

ANALYS OF OPTOMETRIC EMPLOYMENT OPPORTUNITIES IN MICHIGAN
2009

By

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Doctoral Candidate

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ABSTRACT:

Purpose: This study hopes to gauge the current availability of private practice opportunities in Michigan to aid graduating ODs with their future employment search. Secondly, the research in this study will explore the practice settings available to graduating ODs. *Methods:* The data will be acquired through a concise written survey sent through the mail to current ODs. A stamped and addressed envelope will be included along with the survey to improve compliance. Doctors will be located using the Michigan Optometric Association membership roster and yellowpages.com. The target sample population will be located in suburban areas outside of Detroit, Grand Rapids, Flint, and Traverse City. Data collection will include retirement plans, future partnership/associate opportunities, mode of practice, office location, number of years at location, percentage of revenue generated by medical services, number of patients seen per day, and specialties in demand. *Conclusions:* This study will provide a database of current doctors and practices looking to take on a partner/associate for graduating ODs seeking employment in Michigan. It will also provide insight as to what skills are valued most by practicing ODs in MI. We hope that this study provides a link between successful practices and newly graduated ODs to simplify the transition from student to practice owner.

ACKNOWLEDGEMENTS:

We would like to personally thank Dr. Roger Kamen OD, MS, FAAO. Without his support and guidance this project never would have been possible. We would also like to thank Stacey Crystal for all her hard work in aiding the mailing and retrieving of all the surveys.

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INTRODUCTION

According to the National Bureau of Labor Statistics, Optometrists held about 33,000 jobs in 2006¹. According to occupational employment and optometrist wage information, May 2007, more optometrists were employed in private optometric settings than self employed, ophthalmology, retail, hospitals, government, or HMOs¹. Nearly 25 percent of optometrists are self-employed¹.

Employment of optometrists is expected to grow as fast as average, about 11% for all occupations through 2016, in response to the vision care needs of a growing and aging population¹. A growing population that recognizes the importance of good eye care will increase the demand for optometrists. Also, an increasing number of health insurance plans that include vision care should generate more job growth. Furthermore with the increasing age of the population, there will likely be more visits to optometrists due to the onset of vision problems that occur at older ages¹. In addition, increased incidences of diabetes and hypertension in the general population as well as in the elderly will generate greater demand for optometric services¹. Job opportunities for optometrists should be good over the next decade. Demand is expected to be much higher, and because there are only 20 schools of optometry, the number of students who can get a degree in optometry is limited. In addition to growth, the need to replace optometrists who retire or leave the occupation for other reasons will create more employment opportunities¹.

So why do students choose one mode of practice over another? There are many factors that influence one's decision on what is their best opportunity; finances, security, responsibility, personality, education, etc. According to the AOSA, the average optometry student in the year 2004-2005 left school \$108,229 in debt³. Many students are aware of this and might choose an undesirable position based on its salary increase.

There are several modes to consider when graduation optometry; 1) Solo Private practice, 2) Group Practice, 3) Health Maintenance Organizations (HMO's), 4) Retail, 5) Ophthalmology, 6) Military/Public Service, 7) Academia, and 8) Corporate. Each has its individual pros and cons. Solo private practitioners take on a major financial burden starting from scratch, but are able to run things without the opinion of anyone else.

Group practice; usually consist of partners and associates. Each doctor has a share of the overall corporation and will have a say in the overall operation. This has become increasing popular due to the shared overhead expenses, but personalities can easily clash. Optometrists working at HMO's manage the healthcare of all its members. You are employed with a steady salary but can be overworked in some situations with little say to alter the operation. As an independent contractor you can work in retail. This is a relatively lucrative first option, but the scope can be limited by the owning corporation.

Many work in ophthalmology offices as an employed optometrists. Graduating students sometimes opt for Military or Public Services such as Veterans' Hospitals, Indian Health Service, and Public Health. These positions tend to be more secure nine to five jobs with little practice management involvement. Some students decide to go into academia.

Finally, optometrists can go corporate. Optometrists employed by big corporations can perform clinical trials, research, and market new products.

METHODS:

A survey was comprised to help gauge the optometric outlook for graduating optometrists. This survey contained questions which gave insight to the outlook for private practice opportunities, modes of practice, demand, etc. A random list of optometrists was compiled using the Michigan Optometric Association's 2008 membership guide. Once the mailing list was formed, the survey was sent out with an addressed stamped envelope to be returned to Michigan College of Optometry. The surveys were sent out Nov. 15th 2008 and were collected from the College of optometry January 15, 2009. Once collected the data was analyzed into useful charts and graphs in order to provide information to future optometry students looking for employment in Michigan.

RESULTS:

The survey was mailed to five hundred practicing optometrists in the state of Michigan. Analysis of the data revealed that twenty-five percent of the responding doctors were, in fact, looking to hire a new associate or sell their practice all together. This report will look to further analyze the individual characteristics of the practices that are viable enough to support a full time associate or partner.

