



SOCIAL ASSISTANCE PROCUREMENT

MINISTRY OF
SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

Category Review: Optical

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1 Executive Summary

1.1 Purpose

One of the expected outcomes of this programme is to deliver hard savings as a result of improving the value for money the Crown receives on its expenditure.

1.2 Strategic Context - Social Assistance Procurement

In 2009, the Government initiated the Government Procurement Reform Programme, to reform State Sector procurement policy and practice. A key objective is to achieve savings by reviewing government expenditure to achieve better value-for-money.

The Government spends around \$18 billion each year on social assistance delivered by MSD. In addition to main benefits, superannuation and veterans' pensions, supplementary assistance is available to meet additional costs, assist people in particular circumstances, and to alleviate hardship. Around \$2.5 billion per year is spent on supplementary assistance. Some areas of supplementary assistance are currently under review or are already tightly targeted. Others present opportunities to improve value-for-money.

On 25 October 2011, Cabinet directed MSD to commission an independent review of the way that MSD procures goods and services for welfare recipients [CAB Min (11) 39/8 refers]. This review followed work on an initiative by MSD to accredit medical alarm suppliers, which has saved around \$8 million per year. PMMS Consulting Group (a global procurement solutions company) was engaged to undertake this review. PMMS identified a number of areas of expenditure as potential areas where preferred supplier arrangements could be beneficial, in particular, power, food, gardening services, optical products, and whiteware.

In Budget 2012, the Government announced ongoing procurement targets of \$16.5 million in 2012/13 and \$21.5 million in out years (totalling \$80 million over the forecast period).

To support meeting these targets, changes are required to MSD procurement of goods and services for welfare recipients. On 30 July 2012 Cabinet [CAB Min (12) 26/6 refers] agreed enabling legislation to implement these proposals, namely introducing preferred supplier arrangements for areas of social assistance expenditure where MSD clients purchase a high volume of similar goods or services, and increasing control over the price and quality of those goods and services and allowing MSD to decide whether and how it funds non-medical costs through DA, including the extent to which these costs are funded.

Cabinet also agreed that MSD will report back on to Cabinet in December 2012 with specific proposals for achieving Budget 2012 savings targets.

1.3 Context – Hardship Assistance for Optical

The Ministry of Social Development has identified a number of categories within the hardship assistance arena where better value for money can be achieved. This paper identifies the opportunities available to achieve better value for money for the provision of optical goods and services.

1.4 Objectives

The main objectives are to:

1. Reduce cost to the Crown by reduction of client borrowing
2. Reduce cost to the client
3. Reduce frontline processing time
4. Improve control over price and quality of goods and services

1.5 Key Findings

If MSD do nothing, over the next five years, circa:

- Optical hardship assistance payments for the period will total \$XX.X million
- \$4.7m increase in optical hardship assistance paid
- Average optical transaction value increasing by 15% from \$461 to \$529 by the end of year 5
- 3,400 more transactions to process
- 1,700 hours additional Frontline processing time required

1.6 Preferred Solution

Accredited suppliers for the provision of services:

- Fixed cost eye examination, price set by age range
- Prescribing criteria set and agreed with New Zealand Association of Optometrists (NZAO)
- Price controlled, low cost OTC hobby spectacle range available from accredited suppliers (similar to ranges in Warehouse, pharmacies etc.)
- Contact lenses restricted to clients who, for medical reasons, cannot wear spectacles and qualify for MoH subsidy – MSD to pay only the balance above subsidy amount

Preferred supplier(s) for the fabrication and supply of optical goods:

- Single vision, plastic stock lenses as default
- Negotiated percentage reduction in price of frames, lenses
- No coatings (scratch resistant front and back as standard)
- Set range of frames within restricted price range
- New lenses fitted to old frames unless not possible due to frame size/type

Compulsory for client to purchase optical goods and services from selected suppliers if using hardship assistance

The key characteristics are:

- The Crown using its purchasing power to leverage price discounts on the optical products our clients purchase
- Clients meeting their optical needs from a restricted product range
- Fixed, low cost, eye examination – as per a recommended frequency

1.7 Benefits – REWORK NUMBERS WITH DAN BASED ON OPTION 5

If MSD implement the preferred option (likely discount scenario), over the next five years, circa:

- Optical hardship assistance payments for the period will be reduced to a total of \$XX.X million
- \$16.2m reduction in optical hardship assistance paid
- Average optical transaction value reducing by 31% from \$461 to \$320 by the end of year 5
- 5,000 less transactions to process
- 2,460 hours less frontline processing time required

This option would provide the optimum reduction in cost to Crown and cost to clients:

- Using the leverage of volume for goods and fabrication, the Ministry could negotiate on price
- Provide geographical coverage appropriate to client location
- If OTC hobby spectacles were made available at accredited suppliers clients seeking an eye examination and being prescribed reading spectacles could select from this low cost range
- Client would receive the eye care they require whilst reducing cost to client and the Crown
- Data from supplier(s) would enable more accurate forecasting and product knowledge for ongoing procurement requirements / exercises.
- Remove the potential for up-selling through:
 - removing incentives to convert to sale
 - restrictions on product range
 - clear guidelines on appropriate prescribing
 - auditable prescribing records

The benefits to Crown include:

- A reduction in cost of hardship assistance for optical goods and services

The benefits to the Ministry include:

- Simpler process for case managers
- Clear legislation, policy and operational policy
- A reduction in administrative time and associated costs
- Client and the Ministry understand when it is appropriate to apply for this hardship assistance
- Supplier reporting and data analysis is available
- Improved control over, and oversight of, clients' expenditure

The benefits to clients include:

- Clients can access hardship assistance for immediate and essential needs for optical goods and services appropriate to their needs
- Clients receive eye examinations and/or spectacles, contact lenses at a competitive price
- Spectacles are functional and fit for purpose
- Clients hardship count is not adversely impacted by multiple transactions for one item

1.8 Impact

Some of the risks or challenges in implementing the preferred option are:

- Legislative and policy change is required to allow preferred supplier arrangements for restricted goods and services purchased through one-off hardship assistance
- Clients' choice regarding supplier, range of goods and services, is restricted
- Clients will not be able to access hardship assistance to purchase cheaper products such as those on special offer or loss leaders
- Limited savings to Crown due to recoverable nature of the expenditure

1.9 Approach to Market

The procurement approach will be a multi stage RFx process involving two stages; Expression of Interest (EOI) and, dependent on the outcome of Stage One, The Ministry will engage in discussions with interested supplier(s) or issue a Request for Tender (RFT).

To ensure the market is aware and actively engaged in MSD's approach to market a planned delivery facilitated through the NZAO will take place.

Stage One will comprise two Expressions of Interest:

Accreditation for the Provision of Optical Services

- **Clinical Services, comprising all services that involve client interaction:**
 - a. Eye examinations**
 - b. Prescriptions**
 - c. Dispensing (fitting and adjustment services)**

d. Aftercare services and support

e. The sale of contact lenses, when client qualifies for Ministry of Health Contact Lens Subsidy

f. The sale of OTC hobby spectacles

Clinical services require physical interaction between the client and supplier and can only be delivered by a qualified registered optometrist. Accordingly only suppliers meeting those legal requirements will be considered.

Also included will be the sale of contact lenses, where covered by MoH Contact Lens Subsidy, and OTC hobby spectacles.

The Provision of Optical Goods and Fabrication Services

Respondents will be requested to express their interest in providing either one or both of the following:

- Laboratory Services, comprising making up prescriptions into the finished product by supplying and fitting into the frames:
 - a. Lenses
 - b. Finishes
- Optical Goods, comprising the supply of:
 - a. Frames

The manufacture and supply of goods does not require physical interaction between client and supplier. Goods supplied have to meet relevant ISO Standards; however the supplier does not have to be a qualified registered optometrist and the number of suppliers who can supply the goods is potentially larger as operations can be delivered from either New Zealand or overseas.

This sends a clear message that the Ministry is seeking to achieve maximum savings on goods and will consider several options to meet this outcome.

In addition, un-coupling clinical services from the sale of optical goods will facilitate greater competition and increase the number of potential interested suppliers.

1.10 Conclusion

The Ministry can expect to achieve significant gains in the delivery of optical goods and services via hardship assistance through:

- Accreditation for fixed price optical services
- Contracted supply of goods and fabrication with negotiated savings
- Prescribing and dispensing measures, controls and restrictions
- A restriction on product range
- Changes to policy and guidelines

2 Purpose

The purpose of this document is to provide a category review as it relates to costs incurred by the Ministry for funds provided to clients enabling them to receive optical goods and services via hardship assistance. This paper includes an overview of:

- the background of this hardship category
- MSD's business needs
- the optical market in terms of demand and supply
- MSD's clients
- products and pricing
- the challenges to delivering a national service
- the challenges in accurately determining what we are purchasing
- the strategic options
- the preferred option that will best meet MSD's business needs
- the financial implications of delivering the preferred option
- how success will be recognized in practice
- the activities that need to occur prior to market engagement

2.1 Business needs

- Supplier / in-house reporting that is relevant, timely and accurate
- A streamlined system capable of supporting end to end process
- Simple quote and/or order process
- Effective implementation plans
- Policy and legislation that supports desired best practice
- Before and after sales support
- Goods and Services that meet all legislative compliance and quality standards

3 Background

3.1 Hardship Assistance - Procurement

On 25 October 2011, Cabinet directed MSD to commission an independent review of the way that MSD procures goods and services for welfare recipients¹.

Approximately \$220 million is paid annually in one-off assistance payments covering 22 categories.

PMMS Consulting Group (a global procurement solutions company) was engaged to conduct an independent review of the way MSD procures goods and services for welfare recipients.

PMMS identified a number of areas within hardship assistance where preferred supplier arrangements could deliver better value for money. Optical assistance was one of the areas identified.

3.2 Hardship Assistance - Optical

Under the Social Security Act 1964 the Ministry can grant one-off hardship assistance to eligible clients who are experiencing hardship for the purchase of essential items. Included under the category of hardship assistance are optical goods and services².

The cost of providing hardship assistance for optical goods and services is approximately \$8 - \$9 million per annum³.

The size of the optical market in New Zealand for optical goods and services is estimated at \$150-160 million per annum⁴. MSD client expenditure on optical goods and services via hardship assistance represents approximately 5% of the total market.

Those who may be eligible for hardship assistance include:

- people earning low incomes from employment
- people receiving a pension or main benefit from Work and Income.

Hardship assistance may be:

- Paid to the client, or to another person or organisation who provides goods or services to the client, direct or via a payment card
- Recoverable or non-recoverable. Clients are required to repay recoverable assistance back to Work and Income.

Hardship assistance is paid as a one-off payment to meet specific essential expenses. The current maximum cumulative limit for optical, dental and hearing aids is \$1,000.

¹ CAB Min (11) 39/8

² Until earlier this year, MSD did not record the granular detail of payments that specifically related to optical assistance, as these payments were part of a broader assistance category which also included assistance for dental work and hearing aids

³ MDS data: 1 November 2009 – June 2012

⁴ Excluding off the shelf purchase i.e. from pharmacies and large retailers such as The Warehouse and Farmers

This assistance can be provided as a:

- **Special Needs Grant (SNG)**

Special Needs Grants are non recoverable hardship assistance payments made to beneficiaries and non-beneficiaries.

- **Recoverable Assistance Payment (RAP)**

Clients may have access to hardship assistance payments up to a maximum value of six weeks' worth of an Invalid's Benefit or the maximum amount allowed for a specific hardship category.

Recoverable assistance payments provide non-taxable, interest-free recoverable financial assistance to non-beneficiaries.

- **Advance on Benefit being received by the client (Advance or ADV)**

Clients may have access to hardship assistance payments up to a maximum value of six weeks of the appropriate benefit to be received, or the maximum allowed for a specific category.

Advances on benefits provide non-taxable, interest-free recoverable financial assistance to beneficiaries.

The three key elements of the eligibility assessment for all three forms of hardship assistance are:

- Immediate and essential need

In order for a client to be considered for hardship assistance they must be able to identify a particular immediate and/or emergency need for an essential item or service. Consideration must be given to all the circumstances and other sources of income available to the client. Other than a client being a beneficiary or non beneficiary, the qualifying criteria that determines if the assistance provided is recoverable or non recoverable is if the client has an essential or emergency need and all other sources of funding have been exhausted. In this case the assistance will be an SNG. All other assistance will be either an advance or RAP.

- Income and cash asset test

To be eligible for hardship assistance the families' income must be below the limits specified in the table below (limits as at 1 April 2012).

Family circumstances	Gross weekly income limit
Single, 16 - 17 years	\$468.23
Single, 18+ years	\$538.15
Married, civil union or de facto couple (with or without children)	\$781.62
Sole parent, 1 child	\$653.01
Sole parent, 2+ children	\$687.98

To be eligible for hardship assistance the families' defined cash assets must be below the limits specified in the table below (limits as at 1 April 2012).

