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Report to Congressional Requesters

February 1990

MEDICARE

Withdrawing Eyeglass Coverage Recommended Following Cataract Surgery

GAO/HRD-90-31

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Human Resources Division

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February 8, 1990

The Honorable Fortney H. (Pete) Stark
Chairman, Subcommittee on Health
Committee on Ways and Means
House of Representatives

The Honorable Willis D. Gradison, Jr.
Ranking Minority Member
Subcommittee on Health
Committee on Ways and Means
House of Representatives

In your February 9, 1988, letter, you asked us to examine a number of issues relating to Medicare reimbursement for cataract surgery. On April 10, 1989, we presented the results of our review in testimony before the Subcommittee. In addition to the issues discussed in our testimony, we also followed up on an earlier GAO recommendation to the Administrator of the Health Care Financing Administration (HCFA) that has not been implemented. This recommendation dealt with Medicare's policy of paying for conventional eyeglasses for a beneficiary who has undergone cataract surgery and has had his or her natural lens replaced by an implanted prosthetic intraocular lens (IOL).

In brief, there is a disparity between the Medicare policy on coverage of conventional eyeglasses for beneficiaries who have undergone cataract surgery and those who have not.[1] Virtually all people 65 years of age and older need eyeglasses for near vision (to help with reading and other close-up tasks), distance vision, or both. But since its inception, Medicare law has generally prohibited paying for conventional eyeglasses. HCFA, however, makes an exception for beneficiaries who have undergone cataract surgery. In such instances, HCFA considers eyeglasses to be a prosthetic (artificial) device—and therefore eligible for coverage—even though the function of these glasses is the same as for beneficiaries who have not had cataract surgery. Eliminating this HCFA-created exception to Medicare law would result in an estimated saving of over $98 million annually.

In a March 1984 report,[2] we recommended that HCFA change its policy of paying for conventional eyeglasses following cataract surgery. The

[1]The policy also includes contact lenses for near or far vision.

[2]Medicare Reimbursement for Conventional Eyeglasses (GAO/HRD 84-44, Mar. 7, 1984).

Department of Health and Human Services (HHS) Inspector General made the same recommendation in 1988. HCFA has considered the recommendation, but has not acted on it. As recently as June 1989, HCFA stated that it would continue to review the issue, but had no immediate plans for a regulatory change. In order to eliminate the inequity to beneficiaries that currently exists and to provide a uniform Medicare policy, HCFA should issue a regulation specifically excluding Medicare coverage of conventional eyeglasses and contact lenses for cataract surgery patients who have IOL implants.

Background

The Medicare program, authorized by title XVIII of the Social Security Act in July 1966, helps pay medical costs for about 28 million people 65 years of age and older and for about 3 million disabled people. Overall responsibility for administering Medicare lies with HHS. HCFA, as part of HHS, develops policies and is responsible for ensuring compliance with Medicare legislation and regulations.

One of the most frequently performed major surgical procedures paid for by the Medicare program is cataract surgery. Medicare paid for 1 million cataract surgery procedures in 1987, at a cost in excess of $2 billion. In cataract surgery, the clouded natural lens of the eye is removed. To regain vision, the extracted lens is replaced with some type of prosthetic lens.

For cataract patients, physicians may use one or a combination of three types of prosthetic devices: cataract eyeglasses, cataract contact lenses, or surgically implanted IOLs. The use of IOLs is now the preferred method because they offer many advantages over cataract eyeglasses and contact lenses. In 1987, IOLs were used in about 98 percent of cataract surgery procedures reimbursed by Medicare. However, IOL and cataract contact lenses cannot adjust for both near and distance vision. Typically, IOLs or contact lenses are focused for either distance, middle, or near vision; conventional eyeglasses are prescribed to improve the focusing ability of the eye. For example, if IOLs are focused for distance vision, conventional eyeglasses are prescribed for near vision.

The inability of an IOL to adjust focus is also characteristic of the aged natural lens. Nearly everyone over the age of 65 has a problem in focusing for near vision. Beginning at about the age of 40, the lenses of the eyes begin to lose their natural capability for close-up focusing. This functional loss continues until a person reaches the age of 45 to 50, making reading difficult without corrective reading glasses.