The age of practices in the survey ranged from one to thirty-five years, with the majority of responses coming from practices in the 1-5 year range. The mode of practice varied, with sole proprietors making up the bulk of the responses. Ophthalmology and commercial practices were the second and third most common responses respectively. Data revealed that the larger group practices (3-5 doctors) were more capable of taking on an associate, and also had a larger daily patient load. The majority of these practices reported seeing between 11-20 patients per doctor on a daily basis. Thirteen percent of the groups reported seeing more than 30 patients per doctor daily.

In order to evaluate the means of revenue generation, participants were asked to report the percentage of patients that are billed medically, percentage of gross derived from medical billing, and percentage of new patients. The majority of responses showed that less than ten percent of all exams were billed medically, however, 17 practices billed over 31%. The revenues generated from medical billing had a larger range, and showed a fairly even spread from 10-50%.

Over half of the offices that responded to the survey reported an average growth of 6-20%, with more than 30% of the practices being in the 11-20% range. The practices with a larger growth rate were more apt to hire a new grad. Twenty-five percent of the respondents claimed they were interested in hiring a new graduate. Additionally, ten percent were interested in a buy-in, while thirteen percent were interested in a buy-out. The areas of Lansing, Grand Rapids, and Detroit made up more than 80% of these practices. Other northern cities such as Traverse City, Marquette, and Houghton also had opportunities available. The practices that were interested in residency-trained candidates were few, however, contact lens residency was the most appealing to those who favored a residency-trained applicant. Pediatrics, disease, and low vision were also requested by current doctors, but were mentioned less often.

When asked if the immediate area surrounding the practice was oversaturated with optometrists, the overwhelming response was yes. Nearly two thirds of the responses to this question concluded that the area near the practice was indeed oversaturated. The majority of doctors that did not feel this way were located in rural areas. Over 90% of the practices located in metropolitan areas responded that there was an over saturation of eye-care providers in the area. It should be noted that 63% of the surveys were completed by offices located in a suburban setting. The remaining 37% were evenly split between urban (22%) and rural (15%) settings.

DISCUSSION

The results of this study are promising for new optometry graduates in the state of Michigan. The data provides valuable insight into the areas and type of practices that new grads should be seeking to improve their chances for employment. The general consensus is that the large group practices are the most interested in offering a partnership or associate position to new grads. The older, smaller practices are more inclined to outright sell their practice, as they look to retire. These older practices may have potential for growth if the right steps are made, since the vast majority of them bill little to no medical insurance. A young grad may expand to full scope care and improve the bottom line with little effort if medical billing is implemented properly.

The regions of the state that provide the most opportunity for new graduates are the same areas where the doctors reported the most over saturation with optometrists. These regions are mainly the large metro areas in the state, which include Detroit, Grand Rapids, and Lansing. Other areas such as Traverse City, Howell, and Muskegon, also had several practices that showed interest in bringing on a new grad. It should be noted that in relation to the local population, there are relatively large amount of opportunities available in these smaller cities.

Few practices demanded that a new graduate be residency trained, however, the ones that did prefer a residency most preferred the training to be in contact lenses. Pediatrics was next on the list followed by disease and low vision respectively. Twenty percent of

practices stated they would prefer a doctor with post-graduate training in these areas, and less than ten percent would only hire a graduate that was residency trained.

The outlook for new optometry grads in Michigan is good, if they know what they are looking for. The amount of private practice doctors in the state that are looking to retire is increasing each year, and provides a solid base of options if the new grad is ready to transition into practice ownership. It is recommended to contact the larger group practices in metropolitan areas to increase the potential for employment. A residency, especially in contact lenses, will improve your chances but is not essential for the majority of practices out there. A new grad should stay open minded, and look to bring a new niche to the practice. Something as simple as billing medical insurance in an otherwise stagnant practice may breathe new life into a seemingly dead office, and provide the young optometrist with a very bright and successful future.

REFERENCES

- 1) Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook, 2008-09 Edition*, Optometrists, on the Internet at <http://www.bls.gov/oco/ocos073.htm> (visited March 23, 2009).
- 2) Kim Ziemnik, How am I paying for my Education [Document on Internet]. AOSA online; 2004 cited [2009 March 24]. Available from: http://www.theaosa.org/news_media/News013.htm