Family circumstances	Asset limit
Single	\$1,025.11
Married, civil union or de facto couple (with or without children) or a sole parent	\$1,708.10

3.2.1 Transaction Values

For the period November 2010 – October 2011:

- The total paid for optical hardship assistance was \$7.9 million
- \$7.7m or 97% of the value of all hardship assistance payments for optical were recoverable
- Payment values ranged from \$8 to just under \$2,000 (both Auckland) with a national average value of \$461
- 0.4% of transactions exceeded the guideline maximum limit of \$1,000
- Payments most likely to exceed the guideline (2.6% of SNG transactions) were non-recoverable payments made under special needs grants

Type of Payment	No of Transactions	Total Value of Transactions \$	Transaction Range \$	Number of Transactions over \$1,000	Percentage of Transactions over \$1,000	Average Transaction Value \$
Advance on Benefit – recoverable	15,864	7,315,501	8 - 1,849	48	0.3%	461
Recoverable Assistance Payment – recoverable	857	398,837	30 - 1,465	13	1.5%	465
Special Needs Grant – non recoverable	380	174,935	12 - 1,240	10	2.6%	460
Totals	17,101	7,889,273	8 - 1,849	71	0.4%	461

3.2.2 Multiple Transactions

The definition of a multiple transaction for the purposes of this review is any client that has had more than one optical transaction in a 12 month period. Unless there is a specific medical requirement (e.g. diabetes, glaucoma), optometrists recommend an eye examination⁵:

- every two to three years for people aged between 18 and 40
- every two years for people over 40
- annually for those over 60

⁵ New Zealand Association of Optometrists

Therefore we would expect to find for any 3 year period limited instances of:

- Clients aged 40 and under being granted more than one hardship assistance payment in a 36 month period
- Clients aged 40 and over being granted more than one hardship assistance payment in a 24 month period
- Clients aged 60 and over being granted more than one hardship assistance payment in a twelve month period

However, an analysis of MSD data over the last three years⁶ shows that there is a much higher incidence of clients being granted optical hardship assistance at the recommended frequency.

The majority of the multiple transactions are predominantly made by the 60+ age group with the bulk of the remainder being by the 50-59 age group.

Very few multiple transactions are for two visits for one product: once for an eye examination and then soon afterwards to purchase spectacles.

There are instances where multiple purchases are because the client has also purchased spectacles for another, dependent, family member.

Some multiple transactions indicate that clients are either:

- purchasing several pairs of spectacles; or
- making two or three payments for one pair of spectacles

Multiple transactions can increase a client's total hardship assistance costs for spectacles to \$2,000 to \$3,000 over a 12 month period.

Some of these transactions are because spectacles have been lost or broken (such as in the Christchurch earthquake).

The table below illustrates the frequency of optical assistance over a 12 month period:

Recipient transaction summary					
Number of transactions per client	1	2	3	4	Total
Number of recipients	15,551	731	28	1	16,311
Total number of transactions	15,551	1,462	84	4	17,101
Totals	90.9%	8.5%	0.5%	0.1%	100%

Processing all 17,101 transactions and allowing an estimated 30 minutes⁷ case manager time spent on each application, equates to 5 FTEs administrating optical hardship assistance over the 12 month period.

Multiple hardship assistance payments can adversely impact the client's hardship count and also increases case managers' workload as there is a requirement for clients who frequently access hardship assistance to meet a reasonable steps obligation:

Payments received three or more times

⁶ MSD data: 1 November 2009 – June 2012

⁷ Current practice allows for 45 minutes per client

- clients who receive hardship payments on three or more occasions in a twelve month period will be required to:
 - show they have taken reasonable steps to increase their income, reduce their costs, or improve their financial management, and
 - complete budgeting activities
- clients who fail to meet these additional requirements may be declined further payments
- the reasonable steps people are required to complete will vary depending on the client and their situation but these could include arranging automatic payments for bills, consolidating debt to reduce repayment costs and cancelling non-essential services
- budgeting activities will be varied and range from simple self-directed activities (e.g. a person completing their own budget) to attending budgeting seminars and seeking advice from budgeting services
- the activities people are required to complete will depend on their particular needs

Payments received six or more times

- clients who apply for hardship assistance on a sixth occasion in a 12 month period will have a comprehensive interview with a case manager and any grants they receive will be signed off by a service centre manager

Clear business rules and guidelines supporting the recommended frequency of eye examinations would assist case managers in assessing applications and reduce the number of hardship assistance payments made under this category.

3.2.3 Children

The Ministry of Health (MoH) provides a Spectacles Subsidy for children that are 15 years and under.

This subsidy comprises \$287.50 (including GST) and a further \$51.11 (including GST) for children requiring an adult size frame⁸.

Current annual cost for MoH is \$4.7 million with 90% of claims exceeding the subsidy amount.

Ministry data indicates an estimated 630 hardship assistance payments were made in the 12 month period for children. This represents 2.4% or \$187,267 of the total paid by MSD for optical hardship assistance over the period.

The availability of this subsidy is not widely known by frontline staff and clients are rarely directed to it.

3.2.4 Contact Lenses

The Ministry of Health (MoH) provides a Contact Lens Subsidy of between \$30.38 and \$388.13 to optometrists and dispensing opticians who fit or supply clients who, for medical reasons, cannot wear glasses³:

⁸ Subsidy can be accessed on an annual basis

- where visual acuity with spectacles is less than 6/9 and a significant improvement is achieved by fitting contact lenses
- where extreme spherical power correcting lenses are required (+ or – 10.00 dioptries)
- where an ocular condition cannot be corrected by spectacle lenses

Supplier information shows hardship assistance has been used to purchase contact lenses. It is estimated 990 hardship assistance payments for contact lenses were made in the 12 month period. This represents 0.9% of the total paid for optical at a cost of \$74,229 per annum.

Qualifying criteria can only be determined by an optometrist and therefore it is not feasible for frontline staff to refer clients to this subsidy. However, a preferred supplier should be directed to apply this subsidy when client presents with the qualifying criteria.

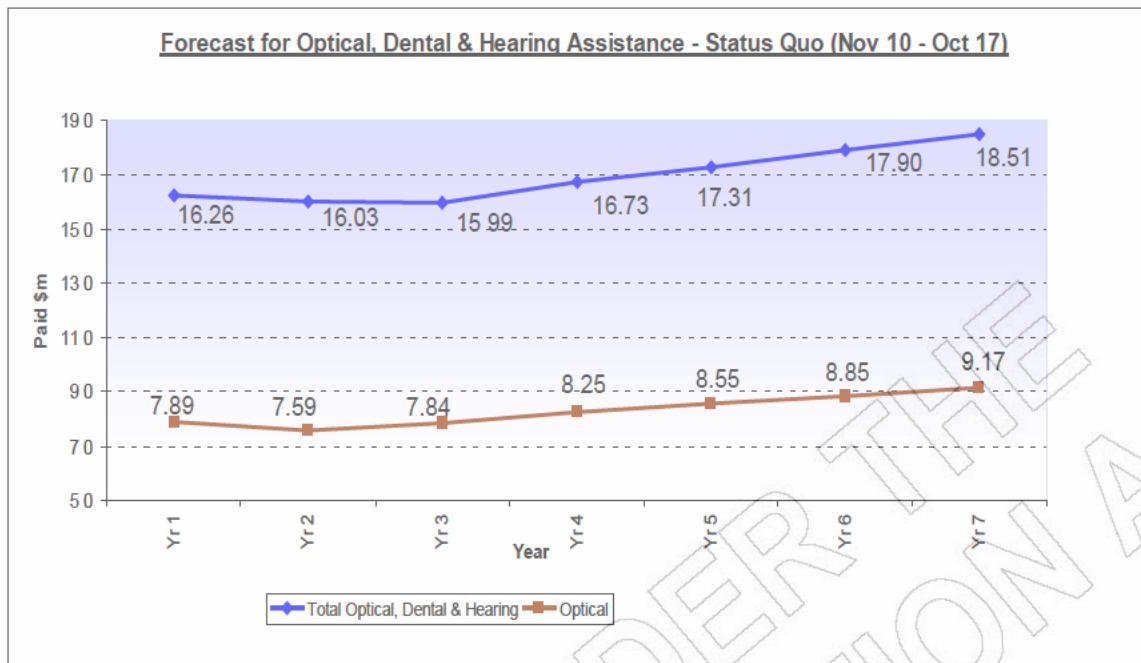
3.3 Client Profile

Two main age groups have been identified within the Ministry data set, the 40 years and over and the 39 year olds and younger. The largest group requiring optical assistance is 40 years and over. This group represents 70% of all transactions and 75% of the total paid. The average spend per transaction for this group is \$494 reducing to \$384 for 39 year olds and younger.

It is forecast/expected that the total paid for optical hardship assistance will increase both in the number of transactions and associated value as a result of the following drivers:

- the predicted general population growth
- the changing age demographic for New Zealand with an increased percentage of the population being in the older age brackets, and
- optical product price increases

Growth in the number of people seeking hardship assistance for the overarching category (Optical, Dental and Hearing) is illustrated in the table below:



*CSRE data and MSD pricing data

3.4 National Demand for Optical⁹

Demand is expected to keep rising because:

- New Zealand's population is ageing, so more people are likely to need spectacles or contact lenses
- Short-sightedness is increasing – possibly because people are spending more time at computers, televisions and other screens
- Spectacles are becoming an increasingly popular fashion accessory

3.5 Related Demand

3.5.1 Child Youth and Family Foster and Residential Care

Child Youth and Family's (CFY) departmental expenditure for FY 2011/12 for optical was \$104,922 of which:

- \$88,687 was for children aged 15 and under

The Ministry of Health provides a subsidy of \$287.50 per annum/per child for children aged 15 years and under.

To access this subsidy, the child or caregiver requires a Community Services Card¹⁰.

Children in the care of CYF are not considered to be eligible for Community Services Cards, as funding for their health needs is provided by MSD.

⁹ Department of Labour, '2003-2012 Occupation Data' (prepared for Careers New Zealand), 2012; Optometrists and Dispensing Opticians Board, 'Annual Report 2008-09', 2009, Statistics New Zealand, 'Changing Face of New Zealand's Population', accessed September 2010

¹⁰ The definitions of 'child' and 'dependent child' used for Community Services Card eligibility purposes are set out in section 3(1) of the Social Security Act 1964 (Appendix XX)

The ability access the discounted pricing that is made available under hardship assistance requires discussion and process changes with Child Youth and Family.

3.5.2 Disability Allowance, Sickness and Invalid Benefits

As at December 2009, the total gross weekly payments being made by Work and Income to clients in receipt of Sickness Benefit or Invalids' Benefit where the primary incapacity was blindness or vision loss was \$489,172¹¹. The total gross weekly Disability Allowance payments made to clients where their primary incapacity of blindness was \$42,721.

Welfare Payments made to vision impaired individuals, 2009	
Benefit Type	\$
Sickness Benefit/Invalids Benefit	25,436,944
Disability Allowance	2,221,492
Total	27,658,439

Source: WINZ Special Request 2010

3.5.3 Vision 2020 New Zealand¹²

New Zealand is one of the only developed countries in the world that does not have a national plan and budget for the prevention of vision loss.

Major causes of avoidable blindness and vision loss in New Zealand include:

- age-related macular degeneration
- cataract
- glaucoma (70,000 New Zealanders over 40 have glaucoma and at least half of them don't know they have it¹³)
- diabetic retinopathy
- uncorrected refractive error¹⁴ (in New Zealand, half of all vision impairment is due to refractive error) and
- blindness in children

Research predicts that, without a focused effort on preventing vision loss, the number of New Zealanders over 40 who have a vision loss is projected to rise from 125,000 in 2009 to 174,000 by 2020 and 18,300 will be blind.

The Maori population is disproportionately affected by vision loss. The overall prevalence of vision impairment and blindness in Maori aged 45-74 years is twice that of non-Maori.

¹¹ Work and Income 30 April 2010

¹² VISION 2020 New Zealand is a National Body of VISION 2020: The Right to Sight. ISBN: 978-1-877138-09-6

¹³ New Zealand Association of Optometrists

¹⁴ a defect in the ability of the lens of the eye to focus an image accurately, as occurs in nearsightedness and farsightedness

3.5.4 Unemployment

According to the 2001 Disability Survey¹⁵, 8% of people who were seeing disabled were unemployed. This unemployment rate compared to 5.7% of the general population.

3.6 The case for reform

- Spend for the period 1 November 2010 – 31 October 2011 was \$7.7m in recoverable assistance for optical products
- the PMMS review identified optical hardship assistance as an area where better value-for-money could be achieved via a commercial procurement approach
- the number of suppliers will be limited to leverage government buying power
- direct contracting of a preferred supplier/s will be used – e.g. market share in exchange for lower pricing and/or better products
- this proposal requires legislative and supporting changes to be implemented (to be progressed in Welfare Reform Bill 2 – estimated to be passed in early 2013)

3.6.1 Benefits

Benefits to the Crown include:

- A reduction in cost of hardship assistance for optical goods and services

Benefits to the Ministry include:

- Simpler process for case managers
- Clear legislation, policy and operational policy
- A reduction in administrative time and associated costs
- Client and the Ministry understand when it is appropriate to apply for this assistance
- Improved control over, and oversight of, clients' expenditure

Benefits to clients include:

- Clients can access hardship assistance for immediate and essential needs for optical goods and services appropriate to their needs
- Clients receive eye examinations and/or spectacles, contact lenses at a competitive price
- Spectacles are functional and fit for purpose
- Clients hardship count is not adversely impacted by multiple transactions for one item

3.6.2 Challenges

- client choice regarding supplier, goods and price is restricted

¹⁵ Statistics New Zealand 2002

- client will not be able to access hardship assistance to purchase cheaper products such as those on special offer or cheaper at another supplier

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4 The Product and Pricing

4.1 Introduction

Research was undertaken by reviewing annual reports, undertaking a search for industry standards, papers, surveys and media commentary, both online and in print.

In addition, online analysis of pricing and product comparison was undertaken.