According to medical texts and ophthalmologists that we consulted, conventional eyeglasses serve the same purpose—to correct the focusing ability of the eyes—for both Medicare beneficiaries who have had cataract surgery as well as for beneficiaries who have not. In 1984, HHS's National Center for Health Statistics reported that 91 percent of people 65 years of age and older wore conventional eyeglasses.

Medicare Law Excludes Eyeglass Coverage to Correct Vision Problems

Medicare law (42 U.S.C. 1395y(a)(7)) specifically excluded coverage of

". . . eyeglasses or eye examinations for the purpose of prescribing, fitting, or changing eyeglasses, procedures performed (during the course of any eye examination) to determine the refractive state of the eyes . . . ."

Consequently, Medicare regulations do not allow payment for routine eye care or conventional eyeglasses for near or distance vision since both are considered "refractive corrections," which improve the focusing ability of the eye.

HCFA Covers Eyeglasses as a Prosthetic Device

Although conventional eyeglasses provide essentially the same benefits for all older people, HCFA payment practices differ. HCFA does not allow payments for conventional eyeglasses to beneficiaries who have not had cataract surgery. It considers conventional eyeglasses for those beneficiaries who have had cataract surgery, however, to be a prosthetic device and therefore eligible for coverage. HCFA's policy is based on the premise that conventional eyeglasses, used with IOLs or cataract contact lenses, are needed to restore the ability of fully functioning natural lenses to focus for near and distance vision. Therefore, HCFA considers the combination of IOLs (or cataract contact lenses) and conventional eyeglasses to be prosthetic devices. As such, this combination and related fitting fees are eligible for Medicare payment. Subsequent conventional eyeglasses or contact lenses are also eligible for Medicare payment since Medicare coverage of prosthetic devices includes their replacement when medically necessary.

We believe HCFA's policy of paying for conventional eyeglasses in such cases is questionable. Although IOLs or cataract contact lenses typically restore distance vision, HCFA's policy is based on the underlying premise that correction of both near and distance vision is needed to restore vision of fully functioning natural lenses. As such, the policy does not consider that for those over the age of 65, a fully functioning natural

lens does not include the capability for near-vision focusing had a cataract not existed.

Further inconsistencies are apparent in HCFA's payment policy for services needed to prescribe conventional eyeglasses for patients with IOLs or cataract contact lenses. Although HCFA considers the conventional eyeglasses themselves as prosthetic devices and therefore pays for them and related fitting fees, HCFA does not pay for the services needed to prescribe the glasses because it considers them routine and not allowed by Medicare.

Medicare payments for conventional eyeglasses for beneficiaries undergoing cataract surgery have increased significantly, from about $60 million in 1985 to about $98 million in 1987.

Previous Reports Have Recommended Discontinuing Payments

In March 1984, we recommended that the HCFA Administrator discontinue payments to cataract patients for conventional eyeglasses worn over IOLs or over cataract contact lenses. In an April 11, 1984, letter, the HCFA Administrator agreed that our recommendation had merit and stated that HCFA was considering a change to its policy. According to a July 1985 internal agency document, HCFA officials concluded that there was no basis for the coverage of corrective eyeglasses. The document states that

"Medical information we have reviewed supports the GAO contention that eyeglasses are not an integral part of the prosthetic lens provided to aphakic patients: although eyeglasses for those patients do serve a refractive need in that they correct near vision, they do essentially no more for the aphakic patient than reading glasses do for nonaphakic patients who require near vision correction."[3]

In August 1986, the HCFA Administrator again informed us that HCFA was still considering the change.

In July 1988, the HHS Inspector General also recommended that HCFA develop regulations to specifically preclude Medicare from paying for conventional eyeglasses for beneficiaries with IOLs. Because some patients cannot have their vision fully restored after cataract surgery without wearing conventional eyeglasses, HCFA stated in response, it had

[3]Aphakia refers to the absence of the natural lens of the eye.

reservations about withdrawing this coverage. In June 1989, HCFA officials informed us that their position, as reflected in comments to the HHS Inspector General report, had not changed.

Conclusion

Medicare's policy of paying for conventional eyeglasses only for beneficiaries who have cataract surgery, but not for other beneficiaries, is unjustified because conventional eyeglasses and contact lenses serve essentially the same function for both groups—the improved ability to focus for near or distance vision. Medicare law generally prohibits payments for this purpose. Thus, payments for eyeglasses after cataract surgery create an inequity that we continue to believe should be eliminated,[4] and they increase program costs unnecessarily. Implementation of our recommendation would save, based on calendar year 1987 payments, over $98 million annually.