APPENDIX A

FIGURES

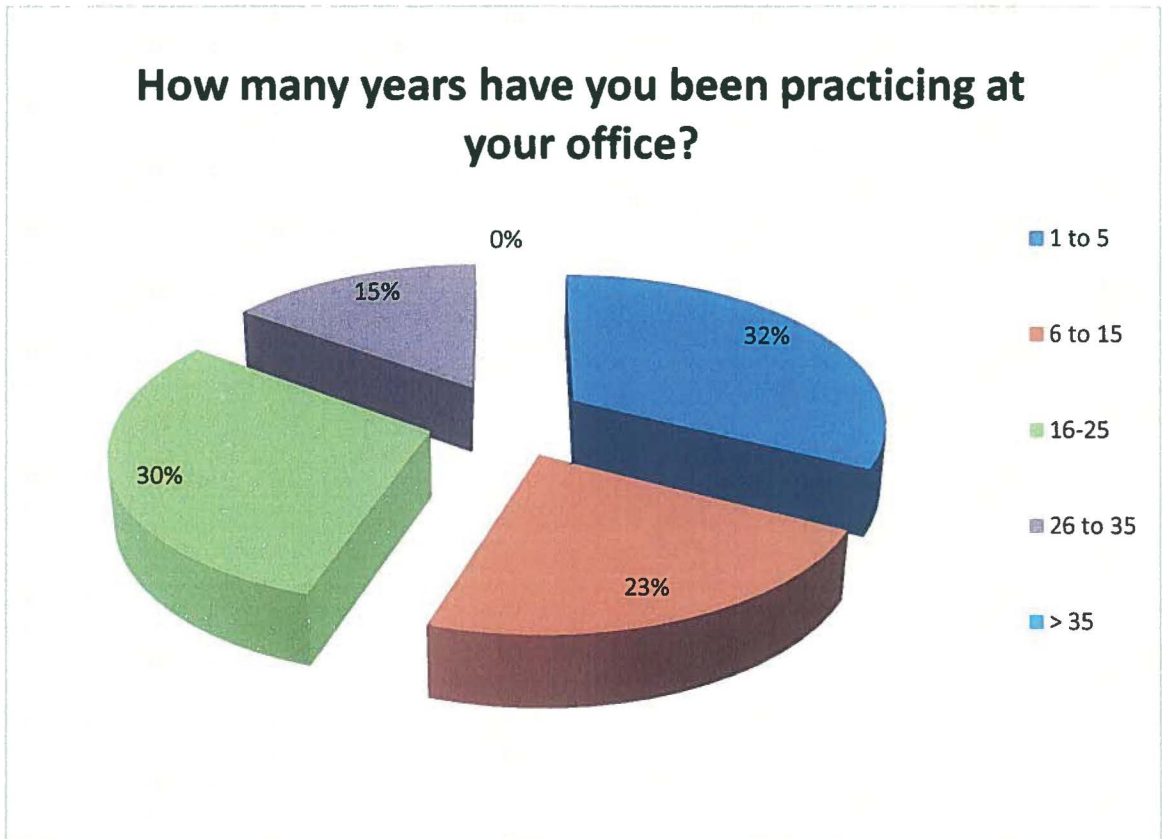


Figure 1

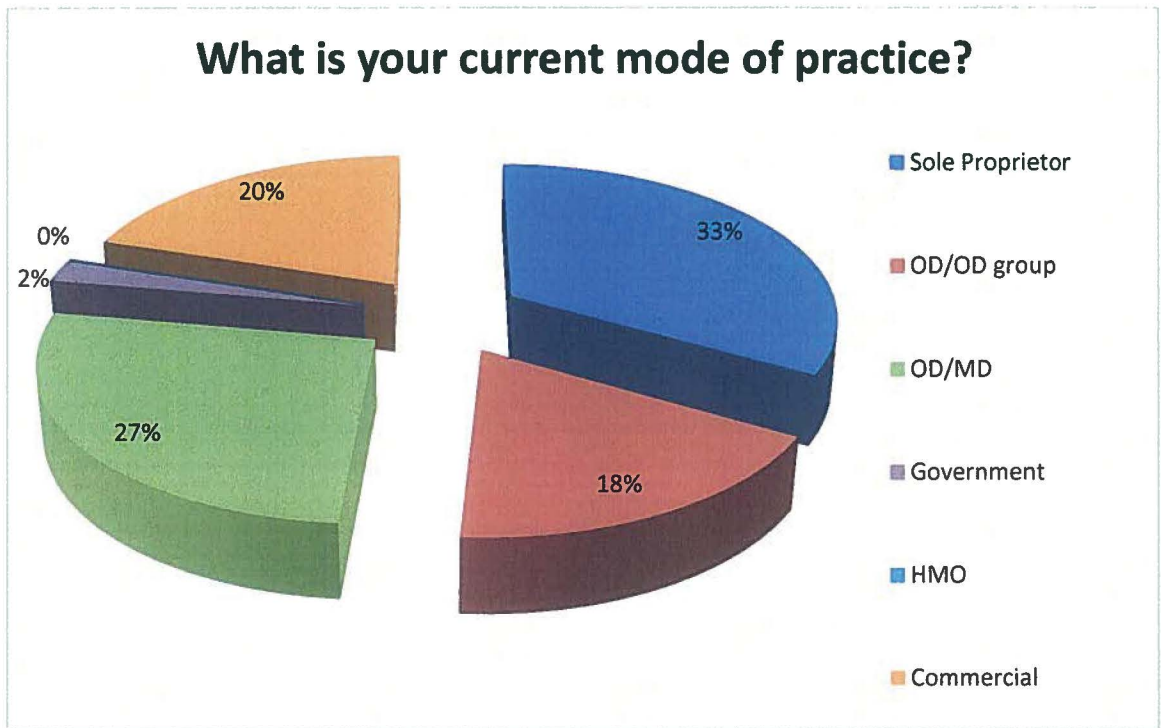


Figure 2

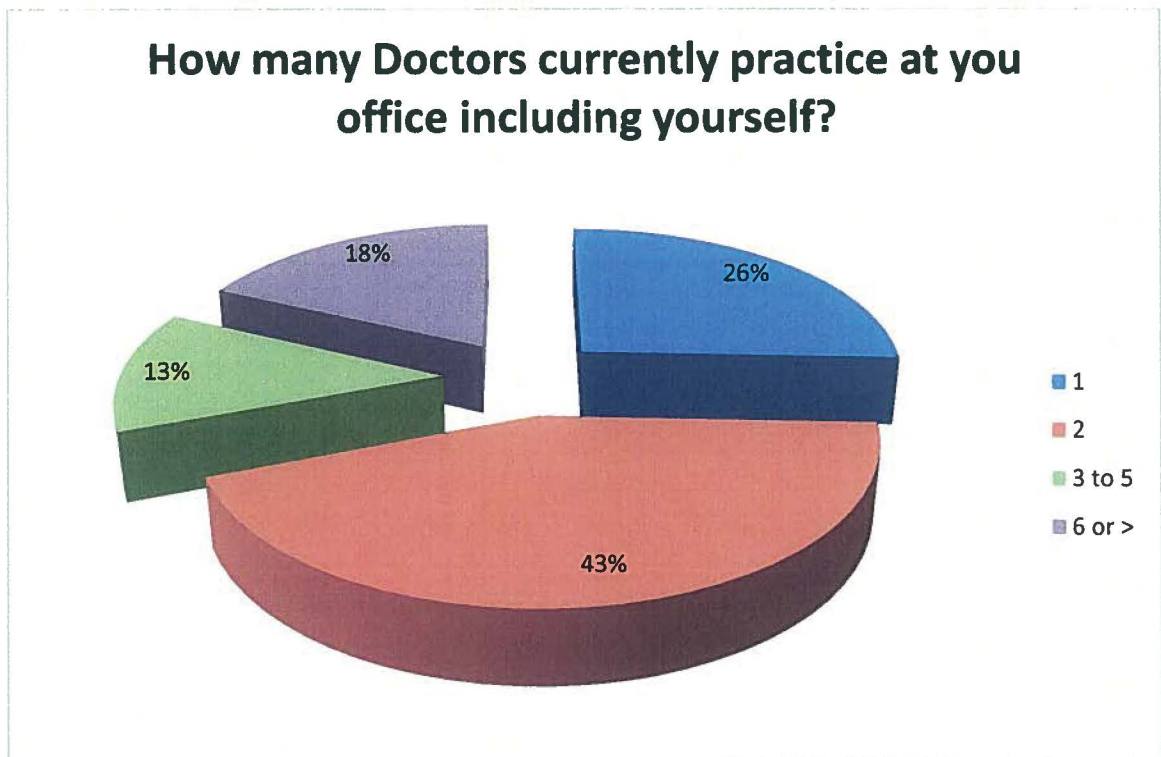


Figure 3

