NET INCOME FROM PRIMARY PRACTICE: PRACTICE TYPE AND OWNERSHIP STATUS

Primary practice income for 2013 varied according to practice type and ownership status. The average net income for all responding optometrists was $122,667, a decrease of 13% from 2012. To get a clearer picture of optometric income, however, it is important to understand the distinctions between the types of practices and ownership status of responding optometrists.

Practice types are split into three main classifications: private practice, corporate practice and multidisciplinary practice. Private practice is defined as a primary practice setting not affiliated with a regional or national optical company. Corporate practice is defined as a primary practice setting that is affiliated with a regional or national optical company. A multidisciplinary practice consists of both doctors of optometry and medical doctors.

Optometrists in any of the three practice settings may be owners or non-owners. Owners are defined as optometrists who own all or a portion of their practice. Non-owners are optometrists who are employees or independent lessees/contractors (deriving income entirely from fees charged to their own patients).

In 2013, the majority of responding optometrists (59%) reported being in private practice. Twenty percent reported being in corporate practice; 14% reported multidisciplinary practice settings, and 7% reported being in other practice settings.

Across all practice settings, owner optometrists reported a higher net income ($145,343) than non-owner optometrists ($100,914). Owner optometrists in private practice reported a net income of $148,074. Non-owner optometrists in multidisciplinary practice reported the highest net income of all non-owners at $110,613.
NET INCOME BY AGE & YEARS IN PRACTICE

The majority of respondents (53%) were under the age of 50. Twenty-four percent were between the ages of 50 and 59; 23% were over the age of 60. Twenty-nine percent of optometrists have been in practice for 10 years or less. Twenty-six percent have been in practice for more than 30 years. Twenty-four percent have been in practice for 21 to 30 years, and 21% have been in practice for 11 to 20 years. While age and years in practice have an impact on net income, these factors are themselves greatly impacted by practice type and ownership status.

Owner optometrists have consistently reported higher net incomes in all age groups as compared to their non-owner counterparts since 2009, as seen in Figure 2. Net income peaks for owner optometrists between the ages of 50 and 59; for non-owners, net income peaks between ages 40 and 49.

In terms of years in practice, significant differences in net income become evident with optometrists who have been in practice for at least 11 years and continue throughout the rest of their careers. The largest difference in net income is seen between owner optometrists and non-owner optometrists who have been in practice 21 to 30 years; owners reported earning $55,000 more than non-owners. Figure 2 shows the overall progression of income by years in practice since 2009.

Figure 2: Net Income from Primary Practice of Responding Optometrists by Years in Practice, 2009-2013
NET INCOME BY U.S. CENSUS REGION

Doctors of optometry located in the South Census Region of the United States reported the highest annual net income in 2013 ($130,103). Those in the Northeast reported the lowest average net income ($110,750). Figure 3 displays incomes from all U.S. Census divisions from 2013 where available.

Figure 3: Net Income from Primary Practice in Optometry by U.S. Census Region, 2013
NET INCOME BY AOA MEMBERSHIP STATUS

Overall, AOA members reported 7% higher net income ($128,996) than non-AOA member optometrists ($107,105) across all practice types and ownership status, as seen in Figure 4.

AOA members also reported higher levels of practice ownership than non-members. More than three out of five (58%) responding AOA member optometrists were an owner of the optometry practice compared to 42% of non-AOA member optometrists.

Additionally, AOA members reported higher levels of net income at younger ages. Three out of five (58%) AOA member optometrists in private practice were under the age of 50 while 19% in corporate practice, 16% in multidisciplinary practice, and 7% in other practice types were under the age of 50.

Figure 4: Net Income from the Primary Practice of Responding Optometrists, 2013
GROSS BILLINGS, PRACTICE EXPENSES AND SOURCES OF PAYMENT

In 2013, optometrists billed $939,114 for vision care services and collected 85% of these billings. Gross billings per owner optometrist averaged $625,003 and the average billings per optometrist in the practice were $460,012.

Practice expenses averaged $334,897 per owner optometrist in 2013, which was 7% higher than the reported expenses of $313,131 in 2012. Practice expenses averaged 54% of total gross billings for all practice types.

In terms of sources of payment, owner optometrists collected, on average, $720,355 in gross receipts in 2013, up from $650,274 in 2012. The top two sources of gross billings received in 2013 by owner optometrists were direct patient payment (32%) and Vision Service Plan (VSP) at 19%. Direct patient payment also accounted for the largest source of gross billings among corporate practices (49%). The highest percentage of gross billings received from direct patient payment was 35% in the Midwest. The lowest was 29%, reported in the West.

About the 2014 Survey of Optometric Practice:

The 2014 Survey of Optometric Practice was conducted by the American Optometric Association (AOA) Research and Information Center in July 2014. 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.

The Employment of Optometric Staff Detailed Analysis Report focuses on employment of non-optometrist staff in optometry practices and uses limited narrative with cross tabulation for further analysis. This report may be purchased by contacting the AOA Marketplace by phone (888-262-2210) or online at: www.aoa.org/marketplace.

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.

For questions about this survey, or other surveys conducted by the AOA, please contact the Research & Information Center at: RIC@aoa.org.