payments in the order of 8%, as occurred in 2009, represented a reduction in net income before tax in the order of 13% to 20% for Ophthalmic Medical Practitioners. For example, for an Ophthalmic Medical Practitioner with fixed overheads of 40% of turnover, an 8% cut in fees would reduce that doctor's income by 8/60, i.e. 13%. For a doctor with fixed overheads of 60% of turnover, an 8% reduction in fees would reduce an Ophthalmic Medical Practitioners income by 8/40ths, i.e. 20%.

It should be noted that modern medical ophthalmology is very dependent on technology, which is expensive to buy and where finance for such expensive and necessary devices is often difficult to obtain. The effect of the budgetary measures over the last few years has further squeezed the margins under which practices operate. Whereas the interest is an allowable deduction, while capital is paid out of after tax income, if the margin is eroded by a further cut in the gross fee, great hardship may be caused to the extent that some practices may close or no longer be in a position to provide services to patients under the various schemes.

➤ **Ophthalmic Medical Practitioners are not part of Public Service Pension Scheme**

It should be noted that Ophthalmic Medical Practitioners can be differentiated from other public servants whereby they are paid an all inclusive professional fee with no pension entitlement. As a consequence, Ophthalmic Medical Practitioners are required to fully fund their own pensions arising from their participation in the Community Ophthalmic Services Scheme.

### **IMO Position on Reduction in Fees**

In summary, the IMO is concerned that any further reduction in fees will seriously jeopardise the future of Community Ophthalmology in Ireland

In light of the above factors:

- (1) The IMO would call on the Minister not to apply any further reduction in payments to Ophthalmic Medical Practitioners
- (2) Should the Minister consider that a fee reduction is required, he should bear in mind that Ophthalmological schemes suffered a reduction of 8% in 2009, as per SI 195 of 2009, and that this decrease in fees represented a cut in net income in excess of that experienced by public servants in general.

- (3) Should the Minister consider that a fee reduction is required in respect of the Community Ophthalmic Services Scheme or the COSMTS, in view of the difficulties in the public finances, the IMO would request that allowance be taken of the fact that tax relief is available at the rate of 41% for public service employees subject to the pension levy average payment of 7.5%.
- (4) Allowance should be made for the general nature of expenses of Ophthalmic Medical Practitioners and the net effect of a gross reduction in fees as outlined above.
- (5) Consideration should be made for the fact that Ophthalmic Medical Practitioners are not part of any public service pension scheme.
- (6) Should the Minister consider that it is necessary to reduce the fees payable to Ophthalmic Medical Practitioners, the IMO would be strongly of the opinion that the costs that individual Ophthalmic Medical Practitioners would incur could result in increased Hospital attendances seeking treatment for eye injuries that can be treated in a more cost effective way in a community setting.
- (7) Should the Minister consider that a fee reduction is required in respect of Ophthalmic Medical Practitioners and the services they provide in view of the difficulties in the public finances, the IMO would wish to point out that Ophthalmic Medical Practitioners under the HSE agreement may withdraw their services and opt to service the community on a private basis only if further reductions are implemented.

The IMO believe that the service has already been subjected to significant reductions and consequently any additional cuts cannot be justified.