How many staff members do you employ at your office full time?

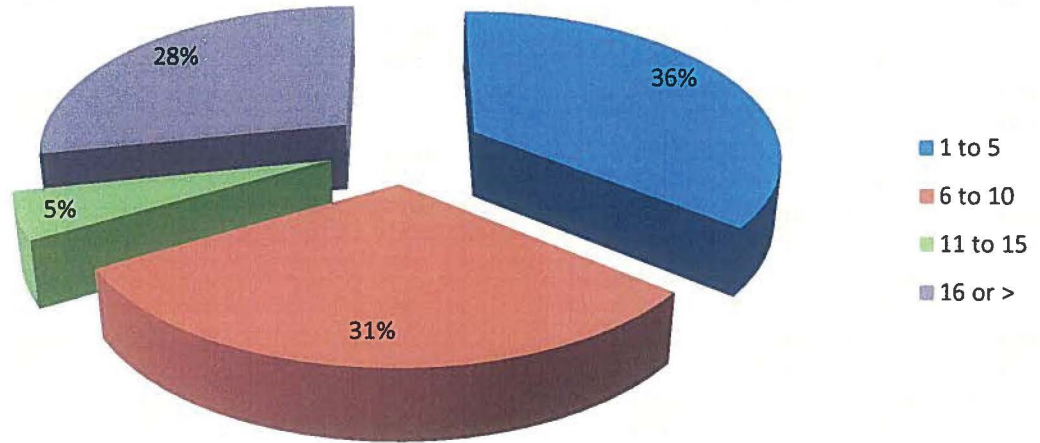


Figure 4

How many patient encounters do you have on an average daily basis?