Recommendation to the Secretary of HHS

We recommend that the Secretary of HHS direct the Administrator of HCFA to discontinue Medicare payment for all conventional eyeglasses or contact lenses following cataract surgery when an IOL is implanted and satisfactory results are achieved.

Agency Comments

The Secretary of HHS provided written comments on a draft of this report. He said he saw some merit in our conclusion and recommendation, and HHS is considering the publication of a Notice of Proposed Rulemaking to withdraw Medicare coverage of conventional eyeglasses. This is essentially the same response made by the HCFA Administrator in commenting on our 1984 report.

AAO Comments

The American Academy of Ophthalmology (AAO) does not fully support our recommendation to eliminate Medicare payments for conventional eyeglasses following cataract surgery. In commenting on the draft, AAO pointed out that the surgery itself will cause the patient to need a change of eyeglasses prescription that otherwise might not have been needed. Thus, the AAO believes that Medicare should pay at least for the first pair of new eyeglasses or contact lenses following cataract surgery.

[4]Medicare should continue to provide cataract glasses and cataract contact lenses to the small percentage of people that do not receive IOLs since these glasses or contacts act as substitutes for IOLs.

Although it is true that the surgery and the power of IOLs cause a prescription change, we do not believe that this is justification for Medicare payment. Generally, cataract surgery with an IOL implant greatly improves the patient's overall vision, and—as we pointed out (p.2)—conventional eyeglasses just provide refractive corrections to improve the focusing ability of the eye. The Medicare law excludes coverage of eyeglasses for refractive correction and provides no specific exception to this prohibition.[5] Further, since eyeglasses serve the same function for cataract and non-cataract patients, paying for these eyeglasses only after cataract surgery creates an inequity in Medicare benefits.

AAO also presented several technical comments that we have incorporated into the report. In summary, AAO, while not endorsing our recommendation, did not present facts that would justify continued Medicare payment for conventional eyeglasses after cataract surgery.

Objective, Scope, and Methodology

In a letter dated February 9, 1988, the Chairman and Ranking Minority Member of the Subcommittee on Health, House Committee on Ways and Means, requested that GAO study several issues relating to Medicare payments for cataract surgery. On April 10, 1989, we testified before the Subcommittee on the results of this review.

As part of this request, we also followed up on our 1984 recommendation that HCFA discontinue Medicare payments for conventional eyeglasses for beneficiaries who have undergone cataract surgery. Because HCFA has not acted on this recommendation, we wanted to determine if our 1984 position was still valid.

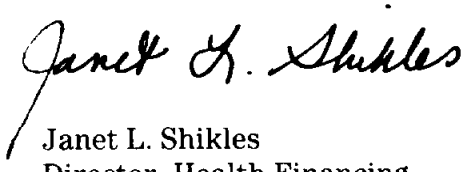
We reviewed medical texts and scientific journals cited by the Public Health Service and the National Academy of Sciences concerning the aging of the human eye; we also interviewed ophthalmologist consultants recommended as experts by AAO. From HCFA's part B Medicare Annual Data System file, we determined the extent of calendar year 1987 Medicare payments for eyeglasses and related fees for beneficiaries with IOLs.

We discussed this matter with HCFA officials and obtained written comments on this report from HHS. We also obtained written comments from AAO to confirm the technical accuracy of the findings developed in the body of this report.

[5]Section 1395y (a)(7) of title 42.

We conducted this portion of our review in May and June 1989 in accordance with generally accepted government auditing standards.

We are sending copies of this report to the Chairman, Subcommittee on Medicare and Long-Term Care, Senate Finance Committee; the Director of the Office of Management and Budget; the Secretary of HHS; the Administrator of HCFA; and to other interested parties upon request. Please call me at (202) 275-5451 if you or your staff have any questions concerning this report. Other major contributors to this report are listed in appendix I.



Janet L. Shikles
Director, Health Financing
and Policy Issues

Major Contributors to This Report

Human Resources Division, Washington, D.C.	Jane L. Ross, Senior Assistant Director, (202) 275-6195 Terence J. Davis, Assistant Director Jerry G. Baugher, Assignment Manager
Seattle Regional Office	Frank C. Pasquier, Evaluator-in-Charge Susan K. Hoffman, Evaluator

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