

National Highlights

2001 AOA Economic Survey¹

Optometric Income. Optometrists practice in a wide range of private and corporate practice settings, where some earn income from self-employment and some as the employees of others. Other optometrists earn professional income in both self-employed and employed arrangements. The 2001 AOA Economic Survey provides estimates for the year 2000 of the total individual net income of ODs taking into account all employment sources. Income estimates are also provided separately for self-employed optometrists and for ODs employed by other professionals or organizations.

Median and mean (average) income data are provided below. The median income—or 50th percentile—is the level both below and above which lay one-half of all incomes reported. Although median income probably best represents the “typical” optometrist’s earnings, the incomes of individuals may vary substantially from the median. The distribution of incomes of professionals tends to be skewed toward a small proportion of very large incomes and this is what, in most instances, causes mean (or average) income data to exceed the median.

Self-Employed Optometrists. Approximately 87 percent of the optometrists participating in the 2001 AOA Economic Survey designated themselves as primarily self-employed. Seven of ten respondent ODs were in solo practice or in two-member groups or partnerships.

Average gross income from optometric practice among the self-employed was \$648,923 in the year 2000, up nearly 24 percent from \$523,645 in 1998. Median gross income from practice, however, reached \$490,000, up dramatically (42 percent) from \$345,000 two years before. Mean (average) gross income per OD was \$415,623, up 13.9 percent from \$364,942 in 1998. Median gross income per OD was \$383,000 in 2000, up nearly 25 percent from \$307,000 in 1998.

Self-Employed OD Gross Income, 1996-2000

	MEAN GROSS INCOME			MEDIAN GROSS INCOME		
	1996	1998	2000	1996	1998	2000
Practice	\$494,117	\$523,645	\$648,923	\$383,000	\$345,000	\$490,000
OD	\$348,134	\$364,942	\$415,623	\$325,000	\$307,000	\$383,000

¹ A sample of AOA membership consisting of 4,000 optometrists was sent this survey in April 2001. The response rate was 16.6 percent (n=663). Unless otherwise indicated, data are reported for calendar year 2000. The previous AOA Economic Survey was conducted in 1999.

Average net income from self-employed practice in 2000 rose to \$187,107, up 30 percent from \$143,961 in 1998. Median net income in 2000 from practice rose to \$142,000, up 35 percent from \$105,000 two years before. Average (mean) individual net income from self-employment reached \$132,826 compared to \$112,365 in 1998, an increase of more than 18 percent. In 2000, median individual net income rose to \$116,000, also up more than 18 percent from \$98,000 in 1998.

Self-Employed Net Income, 1996-2000

	MEAN NET INCOME			MEDIAN NET INCOME		
	1996	1998	2000	1996	1998	2000
Practice	\$118,801	\$143,961	\$187,107	\$90,000	\$105,000	\$142,000
OD	\$92,637	\$112,365	\$132,826	\$85,000	\$98,000	\$116,000

Employed Optometrists. The 2001 AOA Economic Survey gathered information about the overall compensation of optometrists in the employ of others. Employed ODs were asked to report their professional income and to estimate the value of non-cash benefits (health insurance, life insurance, employer pension contributions, etc.) made on their behalf by their employers. Respondents were also asked to estimate the amount of salary reduction contributions to a retirement program, if any, made during the year.

Compensation of Employed Optometrists

CATEGORY	MEAN		MEDIAN	
	1998	2000	1998	2000
Employment income	\$84,313	\$113,183	\$80,000	\$92,000
Value non-cash benefits	\$7,397	\$10,322	\$5,000	\$10,000
Retire. salary reductions	\$5,687	\$9,322	\$5,000	\$8,500

Total Individual Net Income. The Economic Survey provides total individual net income estimates, taking into account self-employed individual net income from practice and income from employment. In 2000, median total individual net income was \$115,000. During the period, 1988-2000, the median net incomes of the profession of optometry have outpaced inflation, recently by a significant amount (more than 31.7 percent in 1988 dollar terms).