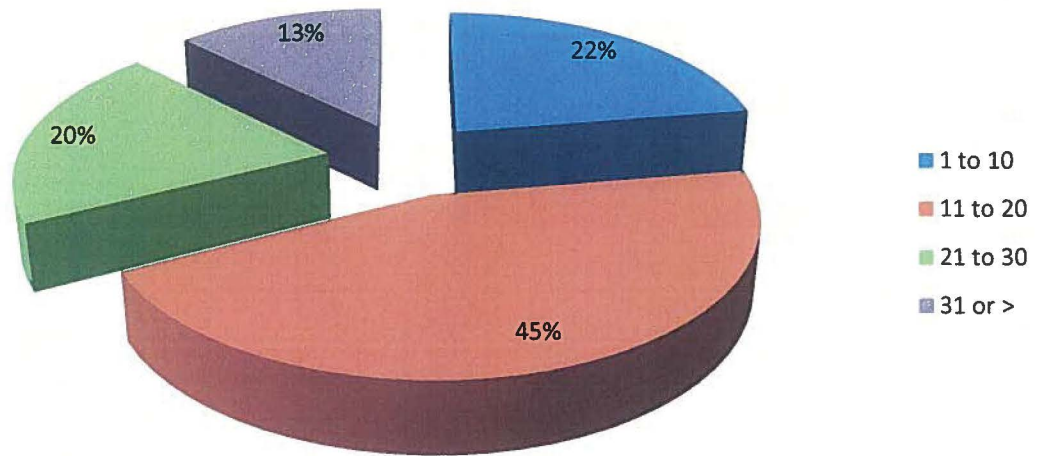


Figure 5

What % of your average daily encounter is billed medically?

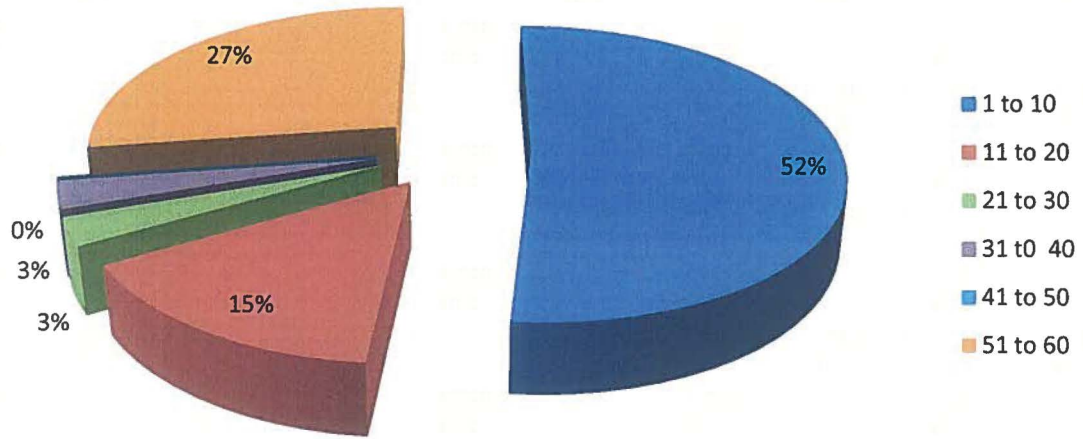


Figure 6

What age range makes up the majority of you patient base?

