

OFNC

Association of British Dispensing Opticians
Association of Optometrists
British Medical Association
Federation of Ophthalmic and Dispensing Opticians

Optometric Fees Negotiating Committee

199 Gloucester Terrace, London, W2 6LD Tel: 020 7298 5156 Email: ann@fodo.com

Chair: Trevor Warburton

Secretary: Ann Blackmore

PRIVATE AND CONFIDENTIAL

Optometric Fees Negotiating Committee Bid to NHS England for fees and grants for 2018-2019

Introduction

2017/18 saw a second year of GOS fees freeze, following on from many years of increases below inflation and increasing cost pressures, particularly retail rents and utilities. While the sector recognises that fees were not cut, unlike for other parts of primary care, it has nevertheless been a difficult year for GOS contractors, with massive increases in the costs of product owing to the heavily falling pound and ongoing PCSE failings making reconciliation of NHS claims and payments difficult and adding to work and costs.

The OFNC welcomes the government's easing of the public sector pay cap and is calling for GOS fees, CET and pre-registration grants, and voucher values to increase in line at least with inflation, at a minimum of 3%. This is necessary to continue to provide the highly cost-efficient NHS sight testing and means-tested subsidised spectacle supply in England which, we would argue, is probably the most efficient and cost-effective sector of NHS services.

Added to this, if the optical sector is to play its full part in helping the NHS to deliver community optical services that are more efficient and more effective for patients, then NHS England must also address the need to support investment in IT to enable digital connectivity between optical practices and the NHS.

As we frequently point out, GOS fees now are lower in real terms than in 1948. This means that although government funding has tracked NHS volume in line with demographic change, all the concomitant quality investment in staff, equipment and premises over 70 years has come from the sector itself apart for a small contribution to CET.

This demonstrates the optical sector's genuine willingness to play its part in modernisation in return for fair fees and grants. In recent years it has invested more in new equipment and upskilling from its own resources to subsidise NHS care than any other sector and, in the coming year, the sector will be opening at least three new schools of optometry from charitable funds to meet current and future workforce supply at zero cost to the NHS.

GOS fees bid

In recent years fee increases have been frozen and before that limited to 1%, with the justification given that

- this mirrored the public sector pay cap.
- Inflation was low or negative.

However this is no longer the case. The pay cap has been lifted, with government accepting it is not sustainable. And inflation has been increasing over the past 18 months and is now running at or above 3%.

NHS England have also drawn our attention to the fact that other parts of the public sector (and other parts of primary care) have been asked to demonstrate efficiency savings as a condition of fee increase. We would draw attention to the fact that not only have GOS fees been frozen but our members have been providing efficiency savings for NHS England on an ongoing basis, arising from improvements in the service they provide and by directly subsidising NHS services. We would also highlight that we have put forward proposals that would create efficiency savings for NHS England, without putting patient safety or public money at risk, which NHS England has chosen not to pursue – for example removing the current inefficient process of seeking prior-notification for domiciliary sight test visits.

Efficiency savings also accrue from the fact that optical practices and practitioners have had to absorb the increased administrative and regulatory burdens and costs that have been imposed by government, which are routinely uncoded and unfunded. This has included the new requirements of the Accessible Information Standard, ensuring staff can deliver against new NICE guidelines and updating QIO. In the coming year there will be further costs arising from the implementation of the General Data Protection Directive and the introduction of new GOS forms.

Last year we expressed our concern that issues of recruitment and retention in the sector appeared to have been misunderstood and misrepresented by NHS England. As we highlighted then, there are parts of the country where it is difficult to recruit, or where it can only be achieved by paying high salaries. And the demand for optometrists and dispensing opticians will only increase as we look to move primary eye care out of hospitals and away from GPs. However the sector is itself investing to help tackle this problem. In the past year it has been announced that two new schools of optometry are being set up, to help meet need in areas of high demand. These are supported by the sector itself and charitable funds, and the NHS will be one of the beneficiaries. In terms of demonstrating efficiencies provided by the sector, this investment is significant.

