

OPTOMETRIC FEES NEGOTIATING COMMITTEE

MEMORANDUM ON GOS FEES, OPTICAL VOUCHERS AND OTHER MATTERS

FOR NHS ENGLAND AND DEPARTMENT OF HEALTH

JANUARY 2014

Summary

This funding submission for 2014-15 covers several distinct areas as outlined below:

1. Background
2. Rationale for sight test fees
3. Rationale for optometric contribution to public health services
4. Proposal for sight test fee increase of 2.5%
5. Proposal for optical voucher values increase of 3.5%
6. Making use of information technology rationale: capital bid
7. NHS logo: rationale for immediate adoption by community optical sector

Background

1. The community optical sector has strongly supported the Government's aims for an NHS that is clinician-led and patient-focussed and is keen to play its full part in keeping patients out of hospital, reducing pressure on A & E (3% of A & E attendances are eye-related), on GPs and hospital ophthalmology departments, whilst at the same time reducing the levels of avoidable visual impairment and blindness to save costs in the longer term.
2. Moreover, as a sector, we fully subscribe to the Government's aims to re-strengthen, re-energise and re-vitalise primary care in order to deliver a better balance of care, more services closer to patients in the community, greater efficiency and integration across care pathways to deliver better outcomes.

3. Given that this is our first year of negotiating with NHS England, we have necessarily set out our case in more detail than would be normal, building on discussions in recent years with the Department of Health.

Rationale for sight test fees

4. For public policy purposes, successive governments (including the current one) have chosen to deliver eye health services through the private market. Over the years, this has had the benefit for the NHS of investment in service infrastructure being provided by the private sector, the NHS only paying for the service it needs and the gap between the two being bridged by private sales. This was not an uncommon model for primary care in 1948, although other primary care services have been subsidised more significantly in the intervening years.
5. As a result of this, the fees for sight testing under General Ophthalmic Services (GOS) are now lower in real terms than they were in 1948, whilst the scope of the sight test has expanded significantly as a result of higher levels of training and certification and of significant advances in technology – all of which have been funded by private sector investment and private sector sales.
6. The difficulty for community eye health services in the 21st Century is that, unlike other private sector healthcare supply (for example dentistry, private hospitals, surgery), the Government is also the major purchaser and predominant market maker in our sector.
7. NHS England purchases about two thirds of the sight tests performed in England and is a significant indirect purchaser of spectacles (via the optical voucher scheme).
8. Consequently, the Government is able to exert considerable downward pressure on the providers of GOS. Sight test fees (private and GOS) have fallen in real terms over many years, as have the prices of spectacles by about 30% in the last ten years. Over the same period, the quality of spectacles and lenses has improved significantly, owing to technological and other factors, whilst other costs affecting the sector have also risen in real terms, for example import costs, energy and property costs, and general prices inflation.
9. Thus, the real fall in spectacle prices has significantly reduced the subsidy available to compensate for NHS sight test fees and to maintain the financial viability of community practices.
10. It is true that, given an ageing population and the corresponding increase in risk of pathology, the demand for sight tests has risen. On the other hand, it normally takes longer to perform a sight test on an older person than on the rest of the population. This phenomenon contributes further to the decline in real sight test fees and the viability of practices.
11. At the same time, since the introduction of the new GOS contract in 2008 in England, the administrative demands on contractors from Primary Care Trusts and now NHS

England and Area Teams have increased, in return for no additional funding. The cumulative costs to the sector of the additional burdens placed on contractors have not been quantified. Nevertheless, transferring this work to contractors has reduced administrative burdens and improved efficiency within the NHS without any corresponding transfer of resources.

12. Looking forward, a more unified approach to GOS by Area Teams would bring still further benefits to the NHS as well as to contractors. Furthermore, the sector wishes to work with NHS England to keep down GOS costs by the efficient application of an agreed Standard Operating Model for GOS in England. The opportunity should be taken to reduce the burden on contractors by removing aspects of the contract (such as reporting the comings and goings of performers) which are administratively unnecessary and have no beneficial effect on the safety of patients. However, as we indicated last year, there is no scope for greater efficiency *on the part of contractors* in relation to the under-funded sight test; and “the only scope is to take supply, access and choice out of the system, which will ultimately impact on patients and on the sector’s ability to deliver the government’s NHS and public health goals.”