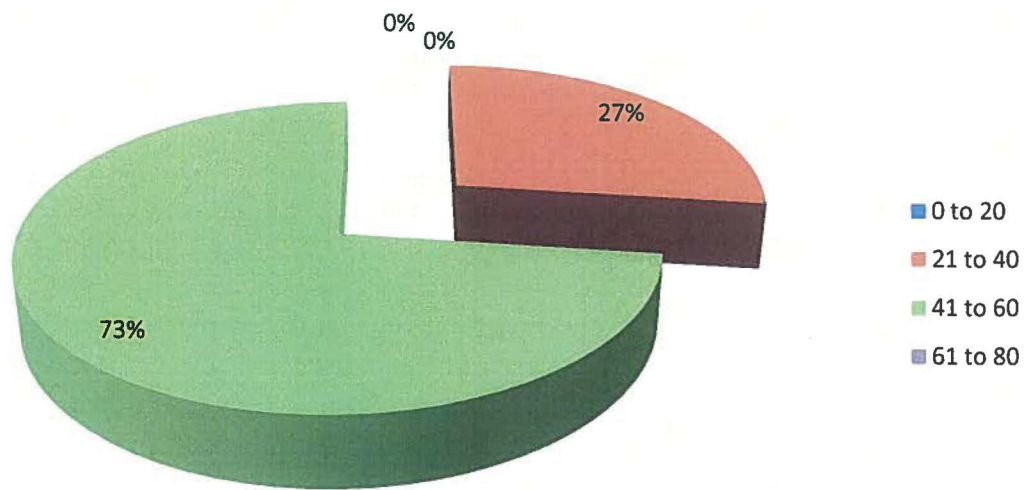


Figure 7

Approximately what % of your patient base are new patients

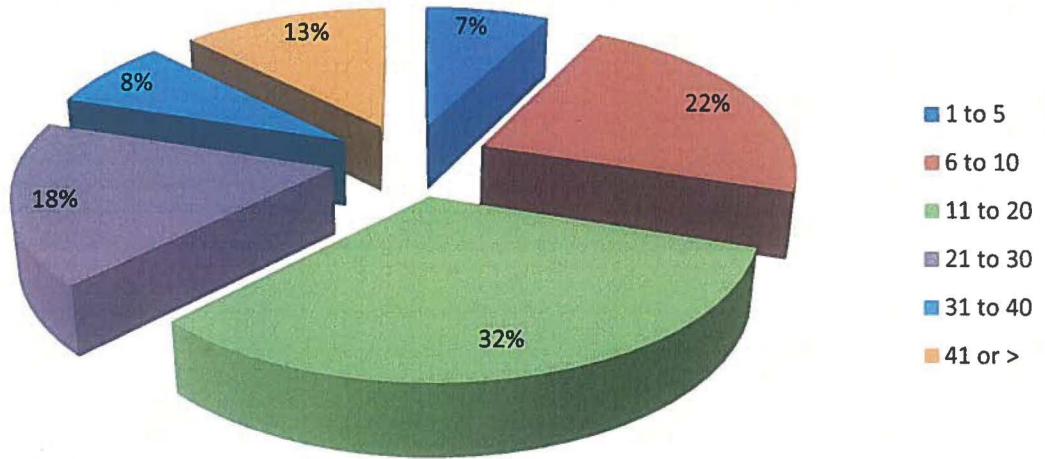


Figure 8

What is your primary code used for a routine vision exam?

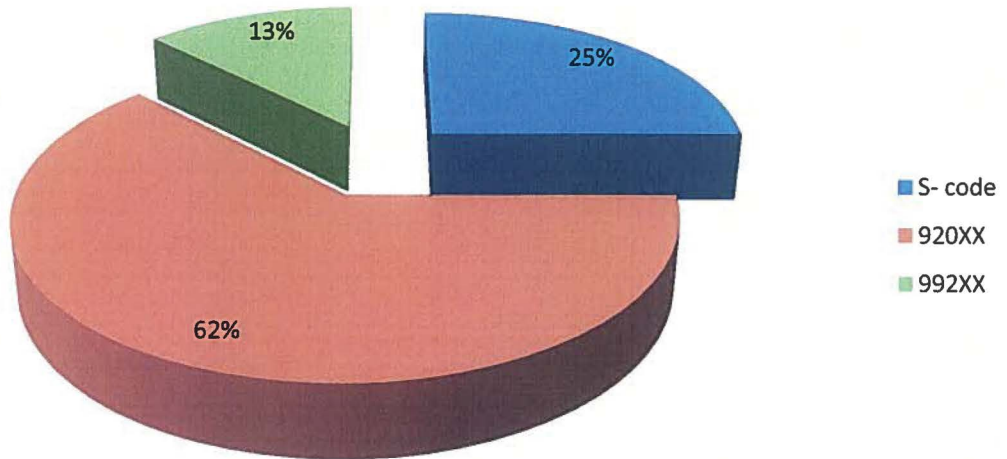


Figure 9

What is your primary code used for a medical eye exam?

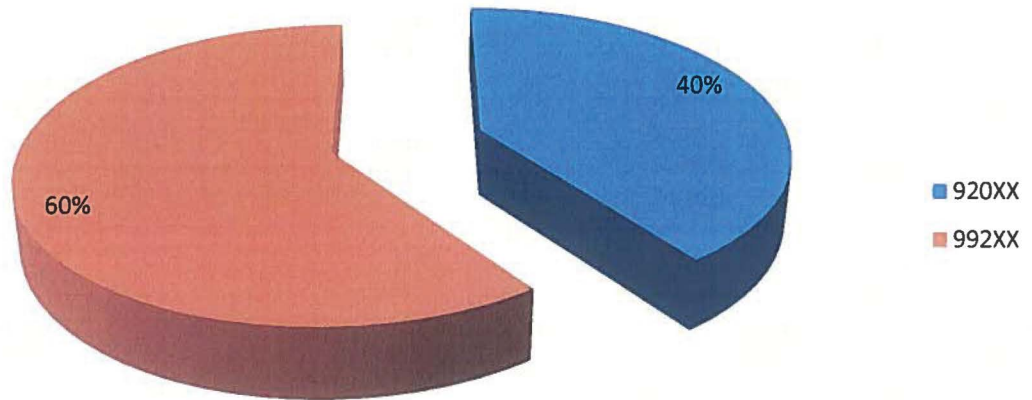


Figure 10

What % of your gross revenue is derived from billing medically?