In addition to the above, our members have also had to contend with the financial consequences of the mismanagement and inefficiencies arising from the entire PCSE debacle. We cannot state too strongly how badly our members have been treated and the real hardship many have suffered over what is now coming up for two years. This relates not only to the GOS payments made (or not made) to contractors, but also to the fact that practices cannot deliver GOS services when contract applications take an unreasonable length of time to be processed, and newly qualified practitioners cannot deliver GOS and other NHS services because of the inordinate delays in processing applications to join the performers lists. The goodwill/compensation scheme set up by NHS England has for many added insult to that injury. We know that it has not been well used because it is too difficult and/or expensive to apply – and even worse, many have not been able to apply by the deadline because they could not get the information they needed to apply from Capita.

GOS fees are intended to reflect the costs of delivering a sight test – and that includes not only the time of the practitioner delivering the service, but all related overheads. Increased costs without any increase in income have to date been met by subsidising the service from other parts of the business – which is an indirect tax on other patients. However this is not a sustainable business model. If there continue cuts to fees, or an increase in costs which is not reflected in fees, then practices will have no choice but to cut within the service, or withdraw services, or withdrawing from some areas. All of these options would have negative impacts for patients, restricting their choice and access to services.

We appreciate that there still remain pressures on the public sector and specifically the NHS but in reality fees have been falling in real terms for many years now. The sight test fee in 2006 was £18.85. In 2017/18 it is £21.31. Using the CPI, a 10% increase would be required to catch up with 2006 values.

On the basis of the business case we have outlined, we would like to see the GOS fees increase by at least 3%. This reflects the increase in inflation, only partially addresses the increase in real costs over the past year (let alone the increased costs of previous years that the sector has done its best to absorb), the real increase of wages in the private sector and the lifting of the pay cap on the public sector.

IT bid

Two years ago the OFNC submitted a bid to NHS England for financial support to ensure that community optical practices could be properly digitally connected to the NHS – this would be of benefit to patients and would rapidly provide efficiencies to NHS England. That bid was rejected on the grounds that NHS England wanted to review the impact of investment in IT infrastructure that formed part of the Manchester project.

Last year we made the case that we cannot wait two years for the outcomes of other projects – if community optical practices are to play their part in helping to manage the capacity issues facing GPs, A&E and hospital eye services, then we need digital connectivity sooner rather than later.

We reiterate this point now. Indeed, we would highlight the fact that from October 2018, hospitals will only accept e-referrals. If optical practices are not able to make e-referrals (because NHS England cannot find the necessary minimal investment), then they will have no choice but to refer patients (GOS, private or from PECs) via their GP. Our estimates suggest this could be as many as one million patients annually being routed unnecessarily through GPs the HES, adding unnecessarily to their workload and adding avoidable costs to the NHS.

Electronic connectivity would streamline referrals, reduce inappropriate referrals, reduce inappropriate claiming (assuming practices would be able to access details of past sight tests and prescriptions). In short, NHS funding for IT connectivity for optical practices would help NHS England achieve efficiency savings as well as improving patient care.

We have however taken note of NHS England's desire to learn from the outcome/lessons from Manchester. The OFNC have therefore taken a close look at developments in Manchester and identified a viable way forward. Manchester is still in the implementation phase, but we have learnt enough to enable us to revise the bid and we believe that we could deliver a workable solution. It is important to note that much of what has been achieved in Manchester has been dependent on good will and pro bono work, which needs to be seen in the positive context set by DevoManc, and in an area which already had a history of commissioning enhanced services. Nevertheless the OFNC considers it would be possible to build a solution on a similar model at a cost of approximately £16million over three years. (This assumes that NHS England Regions take on the costs of Registration Authority, Smart Cards and NHS Mail, as they do for pharmacy.)