**Median Total Individual Net Income,
Current and CPI Adjusted, 1988-2000**

YEAR	CURRENT MEDIAN INCOME	1988 INCOME CPI-ADJUSTED	DIFFERENCE (CURRENT \$)	CURRENT INCOME IN 1988 \$	DIFFERENCE IN 1988 \$
1988	\$60,000	\$60,000	\$0	\$60,000	\$0
1990	\$68,000	\$66,289	\$1,711	\$61,549	\$1,549
1992	\$75,000	\$71,158	\$3,842	\$63,239	\$3,239
1994	\$80,000	\$75,165	\$4,835	\$63,860	\$3,860
1996	\$85,000	\$79,527	\$5,473	\$64,089	\$4,089
1998	\$90,000	\$82,671	\$7,329	\$65,319	\$5,319
2000	\$115,000	\$87,337	\$27,663	\$79,004	\$19,004

While median total individual net income of ODs in 2000 was \$115,000, the distribution of total individual net earnings varied widely. One fourth of optometrists (those in the lowest quartile) had median net incomes of \$82,000 or less, while another fourth (in the highest quartile) reported total individual net incomes of \$162,000 or more.

In 2000, the mean (average) total individual net income reached \$138,846, up 28 percent from 1998. During the period 1988-2000, average individual net income rose by more than 44.3 percent, appreciably faster than inflation (measured in 1988 dollars).

**Mean Total Individual Net Income,
Current and CPI Adjusted, 1988-2000**

YEAR	CURRENT MEAN INCOME	1988 INCOME CPI-ADJUSTED	DIFFERENCE (CURRENT \$)	CURRENT INCOME IN 1988 \$	DIFFERENCE IN 1988 \$
1988	\$66,110	\$66,110	\$0	\$66,110	\$0
1990	\$74,846	\$73,040	\$1,805	\$67,744	\$1,634
1992	\$81,571	\$78,404	\$3,167	\$68,780	\$2,670
1994	\$88,690	\$82,819	\$5,871	\$70,796	\$4,686
1996	\$92,637	\$87,681	\$4,956	\$69,847	\$3,737
1998	\$108,262	\$91,090	\$17,172	\$78,573	\$12,463
2000	\$138,846	\$96,231	\$42,615	\$95,386	\$29,276

Practice Setting. Optometrists in private practice settings during 2000 had higher mean total individual net incomes (\$143,292 vs. \$111,025) and higher median total individual net incomes (\$120,000 vs. \$98,000) than those in corporate practice settings.

Total Individual Net Income, by Practice Setting, 1998-2000

CATEGORY	MEAN		MEDIAN	
	1998	2000	1998	2000
All optometrists	\$108,262	\$138,846	\$90,000	\$115,000
In private practice	\$113,985	\$143,292	\$98,000	\$120,000
In corporate practice	\$94,010	\$111,025	\$81,000	\$98,000

Type of Practice. Optometrists in 2000, who were self-employed in solo, group and partnership arrangements, had mean and median total individual net incomes that are considerably higher than their employed counterparts.

Total Individual Net Income by Practice Type, 2000

	MEAN NET INCOME	MEDIAN NET INCOME
Self-Employed		
Solo	\$135,340	\$115,000
Partnership or group (2-person)	\$151,809	\$125,000
Partnership or group (3-5 person)	\$182,397	\$150,000
Partnership or group (6 or more)	\$154,500	\$146,000
Optical chain franchise or lease	\$116,071	\$100,500
Independent contractor	\$119,375	\$104,000
Other self-employed	\$84,429	\$100,000
Employed By		
Optometrist(s)	\$95,412	\$80,000
Ophthalmologist(s)	\$123,567	\$110,000
HMO	\$88,429	\$85,000
Hosp/clinic/other multidisciplinary	\$102,941	\$98,000
Optical chain	\$98,667	\$80,000
Armed forces, VA, USPHS	\$83,500	\$83,500
Other employed	\$112,750	\$83,500

Years in Practice. The average incomes of optometrists rise with the number of years in practice, reaching a plateau between 26 and 30 years. Median incomes also increase with experience in a similar manner.