Rationale for optometric contribution to public health services

13. The community optical sector is keen to make its full contribution to improving public health and the health and care system. It is committed to the following targets:
 - to improve public health by reducing avoidable visual impairment and sight loss (50% of visual impairment in the UK is avoidable)
 - to lead the re-design of eye care pathways, by integrating and connecting all the contributors (primary, secondary, social and voluntary sector care)
 - to reduce pressure on hospital eye departments, A&E (at least 3% of A&E attendances are eye-related and could be handled in the community) and on GPs (eye health is currently a priority for the Royal College of General Practitioners for the next three years)
 - to contribute increased efficiencies and cost savings to the NHS.
14. In the UK, the community optical sector currently performs about 22 million sight tests a year, of which about 16 million are NHS sight tests. In England the comparable figures are about 18 million and 12 million respectively, at a current fee of £20.90 for a half hour service. This makes the national sight testing service one of the most comprehensive and cost-effective public health programmes in the UK.
15. Despite this, more needs to be done. A hundred people start to lose their sight every day; and fifty percent of this is avoidable through regular sight testing and early identification of pathology.¹ The community optical sector therefore very much welcomed the inclusion of an eye health indicator to track progress against preventable eye disease in the Public Health Outcomes Framework earlier this year. As a sector we wish to play our role in reducing these levels of preventable

¹ RNIB *Sight Loss: A Public Health Priority* (2013)

impairment and the consequent long-term costs on the health and social care system.

16. In the face of an increasing and an ageing population, we estimate that there are now only some 5,900 community optical practices in England. We believe this is coming dangerously close to the minimum level required to provide an accessible public health service across the country. As we indicated last year, we estimate that over the past few years about 100 practices on average have closed each year. If this trend continues, it is bound to have a detrimental effect on access to GOS, particularly in deprived areas.²

Proposal for sight test fee increase 2014-15

17. The GOS sight test fee is made up 50% of pay and 50% of expenses.

18. The proposed increase in the pay element of 1% conforms to the Government's policy on public sector pay.³

19. However, the pressures on community optical practices are broadly the same as those on community dental and GP practices, particularly in respect of staff, consumables, premises (market rents have increased significantly) and fuel as set out in the evidence of the British Medical Association and British Dental Association to the DDRB.⁴ Like those professions, we seek an overall increase of 2.5% in sight test fees and related payments, bearing in mind that the Consumer Prices Index was running at 2.75% annually in the year to September 2013 and the Retail Prices Index at 3.2% for the same period and in order to halt the haemorrhaging of community optical practices and to ensure that essential small practices are maintained.⁵

Proposal for optical voucher values increase 2014-15

20. A key part of the role of the community eye health sector is to make available spectacles broadly in line with the voucher values for those entitled to NHS help with spectacles and who cannot afford to pay more. As a sector, we do everything possible to provide basic spectacles within those voucher values. Despite falling margins, in 2012 figures show that 100% of practices still provided basic spectacles within voucher values for children and 93% for adults.⁶ What this does not show

² F Day et al. *A glaucoma equity profile: correlating disease distribution with service provision and uptake in a population in Northern England, UK* <http://www.nature.com/eye/journal/v24/n9/pdf/eye201073a.pdf>

³ Chancellor of the Exchequer *Autumn Statement* 5 December 2013

⁴ British Medical Association *Memorandum of Evidence to the Review Body on Doctors' and Dentists' Remuneration* (September 2013); British Dental Association *Evidence to the Review Body on Doctors' and Dentists' Remuneration for 2014/15* (September 2013)

⁵ Office for National Statistics *Consumer Price Inflation* (October 2013)

⁶ Optical Confederation *Optics at a Glance 2012*

however is that squeezes on prices have inevitably reduced the range of spectacles within voucher values. Since 2012, anecdotal evidence from practices suggests that fewer than 90% provide spectacles within voucher values for children and just over 50% for adults. These figures represent a substantial decline. However they could be lower, were it not for the fact that nearly 75% of practices report subsidising spectacles within voucher values to assist particularly hard-pressed patients.

21. Optical vouchers are an important patient benefit which are nevertheless eroding in value. By a strange anomaly the increase in voucher values is usually linked to the increase in dental and prescription charges. However, quite clearly, the optical voucher is a benefit to patients, whereas prescription and dental charges are a patient charge (i.e. a dis-benefit). It is entirely illogical therefore that they should go up and down in parallel – in fact, logically, they should move in opposite directions.
22. We were very pleased that, for 2012-13, both this difference and the importance of this patient benefit were recognised by the Government by an increase of 2.5% in voucher values. We subsequently anticipated that a similar increase would be rolled forward in 2013-14, particularly in the light of inflationary pressures during that period. We were disappointed however to find that once again the increase of 1% had been linked to increases in charges, thus having a detrimental effect on the availability of spectacles to patients. In summary, we calculate that during the five years from 2009/10 to 2013/14 the average annual increase in voucher values was just over 1%, whereas in the four years 2009-2012 the average annual rate of inflation was 4.3%.⁷
23. We have made the general point several times this year to the Department of Health and hope that this will be acknowledged – as in 2012-13 - by a reasonable increase of 3.5% in voucher values, bearing in mind past and current rates of inflation.
24. We also have some thoughts about how the balance between vouchers could be adjusted to give better value for money and will discuss these further with the voluntary sector before coming back to NHS England and the Department of Health with firm proposals for 2014-15.