The OFNC would be willing to develop a detailed proposal, to include more precise figures and commitments from the sector about implementation and take up.

Voucher values

We would remind the Department of Health and NHS England that spectacle vouchers are an NHS benefit for patients. For those in need of spectacles and entitled to a voucher this is an important benefit which enables them to correct their vision impairment and live a normal and productive life. It is therefore important that the voucher does cover the full cost of the spectacles it is needed for.

We have highlighted over many years the ongoing erosion of the value of the voucher and the fact that this is making it increasingly difficult to provide patients with spectacles within the voucher values.

Last year we flagged that the fall in the pound (largely the result of Brexit and not the consequence of normal currency fluctuations which of course the industry should adjust for) was likely to have a serious impact given that the vast majority of frames and lenses are imported, with Europe a significant supplier. These increases in costs of frames and lenses are now becoming apparent, and with no improvement in the exchange rate are likely to continue for the foreseeable future.

We are also extremely disappointed that the Department of Health persists in its perverse approach of linking increases in voucher values – which are a patient benefit – to increases in patient charges, such as prescriptions. We have drawn the Department's attention to this anomaly in our bid for many years. While this situation continues the value of the voucher continues to fall – meaning that patients suffer for no good reason.

There is now a real risk that vouchers are becoming a contribution towards the cost of spectacles but can no longer meet the actual costs of providing those spectacles – which means those who need spectacles must either meet part of the costs themselves, or that the practice meets those costs, which they can only do by increasing prices for other patients (an indirect tax).

There would need to be an increase of around 7% in voucher values to bring them back to 2006 values. As a minimum we believe there should be an increase in voucher values in 2018/19 of at least 3%, to at least match inflation.

Separately, we believe that the voucher banding has become outdated and does not match current availability in some powers, and lack of availability in others. We wish to form a working group, ideally including expertise from the Clinical Council and from the Department to review the current bands and make some recommendations for cost-neutral changes.

CET and pre-reg grants

We welcome the fact that there was a small increase in 2017/18. Nevertheless it remains important that these grants reflect the real costs of CET and training pre-registration optometrists i.e of time out of practice and the costs of the training itself. They should also be in line with those for other professions.

We would also like to highlight the fact that in most cases 20% of the pre-registration supervisors grant is in fact returned directly to the NHS – as a payment to the hospital where the student undertakes their placement.

We are therefore seeking an increase in CET and pre-registration supervisor grants of at least 3%, to reflect the real costs to practitioners and practices

We are also of the view that the issue of CET grants for dispensing opticians should be revisited.

Summary

In summary, our members are contending with the combined effects of:

- 2 years of a GOS fees freeze, compounding years of underfunding of GOS
- The continuing and growing administrative and regulatory burden placed upon businesses and practitioners – which are routinely uncoded and unfunded.
- The wider economic climate – inflation is now at 3% and the actual increase in costs businesses are facing are in fact higher.
- The direct costs and hardship resulting from the fiasco of Capita and NHS England's mismanagement of PCSE for getting on for 2 years. And realistically it will be many months before we can return to anything like normal.

At the same time we are investing in our own services and future professionals so that we can deliver the services that patients need, and that NHS England needs if it is to meet the growing demands of an ageing population.

On that basis, the OFNC believes that:

- GOS fees should an increase in line with fees to other essential healthcare groups – and that increase should be at least 3%.
- NHS England should commit investment to enable digital connectivity between optical practices and the NHS, which will provide efficiencies for the NHS and ensure a better service for patients, we propose a solution building on learning from the Manchester model at a cost of approximately £16m over three years
- Voucher values should reflect the real increase in costs and should not be linked to patient charges. We would like to see an increase of 3% in this benefit and a review of banding for 2019.
- CET and pre-registration supervisors grants – should reflect real costs and increase by at least 3%.

OFNC 23 January 2018