Total Individual Net Income by Years in Practice, 2000

YEARS IN PRACTICE	MEAN NET INCOME	MEDIAN NET INCOME
5 or less	***	***
6 to 10	\$129,200	\$110,000
11 to 15	\$158,730	\$112,000
16 to 20	\$137,404	\$115,000
21 to 25	\$138,908	\$125,000
26 to 30	\$157,402	\$120,000
31 to 35	\$121,759	\$109,500
36 to 40	\$125,576	\$110,000
41 or more	\$75,647	\$70,000

*** Insufficient data for analysis

Gender. An examination of total individual net income by gender continues to show disparities between the earnings of male and female optometrists. In 2000, median total individual net income for male ODs was \$116,000 compared to \$87,000 for female optometrists. Women thus earned 25 percent less than the men, about the same disparity in median income by gender reported in 1998. In 1992, females ODs earned 31 percent less than their male colleagues; in 1994, 29 percent less; in 1996, 27 percent less; and in 1998, 24 percent less.

Total Individual Net Income by Gender, 2000

GENDER	MEAN NET INCOME	MEDIAN NET INCOME
Male	\$140,230	\$116,000
Female	\$119,209	\$87,000

Two factors help explain most of these imbalances in income by gender. First, and probably more important is the length of time that male and female optometrists, who respond to the Economic Survey, have been in practice. The median number of years in practice for the male respondents at the end of 2000 was 24 years; for female optometrists, the median was only 18.5 years. For example, a comparison of OD incomes for optometrists who were in practice cohort 21-25 years shows that the income gender gap closes to only 18 percent. A second factor affecting the gender gap is that female ODs are still more likely than their male counterparts to be employed by others and, as noted, employed ODs generally earn less than self-employed optometrists.

Practice Profile: Patient Mix and Revenue Sources. Optometrists were asked to estimate the percentage of their patients examined in 2000 sponsored (covered) by, and the percentage of their practice revenue coming from, various third-party and managed care sources. The “typical” OD profile consisted of nearly half (47.6 percent) of the patients covered by private plans, one fourth (25.7 percent) covered

by public programs (e.g., Medicare, Medicaid, etc.) and the balance (26.7 percent) with no third-party coverage for optometric services. Public and private *managed care* plans covered 43.9 percent of the patients in the typical practice profile.

Revenues from private plans represented 42.0 percent of total practice income and 23.1 percent from public plans. Out-of-pocket payments (including cost-sharing amounts from patients covered by third-parties) represented 34.9 percent of total revenue. Revenue in 2000 from private and public *managed care* programs (HMOs, PPOs, including VSP) accounted for 37.5 percent of total revenue. These data reflect the steadily increasing coverage and revenue importance of managed care programs during the last decade for most optometric practices in the country.

**Estimated Mean Percent OD Patients Covered By
and Practice Revenue by Source, 2000**

Source	Patients Covered	Practice Revenue
VSP	19.3%	16.3%
PPOs (other VSP)	8.2%	7.2%
HMOs (private sector)	10.0%	8.7%
All other private plans	10.1%	9.8%
Medicare HMOs	6.4%	5.3%
Medicare (fee-for-service)	12.0%	11.5%
Medicaid	7.3%	6.3%
Patient responsible	26.7%	34.9%
TOTAL	100.0%	100.0%

Optometric Work Effort and Examinations Provided. On average, doctors of optometry engaged in practice 49.0 weeks during 2000 and were available to see patients an average of 38.3 hours each week. ODs worked slightly fewer total hours during the year and performed fewer eye examinations when compared with previous years. The average (mean) number of complete eye examinations (including refractions) performed in 1990 was 1,867. By 2000, the average number of complete exams performed by ODs annually had risen to 2,168--an increase of 16.1 percent over the decade. Between 1990 and 2000, the average number of complete exams performed by ODs per hour also increased from fewer than one (.94) to more than one (1.16) per hour.