Limited, informal, consultation with purchasers of optical goods and services was conducted and a more formal discussion took place with the New Zealand Association of Optometrists.

Site visits were also undertaken to varying sizes and types of optometry practices¹⁶.

4.2 The Product

Optical products can be split into two categories:

- **Clinical services** - eye examination, prescription, dispensing of spectacles or contact lenses and after care
- **Goods** – spectacles: comprising frames, lenses, coatings, contact lenses; and fabrication

4.2.1 Eye Examination

An eye examination is a series of processes, tests and examinations to provide a complete, comprehensive assessment of visual ability, vision and eye health.

A client's first visit to an optometrist will require a more extensive eye examination than a client who is returning for a routine check-up.

Elderly clients require a more extensive examination due to age related degenerative eye conditions and health risks¹⁷.

4.2.1.1 Additional Eye Tests

In addition to the tests performed during a standard comprehensive eye examination, an optometrist may conduct further, more specialised eye tests. Additional tests will vary depending on the age and/or various health or risks factors of the individual.

Some clients may only seek a "vision test", most commonly requested as a work related or driving requirement.

4.2.2 Prescription

If there is a need for new spectacles, contact lenses or a change to the current prescription, a prescription is issued for dispensing.

¹⁶ Multinational, national, regional and sole trader

¹⁷ NZAO Practitioner specialising in elderly eye care

4.2.3 Spectacles

There are three components to a pair of spectacles:

- Lens
- Frame
- Coating

4.2.3.1 Lens

Lens types:

- **Single Vision** - used to correct common visual defects such as myopia, hyperopia or astigmatism
- **Bifocals** - used for far and near correction, but this older style of lens has an obvious line that affects vision, is not as cosmetically attractive and can be hazardous for older wearers
- **Multifocal/Occupational** - used to correct presbyopia, can see far, intermediate and near and have a wide field of vision

Single Vision Lenses can be stock (pre-ground) or bespoke (ground to order). Multifocal/Occupational and Bifocals are all bespoke. Lenses are fabricated in an off-site laboratory, either in New Zealand, Australia or Asia. Any coatings required are also applied at this time and the finished lenses are fitted into the frames.

Lens materials:

- **Plastic** - the most common lenses throughout the developed world. They are impact resistant and lightweight so they have all but replaced glass lenses
- **Higher Index** - lighter and thinner than standard plastic lenses. Their advantages increase for strong prescriptions. There is a wide variety of plastic high index lenses

The weight of lenses is also a consideration when prescribing for elderly patients. The skin around the eye area can become extremely fragile with age and can tear or develop sores if the lenses are too heavy.

4.2.3.2 Frame

Some suppliers have a range of up to 700 frames. The lower priced, non branded frames are not always easily accessible to clients and there is a limited range to choose from. We have noted that at least one optician had non branded frames kept in an unmarked drawer which had to be requested.

Branded and Designer frames represent the mid and high end of the pricing range. A 'desirability' premium is added to these frames.

Frames can be made of plastic or metal and are either: full, semi-rimless or rimless.

Different sized frames are needed to accommodate different types of lenses and also head sizes and bridge widths. Supplementary to this, frames come in different shapes to suit face types and changing fashions.

The weight of frames is a consideration when prescribing for elderly patients. The skin around the eye area can become extremely fragile with age and can tear or develop sores if frames are too heavy.

4.2.3.3 Coatings

A number of treatments and finishes can be added to lenses. The variety and naming conventions between suppliers is broad and inconsistent and for the purposes of this review have been categorised:

- **Basic**

- **Scratch Resistant** - increases the durability of plastic lenses. This is now included for most lens types
- **Anti-Reflection/Ultra Clear** - eliminates reflections. They enhance contrast and improve night driving

- **Intermediate**

- **Driving Tint** - enhances contrast and blocks UV light to give a clearer view of the road
- **Transition** - darken in sunlight, are clear indoors and protect against UV rays
- **Polaroid** - protect against the sun's reflected glare

- **Advanced**

- **All-in-One** - combination treatment of easy-clean, scratch resistance and anti-reflection. includes an anti-static layer which takes electro-static charge away from the lens surface and repels dust, making lenses easier to keep clean
- **Drivewear** – a combination of Polaroid and Transition

4.2.4 Over the Counter Hobby Spectacles

Over the Counter (OTC) hobby spectacles are low cost, single vision spectacles that can be purchased without prescription.

OTC hobby spectacles are available in a range of magnification, usually in .5 dioptre gradients from 0.5 to 3.5. Both lenses are of the same magnification.

Unless there is a significant difference in the dioptre between each eye or magnification is required at a strength not available in this range, OTC hobby spectacles are suitable for most users requiring spectacles for reading or close vision assistance.

4.2.5 Contact Lenses

A contact lens is a lens placed on the eye. Contact lenses are considered medical devices.

When compared to spectacles, contact lenses typically provide better peripheral vision, and do not collect moisture such as rain, snow, condensation, or sweat. This makes them ideal for sports and other outdoor activities. Additionally, there are conditions such as keratoconus and aniseikonia that are typically corrected better by contacts than by spectacles.

Contact lenses are classified by wear schedule (how long a lens can be worn before removing it), and replacement schedule (how long before a lens needs to be discarded).

4.2.5.1 Prescription

Prescriptions for contact lenses and spectacles may be similar, but are not interchangeable.

The parameters specified in a contact lenses prescription may include:

- Material / Brand name
- Base curve radius
- Diameter
- Power in diopters
- Centre thickness

4.2.5.2 Wear Schedule

- **Daily Wear** – designed to be worn for one day and then thrown away
- **Extended Wear** – can be worn day and night for up to 30 days

4.2.5.3 Replacement Schedule

- **Two Weekly** – worn and cleaned daily and replaced with new lenses every two weeks
- **Monthly** – worn and cleaned daily and replaced with new lenses every month

4.2.5.4 Tint

Many brands of contact lenses are lightly tinted to make them easier to locate and handle.

Contact lenses worn for cosmetic reasons, for example to change the colour of the eye, are far less common and account for approximately 3% of contact lens fits in 2004¹⁸ and would not qualify for hardship assistance.

4.3 Pricing - Retail

Pricing varies greatly between suppliers, though generally market leaders are able to price their products and services more competitively than the smaller suppliers, due to bulk purchasing power.

4.3.1 Spectacles

Basic OTC hobby spectacles are generally not available at optometrists but can be purchased for \$10 - \$40 from large retailers.

Pricing is not transparent, with some elements bundled together, e.g. two for one deals and free or discounted eye examinations often used as loss leaders.

¹⁸ Morgan PB et al. "International Contact Lens Prescribing in 2004: An analysis of more than 17,000 contact lens fits from 14 countries in 2004" *Contact Lens Spectrum*. January 2005

4.3.2 Price Up-selling

Pricing is not always clearly presented to the client and it is easy to end up spending more than anticipated.

Below are examples based on supplier price information and actual transactions undertaken:¹⁹

Eye examination, mid-range frames with bifocal or progressive lenses and no coating - total cost is \$460.

Example 1

Eye Examination	\$ 60	14%
Frame	\$ 200	43%
Lens	\$ 200	43%
Total cost	\$ 460	

Up-selling to include a coating can increase the total cost to \$535.

Example 2

Eye Examination	\$ 60	12%
Frame	\$ 200	37%
Lens	\$ 200	37%
Basic Coating	\$ 75	14%
Total cost	\$ 535	

Up-selling the type of coatings can also push the total cost to \$735.

Example 3

Eye Examination	\$ 60	9%
Frame	\$ 200	27%
Lens	\$ 200	27%
Advanced Coating	\$ 275	37%
Total cost	\$ 735	

4.3.3 Contact Lenses

Some contact lens manufacturers produce the same lenses for different retailers but under different brand names and (sometimes) at different prices. Clinically the products are exactly the same.

Contact lenses are sold as single lenses 'per eye'. For example, in the case of daily disposable lenses "1 box/1months supply = 30 lenses", therefore two boxes would be required to change lenses in both eyes every day for a month.

Examples of the annual cost for disposable contact lenses are as follows:

	High \$	Medium \$	Low \$
Daily	1,920	1,200	672
Fortnightly*	1,380	980	628
Monthly*	1,010	690	346

*includes annual cost of cleaning solution

¹⁹ Specsavers, May 2012

4.3.4 Discounting and Special Offers

Discounts are readily available from both the large market leaders and the small independents.

OPSM and Visique are currently offering a 15% discount on a pair of spectacles, whilst Specsavers offer 30% off a pair of spectacles from the \$169+ range.

Specsavers are offering between 15% and 38% off their retail prices for contact lenses. Additional savings can be made by ordering online.

The small independents offer between 10% - 50% off eye examinations and 10% - 15% off frames.

There are other offers on the market such as free eye examinations for AA members at Specsavers.

The ability for optical retailers to regularly provide these discounts illustrates there is sufficient profit margin on optical goods and services to allow the Ministry to leverage significant savings from its purchasing power.

4.4 Pricing - Wholesale

4.4.1 Spectacles

Wholesale prices and retail profit margins are difficult to source - pricing schedules are available only to retailers and distributors.

However, initial research indicates that frames can be purchased from US\$1 - US\$4²⁰. A pair of quality spectacles can be manufactured for approximately:

- US\$7 including single vision lens
- US\$29 including progressive lens and
- US\$24 including bifocal lens²¹

4.4.2 Contact Lenses

Wholesale prices and retail profit margins are difficult to source – pricing schedules are available only to retailers and distributors.

4.4.3 Distribution Costs

Supplier information indicates that optical product components are made in Asia with China being one of the largest producers.

Frames, lenses and contact lenses are all relatively small and lightweight and as a result this may translate into distribution costs forming only a minor part in the overall cost make-up of a pair of spectacles.

²⁰ www.dhgate.com, www.made-in-china.com

²¹ www.zenithoptical.com

5 Understanding the Supply Market

The purpose of this section is to gain understanding of the supply market, how it performs and how we buy from it.

Information in this section has been gathered from industry research, independent professional advice and published company's information.

5.1 Regulatory requirements

5.1.1 Optometrists

Optometrists and Dispensing Opticians are governed by the Optometrists and Dispensing Opticians Board (ODOB). The Board was established to carry out functions determined by the Health Practitioners Competence Assurance Act 2003 (HPCA). Members are required to comply with:

- Standards of Clinical Competence for Optometrists;
- Standards of Ethical Conduct; and
- Standards of Cultural Competence

as described by the New Zealand Association of Optometrists (NZAO) and the ODOB.

To ensure clients clinical requirements are met, one of the fundamental qualifying criteria that the provider/s will need to satisfy is to demonstrate that they are registered as a practicing member of the NZAO and ODOB and comply with the HPCA.

5.1.2 Products

Standards New Zealand is the operating arm of the Standards Council and part of New Zealand's standards and conformance infrastructure. Standards New Zealand is an autonomous Crown entity responsible for managing the development and distribution of Standards across a range of sectors nationally.

Standards New Zealand manage the International Organization Standardization (ISO) that develops and ensures goods manufactured anywhere in the world are safe to use.

Optical goods procured in this category need to meet all relevant standards, such as **ISO 12870:2012 Ophthalmic optics – Spectacle frames – Requirements and test methods**. A fuller list of these standards is outlined in (Appendix X).

5.2 Market Overview

The New Zealand market appears to be an oligopoly with two major players holding 46% of the market, a co-operative with 13%, and the remaining 41% spread across an independent network of 23 affiliated practices and several hundred small independents operating via single or multiple stores. Three suppliers have 66% of the Ministry's clients' business:

Supplier	New Zealand Market Share		Ministry's Client Market Share	
Specsavers	26%	46%	39%	66%
OPSM/BUDGET	20%		12%	
Visique	13%		15%	
Eye Pro (Affiliated)	Unknown	41%	6%	
Independents	Unknown		28%	
	100%		100%	

5.3 Key Suppliers

5.3.1 Specsavers (39% of MSD client market share)

Specsavers are the largest privately owned optical retailer in the world.

Specsavers operate a joint or shared venture partnership agreement which is similar to a franchise agreement but Specsavers own shares in the franchisee.

The parent company, Specsavers International Healthcare, was launched in 1984. The company has also ventured into hearing services in 2002 in the UK, providing hearing tests and hearing aids within the Specsavers optical stores and is UK's leading provider of digital hearing aids and services.

Specsavers have been operating in New Zealand since 2008 with 51 stores covering all Ministry regions.

Specsavers market themselves as being the best value optometrist anywhere in New Zealand.

5.3.2 OPSM/Budget (12% of MSD client market share)

OPSM and Budget Eyewear are part of the Luxottica Group S.p.A comprised of subsidiary companies in the various countries in which it operates.

OPSM/Budget have been operating in New Zealand since 1994, with 69 stores, currently employing over 320 people and have a presence in all Ministry regions.

Budget Eyewear is in the process of being phased out and replaced with the OPSM brand.

OPSM market themselves as offering world-class optometry services together with personal customer care, along with international designer fashion brands at a range of prices from luxury to budget.

5.3.3 Visique (15% of MSD client market share)

Visique is a 100% New Zealand owned Co-op with Member Licence Agreements.

Visique have been operating in New Zealand since 2000, with 72 stores, currently employing over 400 people and have a presence in all Ministry regions except Northland.

Visique market themselves as a New Zealand owned and operated company promoting professionalism, excellence and trust.

5.4 Purchasing Methods

5.4.1 Optometrists

Spectacles and contact lenses purchased from an optometrist are made up from a prescription based on the client's optical needs. All hardship payments for optical assistance are indirectly made to optometrists.

