



Association of  
Optometrists Ireland

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25/11/2008

Dear Dr. Wong,

Re: Negotiation of Fees

Thank you for your letter of 15<sup>th</sup> October inviting a submission on the above subject.

The historic arrangement with this Association has been that we meet with the Department of Social & Family Affairs (DSFA) to discuss/negotiate a revised fee schedule for the year ahead. Almost all optometry practices have contracts with both DSFA and the HSE, however, the HSE contract states that fee negotiation will be effected through the DSFA. When an agreement is reached the DSFA consults with Dept. of Finance and obtains approval. The revised schedule is then passed to the HSE (formerly to the GMS) and is adopted by them without further interaction with the Association. This ensures equity between patients obtaining service under their PRSI entitlements and those on Medical Cards. The annual effective date for the revised schedule is 1<sup>st</sup> July (a date that the HSE never manages to meet).

To consider this to be price fixing is ridiculous. The DSFA/HSE is the largest customer of the profession by a long way. Most optometry businesses rely for their existence on having contracts with both entities. Accordingly when the annual meeting is convened it is the Government agencies that are in the driving seat. This is borne out by the fact that the fee currently agreed for an eye examination under each scheme is considerably less than that which is charged to private patients. The latter is a free-market fee, determined by competitive forces (refer to Competition Authority Report on Optometry Profession 2004). The lower fee clearly reflects the buying power of the DSFA/HSE.

The Association has no means to influence the decision of the DSFA other than the force of logical argument. If we are accused of price fixing why is it that for the past many years the annual increase was limited the relevant CPI figure? In reality the Association must accept the figure that the DSFA/Dept. of Finance is prepared to pay.

Thus far the intrusion of the Competition Authority in this area has served little but to awaken our members to the inadequacy of the current fee schedule.

Having said the above:

1. If the legal ruling is such that we cannot negotiate directly with DSFA then must accept that.
2. Presumably the DSFA does not wish to negotiate with each individual contractor one at a time. This would be ludicrously uneconomic.
3. We presume that the Government wants to see an orderly market with equity, fairness and accessibility for those for whom it contracts service.
4. Therefore, the only sensible arrangement is to find a process whereby a fee schedule can be put in place that is fair to both sides. This will ensure equality amongst patient/customer groups and uniformity of service.
5. The only model that we can contemplate that might be effective and successful is that of creating a discussion forum under an independent Chairman. This forum should have a seat for DSFA, a seat for HSE, & two for AOI. The various issues could be discussed and quantified at the forum and ultimately a report be issued by the Chairman making recommendations to the DSFA.

Our final comment is to say that the current hiatus is completely unacceptable. There are several matters that we wish to discuss regarding the two schemes but are prevented from doing so. We urge all parties to expedite a solution that is both fair and workable as soon as possible.

Yours sincerely,



Peter Coleman  
Chief Executive Officer.