Mean Weeks/Hours Worked and Mean Volume of Examinations, 1990-2000

Variable	1990	1992	1994	1996	1998	2000
Time Worked						
WEEKS WORKED/YEAR	49.4	49.4	49.5	49.5	49.4	49.0
HOURS WORKED/WEEK	40.4	40.1	40.6	40.3	39.3	38.3
HOURS WORKED/YEAR	1,996	1,981	2,010	1,995	1,941	1,877
Complete Eye Examinations						
COMPLETE EXAMS/YEAR	1,867	1,987	2,123	2,176	2,235	2,168
COMPLETE EXAMS/WEEK	37.8	40.2	42.9	44.0	45.2	44.2
COMPLETE EXAMS/HOUR	.94	1.00	1.06	1.09	1.15	1.16
Other Examinations						
OTHER EXAMS/YEAR	947	940	919	896	994	1,073
OTHER EXAMS/WEEK	19.2	19.0	18.6	18.1	20.1	21.9
OTHER EXAMS/HOUR	.47	.47	.46	.45	.51	.57

The mean number of all other visits performed by optometrists (excluding complete exams and visits for eyewear dispensing adjustments) rose again in 2000 to 1,073 up nearly 8 percent when compared to 1998 and continuing to the upward trend in the annual OD output of such visits. However, the median number of eye examinations and other visits performed by optometrists in 2000 varied widely by practice type.

Median Eye Examinations & Other Visits, by Practice Type, 2000

SELF-EMPLOYED	EYE EXAMS	OTHER VISITS
Solo	1850	700
Partnership/group (2-person)	2000	800
Partnership/group (3-5 person)	2000	1000
Partnership/group (6 or more)	3286	1304
Optical chain franchise	2604	600
Independent contractor	2870	500
Other self-employed	2000	800

EMPLOYED BY	EYE EXAMS	OTHER VISITS
Optometrist(s)	2700	787.5
Ophthalmologist(s)	2300	2000
HMOs	2300	600
Hosp/clinic/other multidiscipl.	2200	1350
Optical chain	2200	1750
Armed forces/VA/USPHS	3040	570
Other employed	2000	500

Staffing of Optometric Offices. AOA’s 2001 Economic Survey confirms that the size of the typical non-optometric full-time equivalent (FTE) office staff continues to grow, the median number of non-OD office staff rising to four, doubling during the last decade. Data were also collected on the allocation of non-OD staff to the administrative, clinical, optical dispensing and optical laboratory activities within the office. Increased office “paper work” has undoubtedly contributed to the need for more non-professional employees in optometric offices. Likewise, optometrists have increased the delegation of routine information gathering, when appropriate.

Non-OD Office Staff (FTEs)
Employed in Primary Practice Setting, 1990-2000

Year	Median FTE Staff	Mean FTE Staff
2000	4.0	6.4
1998	3.5	5.5
1996	3.0	4.0
1994	3.0	3.7
1992	3.0	3.4
1990	2.0	3.1

Non-OD Staff (FTEs), by Activity, 2000

Activity	Median FTE Staff	Mean FTE Staff
All	4.0	6.4
Administrative	1.5	2.4
Clinical	1.8	2.7
Optical dispensing	1.5	2.0
Optical laboratory	1.0	1.3

Practice Expense. The 2001 Economic Survey also yields data about the relative costs of conducting an optometric practice. The median percentages of gross income reported for each of the major cost components of a practice—laboratory expenses, wages paid to employees (other than to employed ODs and officers), rent (including utilities and telephone) during 2000 did not vary significantly from previous survey results.

Median Percentage of Gross OD Practice Income,
Selected Expense Categories, 1996-2000*

Expense Category	1996	1998	2000
Laboratory expenses	28.0%	26.8%	28.0%
Non-OD wages	15.3%	15.3%	16.4%
Rent	6.7%	6.8%	6.3%

- Median percentages not additive