Income from Optometry

Purpose

Income from Optometry is derived from the 2012 Survey of Optometric Practice, of which the intent is to gather key information about optometric practice characteristics, such as number and frequency of patient visits, hours worked by optometrists and paraoptometrics, as well as gross billings, expenses and income. This report focuses on the analysis of net income and annual gross billings of owner optometrists in private or corporate practice as a primary occupation in 2011. Net income for employed optometrists and independent contractor/lessees is also reported where the number of responses was large enough to allow for reliable statistical analysis. Data is presented for all optometrists, by AOA membership status, gender, employment situation, practice type, years in practice, and the U.S. Census Region in which practices are located. The Executive Summary aims to provide an overview of survey results.

Net Income from Primary Practice

Owner optometrists responding to the survey reported an average of $156,550 in net income from their 2011 primary practice, 6% more than 2010. Non-owner optometrists reported an average of $105,757, an 11% increase from 2010. However, the average net income among all responding professionally active optometrists was $129,385, a decrease of 2% from 2010 (as seen in Figure 1). This discrepancy between decrease of overall net income and increase of owner/non-owner optometrists can be explained by comparing the characteristics of 2012 survey respondents to 2011 survey respondents. The majority (59%) of 2011 survey respondents were owner optometrists, while the majority (51%) of 2012 survey respondents were non-owner optometrists. Non-owner optometrists, on average, earn less net income from primary practice than owner optometrists. The employment situation of responding optometrists to the 2012 survey is responsible for distorting the average, therefore, the median net income is a better measure of average net income among practicing optometrists. The median net income from primary practice among professionally active optometrists from 2011 was $120,000, a 9% increase from the 2010 median.

Net Income by AOA Membership Status

As seen in Figure 2, AOA member optometrists earned an average of $139,110 in 2011. This represents a 19% higher net income than non-members, who earned $117,257. One cause of this income gap may be due to the employment situation among responding optometrists. The majority of responding AOA members (56%) were owners of their primary practice, while the majority of non-AOA members (61%) were non-owner optometrists.
The peak in net income from primary practice is experienced when an optometrist has been in practice for 21 to 30 years. New practitioners (optometrists who have graduated from optometry school within the last ten years) reported the lowest net income in 2011, just under $95,000.

Average net income increases among owners as the optometrist ages, until it reaches its peak between the ages of 50 and 59 years. At age 60, income begins declining. Reported average net income from primary practice for all owner optometrists between 50 and 59 years of age was $178,418.

In 2011, women’s earnings in the U.S. were 77% of men’s earnings, according to statistics released by the Bureau of Labor Statistics in September 2012. In the profession of optometry, the average women’s-to-men’s annual earnings ratio was 79% with a median net income of $103,500 among women and $131,000 for men.

Number of hours worked is one reason women earned less than men, with almost 200 fewer hours worked than male optometrists, as illustrated in Figure 4.

Taking this into account, the 2012 survey showed female optometrists earned 87% of male optometrists’ hourly earnings in 2011, compared to only 73% in 2010. Another cause for disparity was that nearly half (46%) of female optometrists responding to the 2012 survey were new practitioners, compared to slightly more than a fourth (26%) of male respondents. Survey data has already shown that optometrists who have been in practice for ten years or less have the lowest income earnings. After hours worked and years in practice are figured, adjusted women’s-to-men’s annual earnings ratio was 95%.
Net Income by U.S. Census Region

Doctors of optometry located in the South region of the United States reported the highest annual net income in 2011 with a median income of $129,000. Optometrists in the Midwest and Northeast reported median annual net income of $120,000, and those in the West reported $110,000. Figure 5 displays average net income for each of the U.S. Census Regions.

Adjusting annual income by total hours worked, optometrists in the South earned an average of $62.50 per hour, a 14% decrease from the reported median earnings in 2010. Optometrists in the Northeast reported the lowest hourly income at $58.89 (see Figure 6).

Gross Billings and Practice Expenses

In 2011, optometrists billed an average of $800,203 for vision care services, and collected 87% of these billings. Private practices collected an average of 86% of total billings while corporate practices collected 93% of total billings. Practice expenses averaged 74% of total gross billings for all practice types. Practice expenses increased 11.5% from $374,014 per own optometrist in 2010 to $417,205 in 2011.

Figure 6: Gross Billings from Primary Practice of Owner Optometrists, 2011

Figure 7: Median Hourly Income by U.S. Census Region, 2011
Sources of Payment

The average 2011 gross receipts collected among owner optometrists was $625,777, a 17% decrease from gross receipts collected in 2010. Private practices collected, on average, 86% of total billings and corporate practices collected 93% of total billings. Owners estimated 36% of gross receipts collected were the result of the sale of frames and lenses and 22% were the result of contact lenses. The top two sources of gross billings received in 2011 by owner optometrists were direct patient payment (33%) and Vision Service Plan (VSP) at 19%. The highest percentage of gross billings received from direct patient payment was 34% in the Midwest and South. The lowest was 29% reported in the West.

About the 2012 Survey of Optometric Practice

The 2012 Survey of Optometric Practice was conducted by the American Optometric Association (AOA) Research and Information Center in April 2012. The survey collected information about private and corporate practice, and other practice types in which optometrists practiced during 2011. Respondents answered questions using information from the previous year of operation, not 2012. The 2012 Survey was sent to a random stratified sample of professionally active optometrists who had a valid address on file with the AOA or the state boards of optometry.

Results from the survey are being released in three volumes: 1) Income from Optometry, 2) Employment of Optometric Staff and 3) Practicing Optometrists and their Patients.

This report summarizes net income and gross billings information provided by all optometrists. Reports available from Income from Optometry include a Detailed Analysis Report and an Optometry Report. The Detailed Analysis Report uses limited narrative with cross tabulation for further analysis. The Optometry Report is in narrative format. Reports may be purchased by contacting the AOA Order Department or by visiting the web site at: www.aoa.org/store.

Several limitations of this study should be noted: (1) optometrists were invited to complete a paper survey which was distributed by the U.S. Postal Service. Incorrect addresses or delays in delivering the survey instrument may have excluded doctors from participating in, or receiving, the survey. (2) Optometrists who chose to participate in this survey were self-selected, which may mean that the survey attracted responses from optometrists whose practices were doing exceptionally well.