5.4.2 Large Retailers – Over the Counter

OTC hobby spectacles can be purchased without an eye examination at pharmacies and large retail stores i.e. Farmers, The Warehouse. 40% of the general population chooses to meet their optical needs this way²². However, without an eye examination there is a risk that clients are not 'best' meeting their optical needs and underlying health risks and issues are not being identified.

Only single vision OTC hobby spectacles of limited strength are available via this type of retail outlet.

OTC hobby spectacles are not generally available at optometrists. This can act as a barrier to clients who would like/need the eye health care of an eye examination without having to incur the expense of having to purchase from the more expensive range of spectacles that are available at optometrists.

Contact lenses cannot be purchased by this method.

5.4.3 On-line

5.4.3.1 Spectacles

Prescription spectacles can be purchased on-line, however:

- Prescription spectacles are a custom-made item. Not only are there different designs and materials of both frames and lenses as well as different lens coatings, but everybody's head and eyes are different, too. Accurate measurements are required for a proper fit
- The optical centre of a lens is the part that gives the truest vision, and should be directly in front of the pupil. To determine how to place the lenses in the frames so the optical centre is correct, the laboratory needs to know the distance between pupils, or PD. It can be difficult to measure your own PD. Dispensers require a great deal of experience to be able to measure PDs correctly, and even experienced optometrists have difficulty taking their own in a mirror
- The way that spectacles fit is another important factor. Frames that are too large or that don't fit the bridge of the nose properly can slip. Not only is that uncomfortable, but this can cause headaches if you're not looking through the optical centres of the lenses
- Alternatively, if the spectacles are too small, they will be uncomfortable to wear; they can pinch the sides of your head and leave red marks on

²² Fair Go, 11 April 2012

your temples. They also can cause discomfort behind your ears or on your nose

- Buying bifocal and multifocal/occupational lenses online presents additional challenges. Fitting multifocal lenses is an intricate process because an additional prescription power is added to the lens, and additional measurements must be taken
- Most on-line retailers shy away from offering bifocals and multifocal/occupational lenses, although some give shoppers the option of contacting them via e-mail and going through the process on an individual basis, rather than by completing a form
- Resolution of client product issues and disputes can be problematic
- No hardship assistance payments are currently made for online purchases

5.4.3.2 Contact Lenses

Whilst contact lenses are available on-line at a significant discount to store prices, the more complex contact lens prescriptions that would qualify for hardship assistance are not available on-line.

Quality can also be an issue with purchasing using this method unless purchasing is of branded products made through a reputable retailer.

5.5 Market Sustainability

New Zealand's annual revenue for optical goods and services²³ is estimated at \$150 - 160 million. Client expenditure on optical goods and services via hardship assistance represents 5% of this total.

5.6 MSD client attractiveness to market

Industry consultation²⁴ was undertaken to establish the potential attractiveness of MSD client base.

It was considered that the major suppliers would be keen to acquire the whole of MSD business for the sale of goods by offering free or heavily discounted eye service delivery as a loss leader to win the business. For this to be advantageous to the suppliers it would require the supplier to retain the ability to over prescribe and/or up-sell to recoup the loss on services.

Of the smaller suppliers, most were client-base neutral, some saw MSD clients as undesirable and not fitting with their image whilst some established their businesses in specific areas to service the needs of low socio-economic clients.

²³ Excluding over the counter hobby spectacles

²⁴ New Zealand Association of Optometrists

6 Challenges

6.1 Geographical

The provision of optical services requires physical interaction between the client and the supplier.

Suppliers with national coverage focus on main centres and the more affluent suburbs where customers have more disposable income or discretionary spend. Whilst these locations are accessible for some clients, for others accessibility is problematic because of mobility issues, access to transport and additional costs for transportation.

The table at [Appendix X](#) shows the location by service centre of clients accessing hardship assistance for optical against the store locations of the three lead suppliers.

Specsavers has 42% location coverage, OPSM 44% and Visique 37%.

In total, 65 of the 138 locations (47%) used by MSD clients making purchases with hardship assistance for optical,²⁵ are not serviced by any of the main suppliers.

6.2 Transaction Details

MSD data does not itemise the components of transactions. Supplier data is extremely limited and whilst, from the small amount of sample data available, we can determine what components were purchased, the composition of each transaction is not known.

This makes accurately establishing how clients are purchasing extremely challenging. By extrapolating the limited supplier data we have best endeavoured to create likely transaction profiles.

²⁵ Excluding Super/Studylink – purchase location data not available

7 Current State – Status Quo

7.1 Process

The standard process for paying a Special Needs Grant (SNG), Advance Payment of Benefit (Advance or ADV) or a Recoverable Assistance Payment (RAP) sits within the current standardised process for providing financial assistance. The relevant steps are the same, and are completed in the same order.

The basic process²⁶ when a client is applying for optical hardship assistance is as follows:

- Meet and Greet
- Identify person applying for assistance
- Identify the person's needs and circumstances
- Identify best course of action/options
- Create or update Service Plan
- Book a follow-up appointment
- Authenticate

7.2 Additional information

- Focus is on essential and immediate need. One of deciding factors is “what is the likely impact of not providing this hardship assistance?”
- A service centre manager is required to provide their approval in some situations i.e. discretion is required regarding high levels of debt or exceeding maximum values
- Clients can purchase optical goods and services from any optometrist they wish
- There are no restrictions of what frames, lenses or coatings the client can choose
- The payment card defaults to a 3 day expiry unless an alternative date is manually entered by the case manager for this transaction
- The same code is used in the CMS to record hardship assistance payments for optical, which is bundled together with dental and hearing aids²⁷
- No supplier reporting or data analysis is currently provided

²⁶ Detailed process at [Appendix](#)

²⁷ Coded separately from 7 February 2012

8 Future State

8.1 Objectives (Key Success Indicators)

For the Crown:

- A reduction in the associated costs for the provision of hardship assistance for optical goods and services

For the Ministry:

- Simpler process for case managers
- Clear legislation, policy and operational policy
- A reduction in administrative time and associated costs
- Client and case managers understand when it is appropriate to apply for hardship assistance
- Improved control over, and oversight of, client expenditure
- Supplier reporting and data analysis is available

For the client:

- Client can access hardship assistance for immediate and essential needs for optical goods and services appropriate for their needs
- Clients receive eye examination and/or spectacles, contact lenses at a competitive price
- Spectacles and contact lenses are functional and fit for purpose
- Clients hardship count is not adversely impacted by multiple transactions for one item

8.2 Process

The desired future state is as follows:

- Client visits a service centre or makes contact online seeking assistance for an eye examination and/or spectacles, contact lenses
- The case manager checks if client has had assistance for an eye examination/ spectacles, contact lenses within a recommended time frame for their age group
- The case manager processes application in CMS, following the correct business practice, which generates a system recommendation to grant or decline the assistance payment based on system rules
- The case manager fills in the hardship assistance application on the system for an eye examination and also for spectacles/contact lenses if eye examination determines spectacles/contact lenses are required to an approved amount (to be set once we have been to market and prices are contractually agreed)
- The case manager advises the client of the minimum (eye examination only) and maximum (spectacles prescribed) amount they may be

required to pay and agrees a repayment schedule based on those two possible scenarios

- The client signs the hardship assistance approval form
- The client arranges an appointment with an accredited optometrist and takes their hardship assistance approval form as approval to proceed
- The client has an eye examination:

If spectacles or contact lenses are not required:

- Accredited Optometrist invoices MSD for eye examination, and OTC hobby glasses if they are purchased, (consolidated billing) and relevant amount is charged on to the client's account

If spectacles or contact lenses are required:

- Accredited Optometrist invoices MSD for eye examination (consolidated billing) and relevant amount is charged on to the client's account
- Preferred Supplier for Goods and Fabrication Services invoices MSD for spectacles or contact lenses (consolidated billing) and relevant amount is charged on to the client's account

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9 What success will look like

- A sustained reduction in the cost to Crown for the provision of hardship assistance for optical
- A sustained reduction in the amount of frontline processing time
- Fewer transactions processed:
 - Clients accessing hardship assistance for optical at a frequency aligned to optometry recommendations
 - Clients not requiring multiple visits to service centre for one transaction
- The ability to monitor compliance and make accurate forecasting and procurement decisions as a result of:
 - Comprehensive supplier data
 - Comprehensive MSD data
- All transactions are fully compliant with specifications
- An open and mutually beneficial relationship with the optical industry

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10 Strategic Options

Options were considered in two parts:

- Purchasing Methods
- Suppliers

10.1 Purchasing Method Options

10.1.1 High Street Optometrists (Preferred)

All MSD's client needs can be met by this purchasing method.

10.1.2 Large Retailers – Over the Counter

This purchasing method has been discounted because clients' needs would not be met for the following reasons:

- No eye examination
- Only non-prescriptive OTC spectacles of limited strength are available
- No clinical care or fitting service conducted by a qualified professional is provided
- Contact lenses are not available for purchase by this method

10.1.3 Online

Online purchasing was not considered as a viable purchasing method. The absence of an eye examination, clinical care and fitting service conducted by a qualified professional would more than likely result in clients eye care needs not being met.

Another challenge in using this purchasing method is how payment would be made to the online retailer.

10.2 Preferred Supplier Options

The selected option will be implemented on an agreed date once all work and approvals have been completed.

Options considered:

Option 1: Do nothing/Base Case	
Commentary: <i>One action could be to review current service delivery process/practice. Whilst this would produce no measurable hard savings, system improvements could be made. However would the effort be worth the minimal gain? This option would not achieve cost savings objectives</i>	
Advantages	Risks/Issues
<ul style="list-style-type: none"> • No legislative change required • No change/training required • No Cost 	<ul style="list-style-type: none"> • No Reduction in Crown spend • Data from suppliers will continue to be extremely limited and inconsistent • Won't deliver objectives • Demand is likely to continue to grow • Client can still be "sold to"

	<ul style="list-style-type: none"> • Client has no influence or control over market price • Ministry has no control over market price
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<p>Option 2: Negotiate with top 4 suppliers nationally</p> <p>Compulsory for client to purchase optical goods from selected suppliers if using hardship allowance – with an exception if there is no supplier within 2 hour drive</p> <p>Commentary: No commitment to volume is being made by the Ministry Unlikely to attract real benefit over ‘special retail offers’ due to lack of control and commitment.</p>	
Advantages	Risks/Issues
<ul style="list-style-type: none"> • No changes to process/no training required • Reduction in number of suppliers in the system 	<ul style="list-style-type: none"> • Limited Reduction in Crown spend • No change in volume of transactions or time required to process • Suppliers still have power to control price • Legislative change required • Data may not be same from each supplier • Client still has to shop around

<p>Option 3: Negotiate with small list of suppliers by urban centre (e.g. maximum of 2 or 3 suppliers as long as geographical coverage is sufficient to meet Ministry needs)</p> <p>Compulsory for client to purchase optical goods from selected suppliers if using hardship allowance</p> <p>Commentary: Percentage benefit likely to differ regionally Difficulty in managing range using multiple suppliers Possible 20% reduction in cost over current in return for commitment and some level of control or range - This option would meet the cost savings objective</p>	
Advantages	Risks/Issues
<ul style="list-style-type: none"> • Estimated 20% reduction in client debt • Same product for less \$ - reduction in client debt 	<ul style="list-style-type: none"> • Limited Reduction in Crown spend • Client may “use” saving to purchase more expensive frames – no cost savings • Supplier still able to “up-sell” • Data may not be same from each supplier

<p>Option 4: Negotiate with one (or two) major supplier as the sole supplier to the Ministry for a contracted period:</p> <ul style="list-style-type: none"> • Fixed, low cost, eye examination– as per recommended frequency • Negotiated percentage reduction in price of frames, lenses and coatings • Set range of frames within restricted price range • New lenses fitted to old frames unless not possible due to frame size/type • Low cost reading range available in store (similar to ranges in Warehouse, pharmacies etc.) <p>In rural areas where supplier has no direct representation supplier to arrange alternative supply:</p> <ul style="list-style-type: none"> • local independent to undertake eye examination and to be supported with frames and lenses at reduced pricing from selected supplier, or
--

- Mobile visits by selected supplier to region

Compulsory for client to purchase optical goods from selected suppliers if using hardship allowance

Commentary:

This option would best meet the cost savings objective

Allows better Ministry visibility of spend size and composition and to restrict product range

Advantages	Risks/Issues
<ul style="list-style-type: none"> • Potential 30% reduction in client debt • Reduction in case manager time not having to process payments for eye examination and then prescription • All data from supplier will be consistent • Client receives eye health checks at recommended frequency • Clients hardship assistance count not adversely affected by multiple transactions for "one" product • Reduced debt levels • Client can get eyes tested and access low cost reading glasses if that is all that is required without needing to apply for hardship allowance 	<ul style="list-style-type: none"> • Limited Reduction in Crown spend • Client may "use" saving to purchase more expensive frames – no cost savings • Supplier still able to "up-sell" • Training required • Client has to use preferred supplier to receive hardship assistance – legislative change required • Client unable to take advantage of cheaper options (special offers) is using hardship assistance • Potential associated other costs i.e. financial assistance for travel costs over 2 hours to selected supplier • Potential negative press from reducing client choice • Because of reduced prices some clients may try to upgrade on coatings: needs to be managed through contract management – restrictions on products and up-selling. • Data may not be same from each supplier

Option 5:

