

# The Economics of a Laser Cataract Program

The business side is a puzzle, not a mystery.

BY MATTHEW JENSEN, MBA

When federal payers began allowing patients to choose their own lens implants 7 years ago, it became permissible for ophthalmology practices to bill for elective refractive offerings (eg, advanced-technology IOLs) much as they do for laser vision correction. The close relationship between the standard therapeutic charges for cataract surgery and the elective use of the laser for this procedure can challenge a practice's business structure. By carefully thinking through the process, the work entailed, and the creation of a marketing message, you can solve this complex puzzle.

## CAN I BILL MORE?

Several questions can help you to establish a financial model that incorporates femtosecond laser technology into cataract surgery. First, can you ever bill extra for cataract surgery based on the method or technology used for the removal of the cataract? According to current reimbursement guidelines, the answer to this question in every situation is no. That the laser procedure generally takes place inside or just outside the OR does not mean that your practice may add a fee to the usual charge sent to the payer.

The elective surgical correction of astigmatism, however, has been performed for more than a decade in the form of astigmatic keratotomy and corneal relaxing incisions. You may use guidelines similar to those established in your practice for these procedures, as you begin to use the femtosecond laser to create arcuate incisions and seek to establish billing. Not all patients will have a sufficient amount of astigmatism to warrant correction with the laser.

## WHAT IS DIFFERENT?

What are you doing differently for a patient undergoing laser cataract surgery versus standard cataract surgery with an advanced-technology IOL? Your answer to this question is central to determining how much more, if anything, you may be able to charge for the elective portion of laser cataract surgery. An example may clarify this point.

## PROCEDURES

### Test

- Refraction
- Corneal topography (pre- or postoperative)
- SCODI-P (scanning computerized ophthalmic diagnostic imaging for the posterior segment)
- Wavefront aberrometry (pre- or postoperative)
- Contact lens trial fitting
- ORange (WaveTec Vision, Aliso Viejo, CA)

### Surgery

- Excimer laser ablation
- Cataract
- Arcuate incision (femtosecond laser)
- Arcuate incision (blade)

### Presbyopia-correcting IOL upgrade fee

### Complication

- Rotate
- Exchange
- Enhancement
- Nd:YAG

### Routine eye care (after 90 days)

In this scenario, a practice charges \$1,500 for an advanced-technology IOL during cataract surgery. This price does not include the implant, the copayment, the deductible, or the fee for possible laser enhancements. It does include what many practices call the *refractive fee*, which is the uncovered physician services associated with the refractive portion of the presbyopia- and astigmatism-correcting IOLs used to replace the cloudy lens. For examples of the refractive components that may be included in the refractive fee, read the initial ruling by the Centers for Medicare & Medicaid Services.

The next step is to perform "microcosting" of your current advanced cataract pricing to determine how laser

TABLE. MICROCOSTING EXERCISE

Activity	Charge	Frequency	Weighted Charge
Test—refraction	\$ XX.XX	yy%	XX * .yy
Test—corneal topography (pre- or postoperative)	\$ XX.XX	yy%	XX * .yy
Test—SCODI-P	\$ XX.XX	yy%	XX * .yy
Test—wavefront aberrometry	\$ XXX.XX	yy%	XX * .yy
Test—CL trial fitting	\$ XX.XX	yy%	XX * .yy
Surgery—excimer	\$ XX.XX	yy%	XX * .yy
Surgery—cataract	\$ XX.XX	yy%	XX * .yy
Surgery—arcuate incision (FS laser)	\$ XX.XX	yy%	XX * .yy
Surgery—arcuate incision (blade)	\$ XX.XX	yy%	XX * .yy
IOL upgrade fee	\$ XX.XX	yy%	XX * .yy
Complication—rotate	\$ XX.XX	yy%	XX * .yy
Complication—exchange	\$ XX.XX	yy%	XX * .yy
Complication—enhancement	\$ XX.XX	yy%	XX * .yy
Complication—Nd:YAG	\$ XX.XX	yy%	XX * .yy
Routine eye care (after 90 days)	\$ XX.XX	yy%	XX * .yy
			SUM above charges
	Proposed charge		\$ somewhere close to the sum

*Abbreviations: SCODI-P, scanning computerized ophthalmic diagnostic imaging for the posterior segment; CL, contact lens; FS, femtosecond.*

*Note: This chart helps to show how often each test or procedure is performed in your clinic and the associated charge.*

cataract surgery can fit into your financial model. You may wish to use the following exercise. Review the current pricing methodology for your presbyopia- and astigmatism-correcting IOL program. What charges or offerings are included in your current fee (see *Procedures*)? How often do you actually perform each test or procedure associated with the charge? Use this information to zero in on a weighted charge for each of the associated activities. Your answers to these questions will indicate whether your pricing is in line with your current patterns of activity. In this scenario, the cost of these services should add up to approximately \$1,500 (Table). You should then have an idea of where there might be room to include femtosecond laser offerings in your advanced cataract programs. This exercise will offer a baseline for the current pricing model without laser technology. In many cases, the sum of the actual charges far exceeds the pricing offered for astigmatic

or presbyopic corrections. If so, adjusting your pricing to reflect your pattern of work may create room to include the cost of laser technology.

Do your current elective fees have little to do with how often associated tests, enhancements, and procedures are performed? In most cases, practices are not charging appropriately for the work involved in offering elective advanced-technology IOLs. The microcosting exercise was a major factor in our practice's decision not to charge extra for the laser portion of cataract surgery. Instead, we developed a new, tiered pricing system in order to offer patients more options for achieving the outcomes they desire from cataract surgery.

#### HOW CAN I COMMUNICATE?

New technology for cataract surgery increases the importance of educating referring optometrists and patients. Any efforts at marketing or communication should begin with

---

“Remember that words matter  
and that jargon should be  
avoided.”

---

an operational understanding of how femtosecond laser technology affects the whole of your business. Reviewing every touch point your patient experiences prior to, during, and after interacting with your practice will promote a successful rollout strategy. Areas to assess include pricing strategies, staff training, patients' education, your practice's Web site, optometric education, phone counseling, informed consent, strategies for referring doctors, and direct-to-consumer marketing. Talk with any team member who will work directly or indirectly with patients considering laser cataract surgery. In our practice, educating patients about changes in technology increased our overall implant volume and conversion rate to advanced-technology IOLs.

When preparing to communicate with prospective patients, it is important to remember that words matter and that jargon should be avoided. *LASIK* is a household word, but the word *femtosecond* is not familiar to patients. Nor are the words *phacoemulsification* and *capsule*. Even the term *cataract* is not well understood by the public. How you label laser cataract surgery is as important as the benefits of the procedure itself. In our practice, we favor the terms *ReLACS* and *refractive laser-assisted cataract surgery*, because they communicate some of the procedure's benefits. Buzzwords like *blade free*, *bladeless*, and *laser guided* also resonate with the public. Select terminology that will appeal to and educate your patients.

## CONCLUSION

Laser cataract surgery is not a means of recouping technological costs on the front end. Current guidelines make it difficult to price this offering in a manner that seamlessly covers the burdensome capital outlay and high per-use fees. The most effective approaches will rectify practices' current pricing based on microcosting and use laser cataract technology to better serve patients. In most practices, any additional charges for the use of this cataract technology may be minimal. ■

*Matthew Jensen, MBA, is the executive director of Vance Thompson Vision in Sioux Falls, South Dakota, and he is a certified Experience Economy expert. He acknowledged no financial interest in the products or company mentioned herein. Mr. Jensen may be reached at (605) 328-3903; matt.jensen@sanfordhealth.org.*