Making use of information technology: capital bid

25. We have set out above our aims for delivering the community optical sector's full part in the government's efficiency, health and outcomes agendas for the NHS and wider care system. We are fully committed to this vision and to playing our full part in it.
26. The major inhibiting barrier to progress in all of these areas, however, is universally recognised to be the lack of adequate IT systems and connectivity with the wider NHS networks.
27. The key to the achievement of the Government's aims, in our view, is to link community optical practices, hospital ophthalmology departments, GPs and other

⁷ Bank of England *Inflation Calculator* www.bankofengland.co.uk

centres to provide more integrated, holistic services to maintain patients' independence in the community and to prevent visual deterioration and impairment.

28. To this end, we enclose a capital bid to support the roll-out of this programme over the next three years underpinning the Government's 'Call to Action' for primary care. The bid, as will be noted, is modest; and we, as a sector, undertake to play our full part in delivery.
29. This bid is also the key to NHS England's aims of moving to electronic claims, reducing paper and then moving to an entirely paperless system well in advance of the Government's target date of 2018. A clear signal of support from the Government to the sector in this regard would go a long way towards reassuring the community optical frontline of the Government's support for the investment that practices too will be putting into achieving the Government's aims. This investment comes at a time when fee increases have been well below inflation and businesses are inevitably squeezed.
30. The bid will also encourage practices to play their part more willingly in NHS England's wider efficiencies in relation to contract compliance, post-payment verification (PPV), thus reducing the current significant resources spent on NHS paper forms and postage.
31. We recognise that funding even this modest bid will be difficult in the present climate. However, in our view, the two parts of this claim are inextricably linked. A signal of capital investment in the infrastructure will give a positive fillip to a sector which has warmly embraced and supported the Government's reforms and which, with encouragement, will be keen to be an exemplar for the whole of primary care.
32. We do therefore hope that this bid will be given the fullest and most serious consideration. We would be happy to work with officials to refine it further within possible available resources. The IT bid has the full support of the Royal Colleges of Ophthalmologists, GPs and Nurses, the College of Optometrists and the wider UK Vision Strategy coalition (including the vision loss charities).

NHS logo

33. Finally the community optical sector has been pressing to be allowed to use the NHS logo - to signal our NHS presence on the high street to patients, to highlight the availability of NHS services for eye health, and to use this as a beacon for improving public health - for at least the past fifteen years, but alas without success. Every time we get close to being authorised to use the NHS logo, the system is either overtaken by some major reform of the Department of Health, its communications team or strategy or a review of the logo itself. We have therefore delivered on our promise to the Department of Health in last year's negotiations to develop draft guidance ourselves. We have done this by adapting the already approved guidance for our sister pharmacy practices for community optical practices (with very warm thanks to the Pharmaceutical Services Negotiating Committee for their help and support). The

enclosed draft sets exactly the same controls and parameters on the use of the logo by NHS community optical practices as for NHS community pharmacies.

34. We hope very much that NHS England will be able to approve this guidance. Approval will send a clear signal to the public of the availability of NHS eye health services in the community and the importance of regular sight testing (crucial for the delivery of the NHS indicator) as well as resolving the rather odd anomalies around the current use of the logo, for example, where a pharmacy or a hearing-aid practice and an optical practice are situated next door to one another, or even more often within the same building. The first two are clearly identifiable as part of the NHS, while the optical practice is not. This arrangement cannot be what Ministers or NHS England intend.
35. The absence of the NHS logo, we believe, can inhibit patients from coming in for regular sight testing and from accessing the services available under the NHS. We hope very much that you will use your good offices to have this guidance approved and issued.
36. We further hope that NHS England and the Government will respond positively to this combined bid and look forward to meeting you and discussing it further.
37. A copy of this proposal goes to the Earl Howe, Minister for Quality, Elizabeth Lynam at the Department of Health, and David Geddes and Sue Pritchard at NHS England Primary Care.

Optometric Fees Negotiating Committee
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