Accredited suppliers for the provision of services:

- Fixed cost eye examination, price set by age range
- Prescribing criteria set and agreed by NZAO
- Price controlled, low cost OTC hobby spectacle range available in store (similar to ranges in Warehouse, pharmacies etc.)
- Contact lenses restricted to clients who, for medical reasons, cannot wear glasses and qualify for MoH subsidy – MSD to pay only balance above subsidy

Preferred supplier(s) for the fabrication and supply of optical goods:

- Single vision, plastic stock lenses as default
- Negotiated percentage reduction in price of frames, lenses
- No coatings (scratch resistant front and back as standard)
- Set range of frames within restricted price range
- New lenses fitted to old frames unless not possible due to frame size/type

Compulsory for client to purchase optical goods from selected suppliers if using hardship allowance

Commentary:

This option would best meet the cost savings objective and ensure geographical coverage

No opportunity for up-selling as accredited service providers do not receive payment for goods provided
Ensures lowest cost products that meet clinical requirements only are prescribed
Allows better Ministry visibility of spend size and composition and to restrict product range

10.3 Options Summary

10.3.1 Option 1 – Do Nothing

This option would:

- Not reduce cost to Crown
- Not reduce cost to the client
- Not reduce front line processes or include any system improvements

10.3.2 Option 2 – Negotiate with top four suppliers nationally

This option would:

- Achieve only limited reduction in cost to Crown
- Achieve only limited reduction in cost to the client
- Not provide the geographical coverage required

10.3.3 Option 3 – Negotiate with a small list of suppliers by urban centre

This option would:

- Achieve only minimal reduction in cost to Crown
- Achieve only minimal reduction in cost to the client
- Require multiple contracts
- Not reduce front line processes
- Not provide the geographical coverage required

10.3.4 Option 4 – Negotiate with one or two major supplier(s)

This option would:

- Achieve the maximum reduction in cost to Crown
- Achieve the maximum reduction in cost to the client
- Only require one or two contract(s)
- Reduce front line demand through a reduction in the number of applications (not including projected demographic growth)
- Reduce processing time, through improved guidelines and systems, and reduction of number of suppliers to select from
- Not provide the geographical coverage required

10.3.5 Option 5 – Accredited Suppliers for Clinical Services, Preferred Supplier(s) for Fabrication and supply of Goods

This option would:

- Achieve the maximum reduction in cost to Crown
- Achieve the maximum reduction in cost to the client
- Only require one or two contract(s) for goods
- Require accreditation of multiple suppliers for services
- Reduce front line demand through a reduction in the number of applications (not including projected demographic growth)
- Reduce processing time, through improved guidelines and systems, and reduction of number of suppliers to select from
- Provide the geographical coverage required

10.4 Preferred Option

Option 5 would provide the optimum reduction in cost to Crown and cost to clients:

- Using the leverage of volume for goods and fabrication, the Ministry could negotiate on price
- Provide geographical coverage appropriate to client location
- If OTC hobby spectacles were made available at accredited suppliers clients seeking an eye examination and being prescribed reading spectacles could select from this low cost range
- Client would receive the eye care they require whilst reducing cost to client and the Crown
- Data from supplier/s would allow more accurate forecasting and product knowledge for ongoing procurement requirements / exercises
- Remove the potential for up-selling through:
 - clear guidelines on appropriate prescribing
 - removing incentives to convert to sale
 - Auditable prescribing records

10.5 System Changes

System or process changes are deemed to be minimal at this stage and will be dealt with via the BAU process. At present no capital outlay is required. The Ministry has an in house IT system team to support necessary changes.

10.6 Additional Administrative Costs

No additional one off or ongoing cost to implement the preferred option has been identified. The Ministry has an in house Procurement Solutions Team to implement the preferred option and will be dealt with via the BAU process.

10.7 Behavioural Changes

Specifications for the prescribing and dispensing of goods and services in this category have been developed, based on research and in conjunction with consultation with the New Zealand Association of Optometrists.

These specifications (Appendix X) provide a clear, measurable and auditable set of qualifying criteria of when and how to best meet a client's optical needs.

10.8 Restricted Product Range

A restricted product range will enable the Ministry to control up-selling and restrict add-ons that are desirable rather than essential.

Detailed supplier reporting and auditing will assist in monitoring purchasing patterns and eliminate non-essential purchases.

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11 External Consultation

11.1 New Zealand Association of Optometrists

A preliminary meeting with representatives from the Ministry's Social Assistance Procurement Team and the New Zealand Association of Optometrists (NZAO) took place on 2 July 2012 with:

- Dr Lesley Frederikson, Director of the New Zealand Association of Optometrists NZAO
- Andrew Sangster, Member NZAO
- Geoff Sargent, Member NZAO

At the meeting it was agreed that there was value in establishing a subject matter working group comprising three NZAO members:

- Andrew Sangster, Member NZAO
- Geoff Sargent, Member NZAO
- Wilson Sue, Member NZAO

Three half day sessions were used to:

- Develop and agree the specifications for:
 - Services – Eye Examinations
 - Services – Prescribing, Dispensing and Additional Care
- Determine, develop and agree all administration and reporting to be included as part of the Optometrist fee for services (including prescribing and dispensing)
- Determine and agree age bands for pricing model
- Determine fees for each age band
- Beta test specifications
- Agree on approach to market
- Recommendations for an independent subject matter expert to sit on Evaluation Panel

12 Financial Impact

12.1 Introduction

DC comments on max limit context for 3 spend types / appropriateness, limitations of data / information, complexities of supplier pricing models / lack of granular detail / holding a charge for eye test, opportunity cost converted into price discount/ not factored in changes in other purchasing patterns ie may use saving to get teeth done / sustainability of preferred supplier pricing / long term impacts to market / key future influences in the context of optical overall economy / introduce with a special MSD range / different start prices, create its own category / with own limit, significance of recoverable and non recoverable changes / cashflow impact to crown / long term supplier reaction – key to manage via contract, the range may change within the product range / is it unrealistic to put a product range on a set of products that are so individual / relies on preferred supplier having the appropriate range (confirm on risk register with Sara) also bring in the SNG saving element, discussion limitations, 1 year data, pro rata split across the payment types, Tsy/ Nick G to advise on additional cashflow benefit best place, is it ok to quantify,

The main objectives of the preferred solution are to:

1. Reduce cost to the Crown by reduction of client borrowing
2. Reduce cost to the client
3. Reduce the cost of transactional processing
4. Improve control over price
5. Control quality and type of goods and services delivered

In order to ascertain whether or not the objectives above were best met by the preferred option, the status quo (current state) has been tested against the 'most likely' scenario that would be achievable under the preferred option.

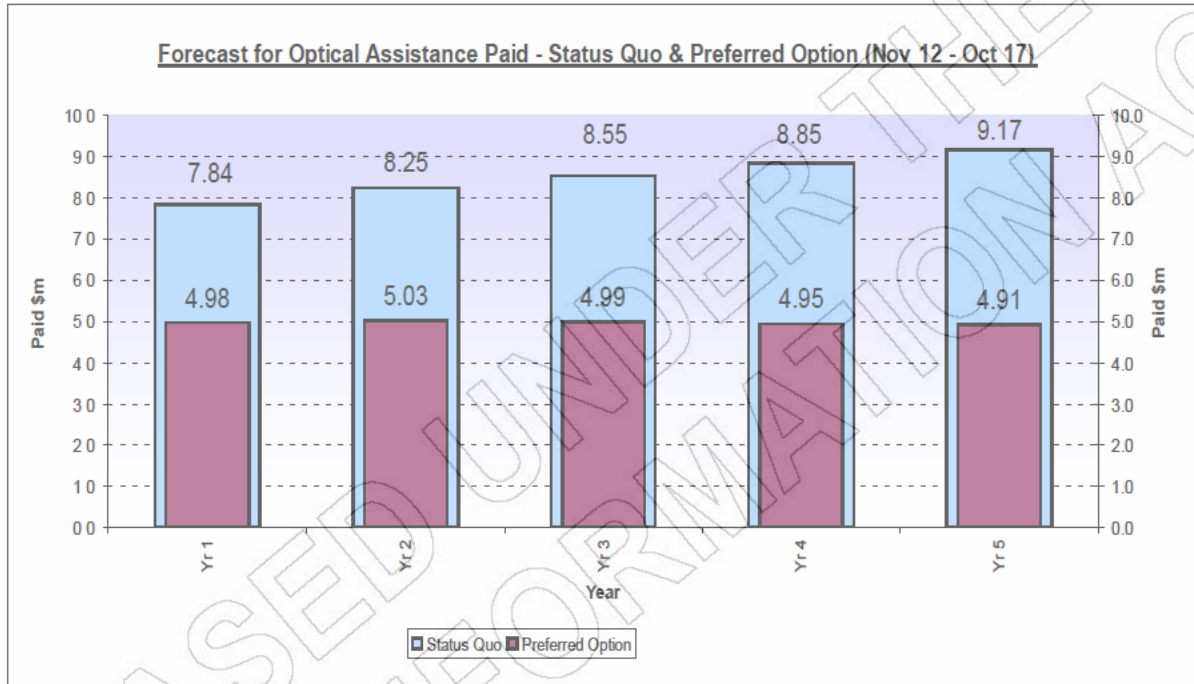
12.1.1 Key Findings

If MSD do nothing, over the next five years, circa:

- Optical hardship assistance payments for the period will total \$XX.X million
- \$4.7m increase in optical hardship assistance paid
- Average optical transaction value increasing by 15% from \$461 to \$529 by the end of year 5
- 3,400 more transactions to process
- 1,700 hours additional Frontline processing time required

If MSD implement the preferred option (Likely discount scenario), over the next five years, circa:

- Optical hardship assistance payments for the period will be reduced to a total of \$XX.X million
- \$18.0m reduction in optical hardship assistance paid
- Average optical transaction value reducing by 31% from \$461 to \$320 by the end of year 5
- 9,700 less transactions to process
- 4,840 hours less Frontline processing time required



12.2 Status Quo – Current state

There are several key inter related components that determine the total amount paid for optical hardship assistance²⁸:

- Products and unit prices
- The number of recipients and associated transactions
- Transaction Profile (client transaction behaviour)

12.2.1 Products and Unit Prices

A product / price matrix was developed to establish the initial product pricing points for both the status quo and preferred option forecasts.

All optical products purchased by MSD clients were grouped into 10 product categories. A range of prices (high to low) was then applied to each of the categories²⁹.

The 'medium' pricing point has been used for the forecasts and prices for the out years have been escalated using the Treasury's CPI forecast³⁰.

²⁸ Until earlier this year, MSD did not record the granular detail of payments that specifically related to optical assistance, as these payments were part of a broader assistance category which also included assistance for dental work and hearing aids

²⁹ Pricing information based on MSD data, visits to optometrists and general supplier enquires

MSD clients currently purchase approximately:

- 56,000 separately identifiable optical products
- Via 17,000 transactions
- At an average transaction cost of \$461

12.2.2 Recipients and Transactions

The table below shows the forecast number of recipients and the associated number of transactions for optical assistance if MSD does nothing over the next 5 years³¹.

Table 1 – Recipient and Transaction Forecast (Status Quo) – REPLACE w NEW TABLE

Type	Nov 10 - Oct 11	Nov 11 - Oct 12	Yr 1 Nov 12 - Oct 13	Yr 2 Nov 13 - Oct 14	Yr 3 Nov 14 - Oct 15	Yr 4 Nov 15 - Oct 16	Yr 5 Nov 16 - Oct 17
Recipients	16,311	15,446	15,542	15,968	16,150	16,333	16,519
Transactions	17,101	16,194	16,295	16,742	16,932	17,125	17,319

12.2.3 Transaction Profile

All possible product combinations have been categorised into transaction types (Appendix X). In summary, our current client transaction profile can be broken as follows:

Table 2 – Transaction Type Summary – REPLACE w NEW TABLE

Transaction Type	%	Transactions	Av Transaction \$
1-3. Eye Exam, Frames, Lens - Single Vision + Coating	51%	8,686	454
4-6. Eye Exam, Frames, Lens - Multifocal + Coating	24%	4,104	531
7-9. Eye Exam, Frames, Lens - Bifocal + Coating	17%	2,907	517
10-18. Eye Exam, Refits (All lens types & Coatings)	7%	1,240	202
19. Eye Exam only	1%	164	60
Total	100%	17,101	461

The table above shows that the majority of MSD's client transactions fall in categories 1-3. These transactions relate to the purchase of an eye exam, frames and single vision lens with or without a type of coating. The average value of this type of transaction is \$454.

For the purpose of the status quo it has been assumed that the current transaction type percentage split remains consistent throughout the out years.

Table 3 – Status Quo Summary – REPLACE w NEW TABLE

STATUS QUO	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
SNG (Non Recoverable)	152,665	161,223	165,093	170,976	177,070
RAP (Recoverable)	439,052	452,789	463,656	480,180	497,293
Advance (Recoverable)	7,244,381	7,638,094	7,917,455	8,199,625	8,491,852

³⁰ The Treasury, Budget Economic Outlook 2012

³¹ Developed in conjunction with MSD's Centre for Social Research & Evaluation (CSRE) team's forecasts for the broader hardship assistance categories

Total Paid \$	7,836,097	8,252,106	8,546,203	8,850,782	9,166,216
Optical Recipients	15,542	15,968	16,150	16,333	16,519
Transactions	16,295	16,742	16,932	17,125	17,319
Average Transaction Value \$	481	493	505	517	529

12.2.4 Productivity – Frontline Processing

MSD currently process approximately 17,000 transactions a year, equating to 8,500 hours per annum or equivalent to 5 FTE's.