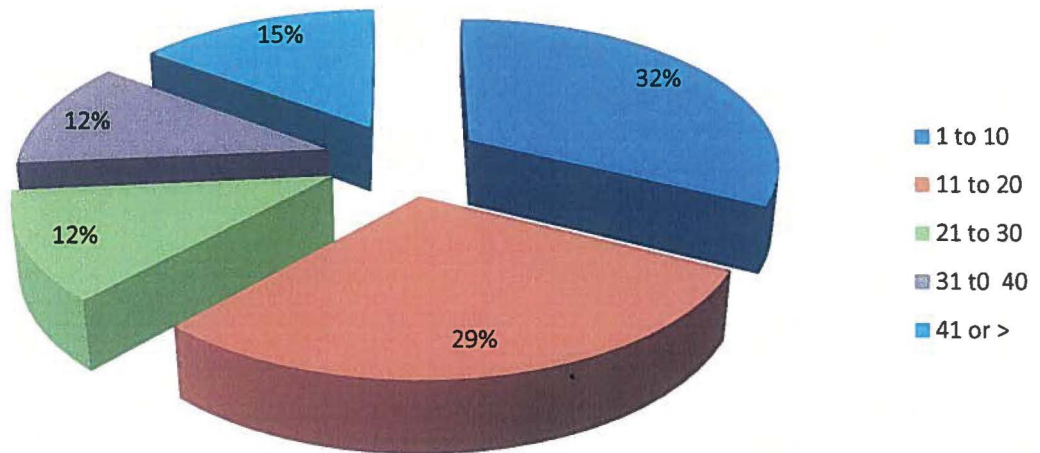


Figure 11

Is your office looking or thinking of taking on an associate with partnership opportunity?

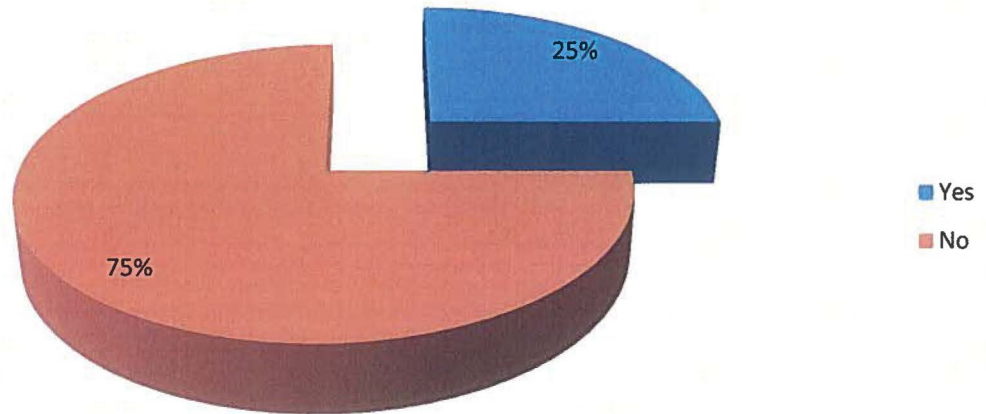


Figure 12

If you are currently in private practice, are you interested in a possible buy in/ buy out?

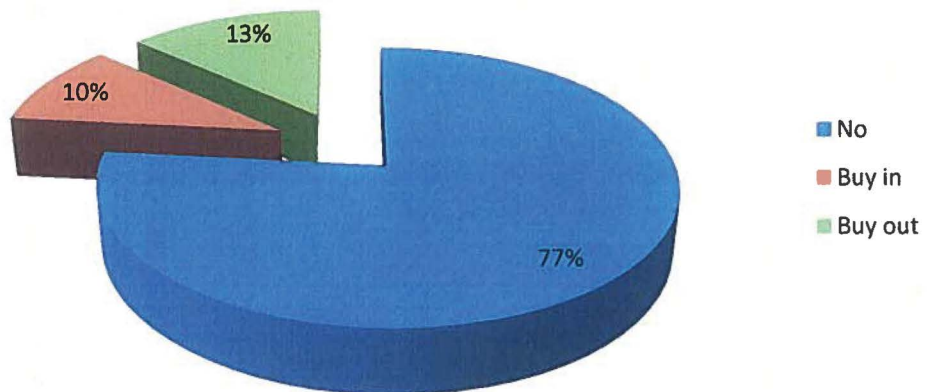


Figure 13

Are there any specialties your practice is looking to incorporate?

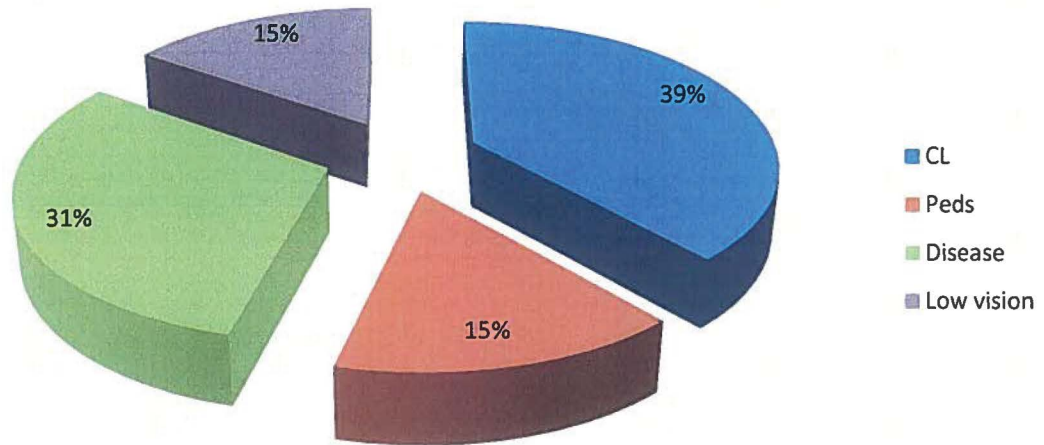


Figure 14

Do you feel your area of practice is oversaturated with optometrists?