The number of transactions is forecast to gradually increase over the next 5 years (see table 2).

12.3 Preferred Option – Option 5

12.3.1 Products and Unit Prices

One of the objectives of this option is to achieve better value for money by leveraging MSD's purchasing power to achieve price reductions on optical goods and services.

A discount matrix has been developed in order to produce a most 'likely' pricing discount scenario³².

Whilst the exact value of discount on each product is not certain until MSD have finalised an agreement with a preferred supplier, the estimated discount for each product has been determined and assessed in relation to:

- Initial research and indicative findings from the PMMS review
- Gross profit margin estimates
- Wholesale price indications
- Buying power of large suppliers (Supplier – buying power, mission statements and other relevant strategies)
- International retail price comparisons (**Appendix X**)
- The value / size of MSD client share – 5% of total optical market³³
- The MSD restricted product range (Non branded products / list TBC)

³² Option 5 – Transaction Profile Percentages and Cost Calculations: A6403271

³³ Excludes off the shelf purchases

The table below shows the likely pricing and volumes that has been used in the preferred option forecast.

Table 4 – Option 5 Pricing Matrix

Product	Volume	Unit Price \$	Total Cost \$
Eye Examination: 7 and under	323	220	71,060
Eye Examination: 8 - 20	1,453	150	217,950
Eye Examination: 21 – 54	8,236	180	1,482,480
Eye Examination: 55+	6,298	250	1,574,500
OTC Hobby Spectacles	1,810	20	36,200
Standard Frames	6,278	15	94,170
Lightweight Frames	573	30	17,190
Stock Single Vision Plastic Lens	10,038	10	200,760
Stock Single Vision High Index Lens	2,172	20	86,880
Bespoke Single Vision Plastic Lens	2,640	25	132,000
Bespoke Single Vision High Index Lens	2,044	30	122,640
Bespoke Bifocal Plastic Lens	1,234	35	86,380
Bespoke Bifocal High Index Lens	500	40	40,000
Bespoke Multifocal Plastic Lens	2,424	45	218,160
Bespoke Multifocal High Index Lens	1,794	50	179,400
Anti Reflection Coating	1,068	15	32,040
Transition Coating	820	25	41,000
Total			\$4,632,810

12.3.2 Recipients and Transactions

The number of clients needing optical hardship assistance is not expected to change compared to the status quo. However the number of transactions these clients are forecast to generate will reduce as a result of:

- **Multiple transactions within a 12 month period:** 1,540 or 9% of transactions were multiple in nature and have been eliminated under the preferred option's forecast
- **Children 15 years of age and under:** 630 or 4% of transactions are for children under 15, for which MoH provide an appropriate subsidy. All these transactions have been eliminated in the preferred option's forecast

The table below shows the forecast number of recipients and associated number of transactions for optical hardship³⁴ if MSD implements the preferred option.

³⁴ Developed in conjunction with MSD's Centre for Social Research & Evaluation (CSRE) team's forecasts for broader hardship assistance categories

Table 5 – Recipient and Transaction Forecast (Preferred Option)

Type	Nov 10 - Oct 11	Nov 11 - Oct 12	Yr 1 Nov 12 - Oct 13	Yr 2 Nov 13 - Oct 14	Yr 3 Nov 14 - Oct 15	Yr 4 Nov 15 - Oct 16	Yr 5 Nov 16 - Oct 17
Recipients	16,311	15,446	15,542	15,968	16,150	16,333	16,519
Transactions	17,101	16,194	14,412	14,818	14,991	15,166	15,343

12.3.3 Transaction Profile

Currently 99.9% of all transactions result in a prescription for spectacles, 55% are for single vision lenses, 25% for multifocal and 19% for bifocal³⁵.

By specifying the parameters for prescribing and dispensing and developing a restricted product range we are forecasting:

- 18% of transactions not resulting in a prescription for spectacles
- 11% being recommended OTC Hobby Spectacles
- 53% being prescribed single vision lenses
- 13% being prescribed multifocal lenses
- 5% being prescribed bifocal lenses

This will be achieved by the following measures:

- **Prescribing:** a reduction in number of clients being prescribed spectacles. Clients will require a measurement of at least +/- 0.50 DS or - 0.50 DC or 2 Snellen lines improvement in visual acuity or 0.2 logMAR
- **Reading Spectacles:** a reduction in number of clients being prescribed spectacles. Clients requiring basic reading spectacles of equal magnification will be able to purchase low cost OTC hobby spectacles
- **Lens Type:** a reduction in dispensing of the more expensive bespoke lens types. Single vision lenses will be the default and bespoke lenses can only be prescribed by reported and auditable exception e.g. where single vision lenses do not meet the client's functional requirements
- **Lens materials:** a reduction in dispensing of the more expensive higher index lenses. Plastic lenses will be the default and higher index lenses can only be prescribed by reported and auditable exception e.g. where plastic lenses do not meet the client's functional requirements
- **Coating types:** a reduction in the dispensing of all coatings. Front and back scratch resistant coatings will be negotiated as included in the price of all stock single vision lenses. All other coatings can only be prescribed by reported and auditable exception only
- **Frames:** a reduction in the number of frames purchase. New frames can only be dispensed if the clients' current frames cannot be reglazed³⁶

³⁵ OPSM client data supplied

³⁶ Client does not currently have spectacles, frame shape/size not suitable for new lenses, frames damaged or in poor condition

- **Contact Lenses:** a reduction in the number of contact lenses prescribed. Contact lenses restricted to clients who, for medical reasons, cannot wear glasses and qualify for MoH subsidy – MSD to pay only balance above subsidy

Table 6 – Preferred Option Summary

Likely Discount	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
SNG (Non – Recoverable)	96,934	98,318	96,482	95,572	94,778
RAP – (Recoverable)	278,774	276,123	270,966	268,411	266,180
Advance – (Recoverable)	4,599,790	4,657,922	4,627,059	4,583,422	4,545,327
Total Paid \$	4,975,498	5,032,363	4,994,508	4,947,405	4,906,285
Number of Optical Recipients	15,542	15,968	16,150	16,333	16,519
Number of Transactions	14,412	14,818	14,994	15,166	15,343
Average Transaction Value \$	345	340	333	326	320

12.3.4 Productivity – Frontline Processing

The preferred option would result in the reduction of time spent by frontline staff processing applications.

Reductions will be from three areas:

- **Multiple transactions within a 12 month period:** 790 or 5% of transactions were multiple in nature. Some of these transactions would be eliminated by the introduction of the patient review period as part of patient management contained in the Specification of Services – Eye Examinations (Appendix X). These transactions equate to 395 hours per annum
- **Children 15 years of age and under:** 630 or 4% of transactions are for children of 15 years of age and under, for which MoH provide an appropriate subsidy. All these transactions would be diverted to the MoH subsidy. These transactions equate to 315 hours per annum
- **Other:** By amending the guidelines, rules, and using a system based assessment, less time will be spent on discretionary decisions and time spent setting up new suppliers and searching for current ones (There are currently over 200 suppliers to select from)

12.4 Variation Summary

DAN: NEED SOME WORDS TO INTRODUCE/EXPLAIN THE FOLLOWING.

Indicative reduction in Optical Hardship Assistance

BASE CASE against HIGH Discount Option	Yr 1 Nov 12 - Oct 13	%	Yr 2 Nov 13 - Oct 14	%	Yr 3 Nov 14 - Oct 15	%	Yr 4 Nov 15 - Oct 16	%	Yr 5 Nov 16 - Oct 17	%	Total Reduction in Optical Hardship Assistance
SNG	(73,263)	(48%)	(80,518)	(50%)	(85,714)	(52%)	(92,151)	(54%)	(98,668)	(56%)	(430,312)
RAP	(210,697)	(48%)	(226,130)	(50%)	(240,723)	(52%)	(258,801)	(54%)	(277,105)	(56%)	(1,213,456)
ADV	(3,476,519)	(48%)	(3,814,594)	(50%)	(4,110,623)	(52%)	(4,419,324)	(54%)	(4,731,878)	(56%)	(20,552,938)
Total Reduction \$m	(3,760,479)	(48%)	(4,121,242)	(50%)	(4,437,059)	(52%)	(4,770,276)	(54%)	(5,107,650)	(56%)	(22,196,707)
Number of Optical Recipients	0	0%	0	0%	0	0%	0	0%	0	0%	0
Number of Transactions	(1,883)	(12%)	(1,923)	(11%)	(1,941)	(11%)	(1,958)	(11%)	(1,976)	(11%)	(9,681)
Average Transaction Value \$	(198)	(41%)	(214)	(43%)	(231)	(46%)	(248)	(48%)	(265)	(50%)	
Frontline Staff time saved hrs	(941)		(962)		(970)		(979)		(988)		(4,840)
FTE Equivalent >>	0.5		0.5		0.6		0.6		0.6		

BASE CASE against Medium Discount Option	Yr 1 Nov 12 - Oct 13	%	Yr 2 Nov 13 - Oct 14	%	Yr 3 Nov 14 - Oct 15	%	Yr 4 Nov 15 - Oct 16	%	Yr 5 Nov 16 - Oct 17	%	Total Reduction in Optical Hardship Assistance
SNG	(55,731)	(37%)	(62,905)	(39%)	(68,610)	(42%)	(75,404)	(44%)	(82,292)	(46%)	(344,942)
RAP	(160,278)	(37%)	(176,666)	(39%)	(192,690)	(42%)	(211,769)	(44%)	(231,113)	(46%)	(972,515)
ADV	(2,644,591)	(37%)	(2,980,172)	(39%)	(3,290,396)	(42%)	(3,616,203)	(44%)	(3,946,525)	(46%)	(16,477,887)
Total Reduction \$m	(2,860,600)	(37%)	(3,219,743)	(39%)	(3,551,696)	(42%)	(3,903,377)	(44%)	(4,259,930)	(46%)	(17,795,345)
Number of Optical Recipients	0	0%	0	0%	0	0%	0	0%	0	0%	0
Number of Transactions	(1,883)	(12%)	(1,923)	(11%)	(1,941)	(11%)	(1,958)	(11%)	(1,976)	(11%)	(9,681)
Average Transaction Value \$	(136)	(28%)	(153)	(31%)	(172)	(34%)	(191)	(37%)	(209)	(40%)	
Frontline Staff time saved hrs	(941)		(962)		(970)		(979)		(988)		(4,840)
FTE Equivalent >>	0.5		0.5		0.6		0.6		0.6		

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BASE CASE against Low Discount Option	Yr 1 Nov 12 - Oct 13	%	Yr 2 Nov 13 - Oct 14	%	Yr 3 Nov 14 - Oct 15	%	Yr 4 Nov 15 - Oct 16	%	Yr 5 Nov 16 - Oct 17	%	Total Reduction in Optical Hardship Assistance
SNG	(40,963)	(27%)	(48,020)	(30%)	(54,104)	(33%)	(61,142)	(36%)	(68,294)	(39%)	(272,523)
RAP	(117,807)	(27%)	(134,862)	(30%)	(151,948)	(33%)	(171,715)	(36%)	(191,801)	(39%)	(768,133)
ADV	(1,943,829)	(27%)	(2,274,990)	(30%)	(2,594,678)	(33%)	(2,932,230)	(36%)	(3,275,226)	(39%)	(13,020,953)
Total Reduction \$m	(2,102,600)	(27%)	(2,457,872)	(30%)	(2,800,730)	(33%)	(3,165,087)	(36%)	(3,535,322)	(39%)	(14,061,610)
Number of Optical Recipients	0	0%	0	0%	0	0%	0	0%	0	0%	0
Number of Transactions	(1,883)	(12%)	(1,923)	(11%)	(1,941)	(11%)	(1,958)	(11%)	(1,976)	(11%)	(9,681)
Average Transaction Value \$	(83)	(17%)	(102)	(21%)	(121)	(24%)	(142)	(27%)	(162)	(31%)	
Frontline Staff time saved hrs	(941)		(962)		(970)		(979)		(988)		(4,840)
FTE Equivalent >>	0.5		0.5		0.6		0.6		0.6		

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13 Pre-Market

Prior to going to market the following needs to occur:

13.1 Legislative changes

This proposal requires legislative and supporting changes to implement (to be progressed in Welfare Reform Bill 2 – estimated to be passed in March 2013).

13.2 Independent Advice

Optometrists and Dispensing Opticians are governed by the Optometrists and Dispensing Opticians Board (ODOB). The Board was established to carry out functions determined by the Health Practitioners Competence Assurance Act 2003 (HPCA).

To ensure health and safety requirements of optical were met an independent professional review was undertaken of the specifications of the goods and services being procured.

A subject matter working group to undertake this work was sourced via the New Zealand Association of Optometrists (NZAO).

In addition, it is recommended that a subject matter expert be on the tender evaluation panel.

13.3 Communications Plan

To ensure the smooth and successful implementation of this project, it is essential that a well planned and timely communications plan (Appendix X) is developed.

13.4 Guidelines and Processes

A number of guidelines, processes and supporting systems are required to enable the delivery of hardship assistance.

To support the implementation of the preferred option it is essential that all relevant guidelines, processes and systems are identified and updated prior to the go live date (Appendix X).

13.5 IT Plan

Identify the IT elements required to support the preferred option.

To ensure the smooth and successful implementation of this project, it is essential that a well planned and timely IT implementation plan (Appendix X) is developed.