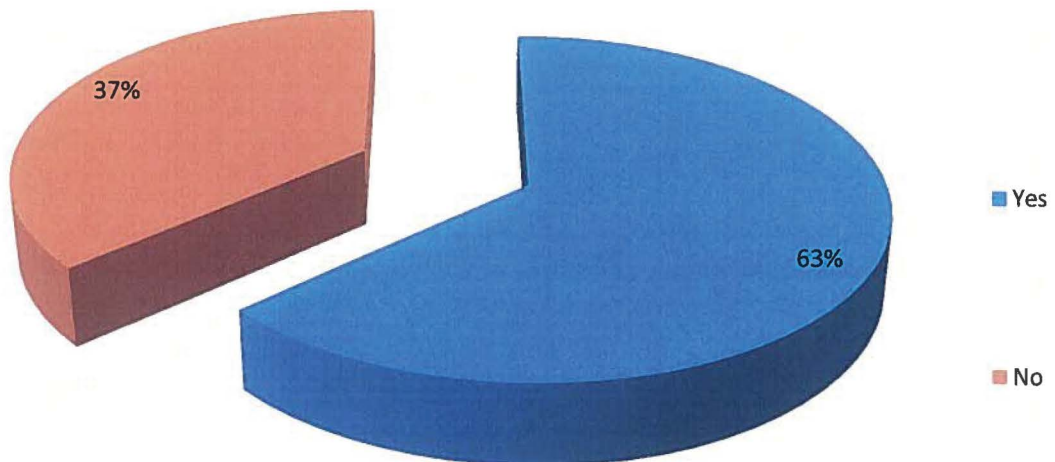


Figure 15

What type of community do you currently practice in?

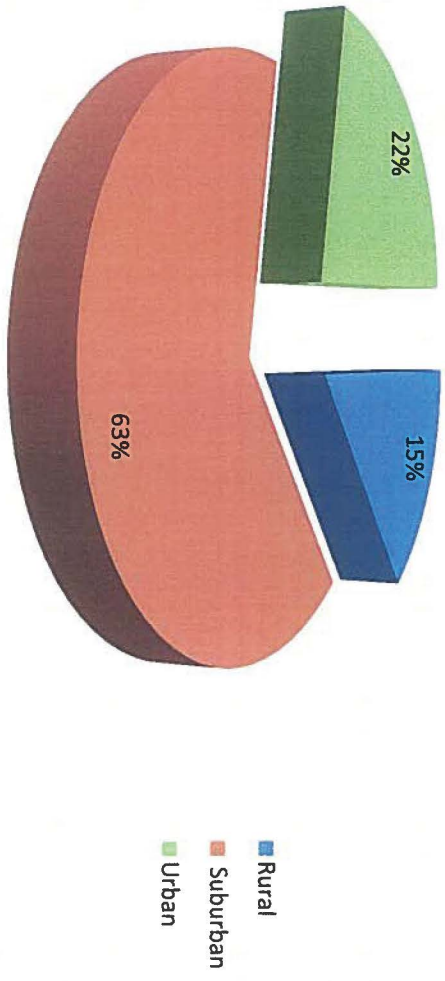


Figure 16

APPENDIX B

SAMPLE SURVEY

Please circle the most appropriate answer.

- 1) How many years have you been practicing at your office?
1-5 6-15 16-25 26-35 35 or >
- 2) What is your current mode of practice?
Sole Proprietor OD/OD Partnership or Group Practice OD/MD
Government HMO Commercial
- 3) How many doctors currently practice at your office including yourself?
1 2 3-5 6 or >
- 4) How many staff members do you employ at your office full time?
1-5 6-10 11-15 16 or >
- 5) How many patient encounters do you have on an average daily basis per doctor?
1-10 11-20 21-30 31 or >
- 6) What percentage of the patients in question 5 are billed medically
1-10 11-20 21-30 31-40 41-50 51-60
- 7) What age range makes up the majority of your patient base?
0-20 21-40 41-60 61-80
- 8) Approximately what percentage of your patient base are new patients?
1-5 6-10 11-20 21-30 31-40 40 or >
- 9) What is your primary code used for a routine vision exam?
S-code 920XX 992XX
- 10) What is your primary code used for a medical eye exam?
920XX 992XX
- 11) What percentage of your gross revenue is derived from billing medically?
1-10 11-20 21-30 31-40
41 or >
- 12) Is your office currently looking or thinking of taking on an associate with partnership opportunity?
Yes No
- 13) If you are currently in a private practice, are you interested in a possible buy in or buy out?

No

Buy in

Buy out

14) Are there any specialties your practice is looking to incorporate with an associate?

CL

Peds

Disease

Other:

15) Do you feel the area you practice in is oversaturated with Optometrists?

Yes

No

16) What type of community do you currently practice in?

Rural

Suburban

Urban