13.6 Service Delivery - Frontline Staff Training

It is essential that a well planned and timely service delivery training programme (Appendix X) is developed to ensure all relevant staff are fully able to deliver the requirements of the preferred option.

14 Approach to Market

The procurement approach will be a multi stage RFX process involving two stages; Expression of Interest (EOI) and, dependent on the outcome of Stage One, The Ministry will engage in discussions with interested supplier(s) or issue a Request for Tender (RFT).

To ensure the market is aware and actively engaged in MSD's approach to market a planned delivery facilitated through the NZAO will take place.

Stage One will comprise two Expressions of Interest:

- **Accreditation for the Provision of Optical Services**
- **Provision of Optical Goods and Fabrication Services**

14.1 Rationale

The rationale for separating optical goods and services is to:

- Differentiate between clinical services, and the sale and fabrication of optical goods
- Remove the ability to over prescribe and/or up-sell
- Ensure there are sufficient respondents who are able to meet our needs in geographically appropriate areas

Un-coupling clinical services from the sale of optical goods will facilitate greater competition and increase the number of potential interested suppliers.

This sends a clear message that the Ministry is seeking to achieve maximum savings.

14.1.1 Accreditation for the Provision of Optical Services

Clinical services require physical interaction between the client and the supplier and can only be delivered by a qualified registered optometrist. Accordingly only suppliers meeting those legal requirements will express interest and be considered.

By accrediting suppliers who meet our requirements and can offer the services at the agreed price the market remains open to small independent suppliers. This is of benefit to locations that the large suppliers do not, or will not service.

Accreditation is a flexible solution that can be awarded or cancelled without risk to supply and to meet changing needs of the market.

Accredited suppliers will be paid a fixed fee to provide the specified services and prescribe within agreed parameters. Non-compliance will result in the cancellation of accreditation for that supplier.

14.1.2 Provision of Optical Goods and Fabrication Services

The manufacture and supply of goods does not require physical interaction between client and supplier. Goods supplied have to meet relevant ISO Standards; however the supplier does not have to be a qualified registered optometrist and the number of suppliers who can supply the goods is

potentially larger as operations are not location dependent and can be delivered from either New Zealand premises or overseas.

14.2 Stage One

Two Expressions of Interest, for a period of six weeks:

Accreditation for the Provision of Optical Services will be seeking interested parties to demonstrate in their response:

- a. The ability to meet the clinical needs and requirements of our clients, including:
 - Eye Examinations, diagnostic services and referrals
 - Prescribing
 - Dispensing (fitting and adjustment services)
 - Aftercare services and support
- b. The sale of contact lenses, when client qualifies for Ministry of Health Contact Lens Subsidy
- c. The sale of OTC hobby spectacles
- d. The ability to meet business requirements, including:
 - Geographical location and representation
- e. Value added items beneficial to the overall service
- f. Auditable reporting

It is extremely unlikely Suppliers that can provide the services required would consider using or would be comfortable using GETS. To ensure the market is aware and actively engaged in MSD's approach to market a planned delivery facilitated through the NZAO will take place.

Provision of Optical Goods and Fabrication Services will be seeking interested parties to express their interest supplying the Ministry's accredited optical service providers:

- a. Lenses
- b. Coatings
- c. Fabrication of spectacles as prescribed
- d. Spectacle frames

including:

- c. The ability to meet business requirements, including:
 - Ongoing support
 - Geographical support and representation
 - Distribution
- d. Value added items beneficial to the overall service
- g. Auditable reporting

14.3 Stage Two

Dependent on the outcome of Stage One, Stage Two will comprise:

The issue of a Request for Tender for the Accreditation of Optical Services seeking interested parties to demonstrate in their response:

- a. Registration with the New Zealand Optometrists and Dispensing Opticians Board and the New Zealand Association of Optometrists
- b. Acceptance of the fee structure (Appendix X)
- c. Acceptance of the Code of Professional Conduct for Accredited Suppliers of Optical Services
- d. The ability to manage, deliver and report on the service specifications (Appendices X and X) within agreed timeframes
- e. Quality control measures that ensure services consistently meet standards
- f. Flexibility to evolve and develop to meet changing business needs
- g. Evidence of sound organisational and financial structure
- h. Planned approach to implementation of the contract
- i. Experience and quality of staff, including training and development
- j. Compliance to all legislative requirements
- k. Confirmation of strong administrative and reporting systems and the ability to interface with the Ministry's processes and systems, in order to meet service levels agreed
- l. References

The issue of a Request for Tender for the Provision of Optical Goods and Fabrication Services or engage in discussions with interested supplier(s) seeking demonstrable responses to the following:

- a. Acceptable pricing structure, including overall cost and value for money
- b. The ability to manage, deliver and report on the specifications for goods and fabrication services (Appendices X and X) within agreed timeframes
- c. Product selection that will meet client needs and deliver maximum savings
- d. Quality control measures that ensure goods consistently meet standards
- e. Quality control measures that ensure fabrication services consistently meet standards
- f. The ability to resolve discrepancies, errors and disputes in a timely manner and at no financial detriment to the client
- g. Distribution networks and methods to meet agreed service delivery specifications
- h. Flexibility to evolve and develop to meet changing business needs

- i. Evidence of sound organisational and financial structure
- j. Planned approach to implement of the contract
- k. Experience and quality of staff, including training and development
- l. Compliance to all legislative requirements
- m. Confirmation of strong administrative and reporting systems and the ability to interface with the Ministry's processes and systems, in order to meet service levels agreed
- n. Business Continuity Plan
- m. References

14.4 Evaluation

14.4.1 Accreditation of Optical Services

The purpose of the RFT is to offer accreditation to Optometrists who:

- Meet the criteria set out in the RFT – Accreditation for the Provision of Optical Services
- Agree to provide the specified optical services and reporting requirements at the agreed fee
- Agree to and sign the Code of Professional Conduct for Optical Services

These criteria are mandatory.

Consideration then needs to be given to the location of Respondents to ensure adequate coverage to meet the needs of MSD clients across New Zealand.

14.4.2 Optical Goods and Fabrication

The purpose of the RFT is to select a preferred supplier of optical goods and fabrication services who:

- Meet the criteria set out in the RFT – Optical Goods and Fabrication Services

This criterion is mandatory.

14.4.2.1 Spectacle Frames

Each Respondent will be required to provide a selection of frames. The Evaluation Team should take into consideration a number of factors when determining which frames best meets the needs of all MSD clients (Non-Mandatory Appendix X).

14.4.2.2 Spectacle Lenses

Each Respondent will be required to specify the range of lenses they can supply. The Evaluation Team should take into consideration a number of factors when determining which range best meets the needs of all MSD clients (Non-Mandatory Appendix X).

14.4.2.3 Pricing Schedule

Each Respondent will be required to provide a pricing schedule for frames and lenses. The Evaluation Team should take into consideration a number of factors when determining which pricing schedule offers best value for money (Non-Mandatory Evaluation Appendix X).

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Implementation Plan

14.5 Timeline

The following tables contain estimated key event dates:

Accreditation for the Provision of Optical Services	Indicative Date
Procurement Plan approved	Time, DD MMM YYYY
EOI released	Time, DD MMM YYYY
Deadline for Suppliers' questions (clarification period)	Time, DD MMM YYYY
Deadline for answers to questions	Time, DD MMM YYYY
EOI Closing Date – 6 weeks from release	Time, DD MMM YYYY
Receive and register Expressions of Interest	Time, DD MMM YYYY
Individuals on the Evaluation Team complete their evaluations identifying areas for clarification	Time, DD MMM YYYY
Evaluations combined	Time, DD MMM YYYY
Scores moderated in group evaluation meeting	Time, DD MMM YYYY
Final shortlist agreed Stage 2 approach agreed and proposed to Project Sponsor	Time, DD MMM YYYY
Stage 2 approach approved by Project Sponsor	Time, DD MMM YYYY
Shortlist of EOI Respondents invited to submit responses to Closed RFT	Time, DD MMM YYYY
RFT closes (if issued)	Time, DD MMM YYYY
Due diligence completed	Time, DD MMM YYYY
Evaluation completed	Time, DD MMM YYYY
Management/BSG recommendation	Time, DD MMM YYYY
Management/BSG sign-off	Time, DD MMM YYYY
Suppliers selected for Accreditation and unsuccessful Suppliers notified	Week beginning DD MMM YYYY
Contract commencement	Time, DD MMM YYYY
Anticipated Contract(s) start date	Week beginning DD MMM YYYY

Provision of Optical Goods and Fabrication Services	Indicative Date
Procurement Plan approved	Time, DD MMM YYYY
EOI released	Time, DD MMM YYYY
Deadline for Suppliers' questions (clarification period)	Time, DD MMM YYYY
Deadline for answers to questions	Time, DD MMM YYYY
EOI Closing Date – 6 weeks from release	Time, DD MMM YYYY
Receive and register Expressions of Interest	Time, DD MMM YYYY
Individuals on the Evaluation Team complete their evaluations identifying areas for clarification	Time, DD MMM YYYY
Evaluations combined	Time, DD MMM YYYY
Scores moderated in group evaluation meeting	Time, DD MMM YYYY
Final shortlist agreed Stage 2 approach agreed and proposed to Project Sponsor	Time, DD MMM YYYY
Stage 2 approach approved by Project Sponsor	Time, DD MMM YYYY
Closed RFT issued if this approach is approved or commence discussions with interested suppliers	Time, DD MMM YYYY
Deadline for Suppliers' questions (clarification period)	Time, DD MMM YYYY
Deadline for answers to questions	Time, DD MMM YYYY
RFT Closing Date – 4 weeks from release	Time, DD MMM YYYY
Receive and register Expressions of Interest	Time, DD MMM YYYY
Individuals on the Evaluation Team complete their evaluations identifying areas for clarification	Time, DD MMM YYYY
Evaluations combined	Time, DD MMM YYYY
Scores moderated in group evaluation meeting	Time, DD MMM YYYY
Presentations or due diligence completed	Time, DD MMM YYYY
Evaluation completed	Time, DD MMM YYYY
Shortlisted Suppliers' interviews	Week beginning DD MMM YYYY
Post-tender negotiations entered into	Time, DD MMM YYYY
Management/BSG recommendation	Time, DD MMM YYYY
Management/BSG sign-off	Time, DD MMM YYYY
Contract negotiations	Time, DD MMM YYYY
Supplier selected and unsuccessful Suppliers notified	Week beginning DD MMM YYYY
Contract commencement	Time, DD MMM YYYY
Anticipated Contract(s) start date	Week beginning DD MMM YYYY

15 Post Implementation

15.1 Review

A series of reviews will be undertaken post implementation and be incorporated into this review document as Part 2.

15.1.1 Lessons Learned

As with any project, there will be lessons learned and it important to capture these to enhance personal development, Ministry knowledge base and so that improvements can be made to future projects.

15.1.1.1 Data Analysis

The first data set was not comprehensive, contained errors and included data not relevant to this category.

In future, data requests should contain all data available to avoid multiple requests and the delays this incurs.

Sufficient time spent initially cleaning and sorting the data is essential. Focussing on searching for one thing at a time reduces errors, i.e. looking for supplier name variations as one exercise and not trying to check for other variations at the same time.

15.1.1.2 Engagement with Industry Bodies

The contribution of the New Zealand Association of Optometrists was a key factor in developing the preferred option, ensuring the focus was on the key component of this category, developing the specifications and engaging with the industry in a positive and collaborative manner.

Discussions with NZAO provided valuable insight into the clinical requirements of optometry, standards of good practice and a depth of understanding of a complex product.

In hindsight earlier engagement with the NZAO would have enabled this category review to proceed more smoothly and at a quicker pace.

15.1.2 Quarterly Data Review

To measure how successfully this project delivers on its projected outcomes a quarterly review of Ministry and Supplier data will be undertaken:

- Savings
 - Have transaction values reduced?
 - Is there a reduction in the number of transactions per client?
 - Is there a reduction in the total cost per client?
- Supply
 - Is the product range meeting client needs?
 - Are services being delivered within agreed timeframes?
 - What is the composition of transaction profiles?

- Compliance and Exceptions
 - Are all transactions compliant with specifications?
 - What are the exceptions and why are they occurring?
- Reporting
 - Is Ministry data accurate and does it meet our needs?
 - Is Supplier data accurate and does it meet our needs?

15.1.3 Quarterly Accredited Service Provider Survey

A survey³⁷ of Accredited Suppliers of Optical Services will be undertaken to determine how well the delivery model is working from their perspective, including interaction with:

- Clients
- The Ministry
- The Preferred Supplier(s) of Goods and Fabrication Services

In addition to the survey, accredited providers will be required to provide the data specified in 17.1 Supplier Reporting. This data should be used to benchmark Suppliers.

The variation of prescribing rates and type by age should be consistent across Suppliers. Any variances of more than 5% should prompt further investigation.

15.1.4 Quarterly Goods and Fabrication Services Provider Review

A meeting with the Supplier(s) of Optical Goods and Fabrication Services will be held to determine how well the delivery model is working from their perspective, including interaction with:

- The Ministry
- Accredited Optical Service Providers

In addition to the survey, preferred supplier(s) will be required to provide the data specified in 17.1 Supplier Reporting.

15.1.5 New Zealand Association of Optometrists Review

A meeting with the NZAO will be held to review the results of:

- MSD data review
- Accredited service provider survey and data
- Goods and fabrication services provider review and data

15.1.6 Service Delivery Review

Feedback from frontline staff will be sought to determine the success of implementation from a client interaction perspective:

- Are there any issues, difficulties or barriers for frontline staff?

³⁷ SurveyMonkey

- Is it taking less or more time to process an application?
- How are clients receiving the changes?
- Do frontline staff have all the information and they require?
- Do the IT systems support the processing of applications?
- What can we do better/differently to improve the system delivery?

15.1.7 Six Monthly Financial Review

- Assumptions
 - Are the transaction profiles we assumed correct?
 - Does any variance in the assumptions result in more or less savings?

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16 Contract Management

16.1 Supplier Reporting

Current data has been limited and this has made it challenging to accurately determine the composition of expenditure.

Improved data quality and detail will enable a more comprehensive analysis and understanding of demand, spend patterns and trends.

Detailed supplier reporting will:

- Provide visibility of spend
- Enable compliance management of prescribing and dispensing, product restriction and contracted unit cost
- Highlight any variances or discrepancies of the prescribing practices between Accredited Suppliers
- Record service delivery times for comparison against Service Level Agreements
- Help determine whether refinements are required to the products and services delivered
- Identify individual product demand to inform future negotiations

Accredited Providers of Optical Services be required to provide quarterly data as agreed (Appendix X).

Preferred Supplier(s) of Optical Goods and Fabrication will be required to provide quarterly data as agreed (Appendix X).

Data is to be provided in a format that allows sorting and analysis (i.e. Excel spreadsheet).

16.2 Audit

Optometrists and Dispensing Opticians are governed by the Optometrists and Dispensing Opticians Board (ODOB). The Board was established to carry out functions determined by the Health Practitioners Competence Assurance Act 2003 (HPCA). Members are required to comply with:

- Standards of Clinical Competence for Optometrists;
- Standards of Ethical Conduct; and
- Standards of Cultural Competence

It is a requirement that all accredited suppliers are registered as a practicing member of the NZAO and ODOB and complies with the HPCA.

The ODOB conducts regular audits with approximately 20% of its members being audited each year.

Appendix 1

ISO Standards

Spectacle Frames

ISO 12870:2012 *Ophthalmic optics – Spectacle frames – Requirements and test methods*

AS/NZS 1067:2003 *Sunglasses and fashion spectacles*

AS/NZS ISO 8624:2011 *Ophthalmic optics – Spectacle frames – Measuring system and terminology*

Spectacle Lenses and coatings

AS/NZS ISO 8980.1:2011 *Ophthalmic optics – Uncut finished spectacle lenses – Part 1: Specifications for single-vision and multifocal lenses*

AS/NZS ISO 8980.2:2011 *Ophthalmic optics – Uncut finished spectacle lenses – Part 2: Specifications for progressive power lenses*

AS/NZS ISO 8980.3:2011 *Ophthalmic optics – Uncut finished spectacle lenses – Part 3: Transmittance specifications and test methods*

AS/NZ ISO 8980.4:2011 *Ophthalmic optics – Uncut finished spectacle lenses – Part 4: Specifications and test methods for anti-reflective coatings*

AS/NZS ISO 8980.5:2011 *Ophthalmic optics – Uncut finished spectacle lenses – Part 5: Minimum requirements for spectacle lens surfaces claimed to be abrasion-resistant*

AS/NZS ISO 10322.1:2011 *Ophthalmic optics – Semi-finished spectacle lens blanks – Part 1: Specifications for single-vision and multifocal lens blanks*

AS/NZS ISO 10322.2:2011 *Ophthalmic optics – Semi-finished spectacle blanks – Part 2: Specifications for progressive power lens blanks*

AS/NZS ISO 13666:2011 *Ophthalmic optics – Spectacle lenses – Vocabulary*

AS/NZS ISO 14889:2011 *Ophthalmic optics – Spectacle lenses – Fundamental requirements for uncut finished lenses*

AS/NZS ISO 16034:2011 *Ophthalmic optics – Specifications for single-vision ready-to-wear near-vision spectacles*

AS/NZS ISO 21987:2011 *Ophthalmic optics – Mounted spectacle lenses*

TR ISO 28980:2011 *Ophthalmic optics – Spectacle lenses – Parameters affecting lens power measurement*

Contact Lenses

ISO 14534:2011 *Ophthalmic lenses and contact lenses care products – fundamental requirements*

Appendix 2

International Price Comparison

A comparison of international retail pricing was undertaken. Comparisons were made against like for like products and then converted into NZD from both GBP and AUD.

Both the United Kingdom and Australia have the benefit of a larger consumer base relative to New Zealand; evidence from the table indicates that overall retail pricing is considerably higher in New Zealand.

Across all the product lines, New Zealand retail prices are on average 19% higher than in Australia and 81% higher than in the United Kingdom.

United Kingdom

Type	Item	³⁸ RRP £	\$2.03 NZD Equivalent	³⁹ NZ RRP \$	% Variance	⁴⁰ Type % Variance
	Eye Test	25	51	60	18%	18%
Frames	Complete Glasses	25	51	69	36%	73%
	Smart Designs	45	91	119	30%	
	Young Styles	64	130	169	30%	
	Advanced Styling	69	140	169	21%	
	Designer Frames	99	201	299	49%	
	Flex Hinges	85	173	369	114%	
	Stainless Steel	85	173	439	154%	
	Semi rimless	99	201	439	118%	
	Titanium	125	254	469	85%	
	Rimless	169	343	499	45%	
Lens	Re-glaze	39	79	130	64%	130%
	Standard Progressive	49	99	200	101%	
	Premium Progressive	79	160	375	134%	
	Elite Progressive	109	221	550	149%	
	Bifocal	35	71	200	181%	
Coating	UltraClear	30	61	75	23%	56%
	Sun Tint and UV Filter	12	24	50	105%	
	Polaroid	60	122	200	64%	
	Transition	49	99	150	51%	
	Driving Tints	109	221	350	58%	
Lens material	Extra Thin and Light	40	81	180	122%	76%
	Super Thin and Light	60	122	150	23%	
	Ultimate Thin and Light	90	183	350	92%	

³⁸ www.specsavers.co.uk (as at June 12)

³⁹ www.specsavers.co.nz (as at June 12) – (39% of MSD client share)

⁴⁰ Based on a single purchase of every item within the category

Australia

\$1.29

Type	Item	⁴¹ RRP AUD	NZD Equivalent	⁴² NZ RRP \$	% Variance	⁴³ Type % Variance
	Eye Test	68	88	60	-32%	-32%
Frames	Complete Glasses	39	50	69	37%	16%
	Smart Designs	99	128	119	-7%	
	Young Styles	149	192	169	-12%	
	Advanced Styling	149	192	169	-12%	
	Designer Frames	199	257	299	16%	
	Flex Hinges	249	321	369	15%	
	Stainless Steel	249	321	439	37%	
	Semi rimless	249	321	439	37%	
	Titanium	n/a	n/a	n/a	n/a	
	Rimless	n/a	n/a	n/a	n/a	
Lens	Re-glaze	99	128	130	2%	57%
	Standard Progressive	150	194	200	3%	
	Premium Progressive	100	129	375	191%	
	Elite Progressive	n/a	n/a	n/a	n/a	
	Bifocal	n/a	n/a	n/a	n/a	
Coating	UltraClear	50	65	75	16%	21%
	Sun Tint and UV Filter	30	39	50	29%	
	Polaroid	n/a	n/a	n/a	n/a	
	Transition	n/a	n/a	n/a	n/a	
	Driving Tints	n/a	n/a	n/a	n/a	
Lens material	Extra Thin and Light	60	77	180	133%	133%
	Super Thin and Light	n/a	n/a	n/a	n/a	
	Ultimate Thin and Light	n/a	n/a	n/a	n/a	

⁴¹ www.specsavers.com.au (as at June 12)

⁴² www.specsavers.co.nz (as at June 12) – (39% of MSD client share)

⁴³ Based on a single purchase of every item within the category

Appendix 3

Financial Modelling Assumptions

(Sara to stick assumptions page in here from DC control sheet)

Eye Examination – Age Bands

Based on data⁴⁴ available, the number of clients seeking hardship assistance by age has been determined as follows:

Age Band	Volume	Percentage
7 years and under	323	2%
8 – 20	1,453	9%
21 – 54	8,236	51%
55+	6,298	39%
Totals	16,311	100%

Prescribing Rates

Currently prescribing rates are high, in excess of 90% at some suppliers. Consultation⁴⁵ puts the expected figure for prescribing spectacles after an eye examination at 60 - 70%.

Transaction Types

Currently 55% of all transactions are for single vision lenses, 25% for multifocal and 19% for bifocal⁴⁶.

Changes in the specifications for prescribing will change this ratio. At this stage the exact percentage change is unknown so a “best endeavours” estimate⁴⁷ has been made as indicated in the table below:

Transaction Type	By Age Band				Overall	
	7 years and under	8 – 20	21 - 54	55+	Current %	Proposed %
Eye Examination only	6%	16%	15%	2%	1%	10%
Eye Examination and OTC Spectacles	0%	4%	11%	11%	0%	10%
Eye Examination and Single Vision	94%	74%	60%	60%	55%	62%
Eye Examination and Bifocal	0%	0%	3%	10%	19%	5%
Eye Examination and Multifocal	0%	6%	11%	17%	25%	13%
	100%	100%	100%	100%	100%	100%

⁴⁴ MSD IAP Data Warehouse, Job Tracker Request # 50664

⁴⁵ New Zealand Association of Optometrists

⁴⁶ OPSM client data supplied

⁴⁷ Full breakdown available in A6403271: Option 5 – Transaction Profile Percentages and Cost Calculations

Appendix 4

Purchasing Controls/Product Restrictions

- What components can change and what components cannot?
- What changes can be made to how optical goods and services are purchased?
- What controls can be put in place to manage what optical goods and services are purchased?

There is a risk that reduced prices may mean some clients try to upgrade lens material, coatings and frames. Restricting what is available and having clear prescribing and dispensing criteria will result in a reduction in the purchase of components that are non-compliant.

Eye Examination

An eye examination is essential to determine a client's optical needs.

It has been established and agreed with a panel of independent optometrists⁴⁸ what components are included in eye examinations and related services. These have been itemised in Specifications for Services – Eye Examination (Appendix X).

Prescription

Anecdotal information suggests unnecessary prescribing where patient's need or variance is marginal so as to not warrant prescribing new glasses or lenses.

Measurements of need or variance have been included in the Specifications for Services – Prescribing, Dispensing and Additional Care (Appendix X) to control this practice.

Frame

It is possible to restrict the range of frames that are made available and ensure clients' immediate and essential needs are still met.

However the range still has to meet a variety of needs such as head width, nose bridge width and accommodate lens shape.

Weight is also an important consideration for the elderly who have delicate skin that can be torn or is susceptible to sores from wearing heavy spectacles.

The restricted range of frames that can be purchased have been included in the Specifications for Goods – Frames (Appendix X).

Savings in this component can also be achieved by negotiation on price.

⁴⁸ New Zealand Association of Optometrist Board Members

Lens - type

Single vision lenses will meet basic vision requirements. Bifocal and multifocal/occupational lenses are a choice made to enable the wearer to perform various tasks without removing or changing their spectacles.

Prescribing specifications will default to stock single vision lenses with bifocal and multifocal/occupational lenses by exceptional function requirement only, as defined in the Specifications for Services – Prescribing, Dispensing and Additional Care (Appendix X).

By ensuring the Preferred Supplier has a wide range of lens strengths as stock this will reduce the need for more expensive, bespoke, ground lenses, as set out in the Specifications for Goods – Lens Supply and Fabrication (Appendix X).

Savings in this component can also be achieved by negotiation on price.

Lens - material

Plastic lenses meet most client requirements and this will be the default prescription, as defined in the Specifications for Services – Prescribing, Dispensing and Additional Care (Appendix X). Higher index lenses will be prescribed by exception only as a functional requirement e.g. where the weight if plastic lenses causes the client discomfort or harm⁴⁹.

Savings in this component can also be achieved by negotiation on price.

Coating

Most coatings are not essential to client needs.

Anti-reflection and transition lenses will be by exception only as a functional requirement, as defined in the Specifications for Services – Prescribing, Dispensing and Additional Care (Appendix X).

Savings in this component will also be achieved by negotiating front and back scratch resistant coatings being included as standard for all stock single vision lenses.

Savings in this component can also be achieved by negotiation on price.

Contact Lenses

The prescribing and dispensing of contact lenses will be restricted to clients who, for medical reasons, cannot wear glasses and qualify for MoH subsidy. MSD will only pay balance above subsidy, as defined in the Specifications for Services – Prescribing, Dispensing and Additional Care (Appendix X).

⁴⁹ The elderly are susceptible to skin tearing from wearing heavier plastic lenses

Appendix 5

Specifications for Services – Eye Examination

Outline
<ul style="list-style-type: none">• Ability to meet clinical standards of diagnosis and management• Patients presenting problems and symptoms are correctly diagnosed and appropriately managed• Asymptomatic vision and eye health problems are correctly diagnosed and appropriately managed• Clinical documentation including patient records and referral letters are completed and available for clinical audit• Appointment availability within 4 weeks• Registration and Annual Practising Certificate with the Optometrists and Dispensing Opticians Board• Membership of NZ Association of Optometrists• Reference is made to “Standards of Clinical Competence for Optometrists”, Standards of Ethic Conduct” and “Standards of Cultural Competence” as described by NZAO and NZ Optometrists & Dispensing Opticians Board (ODOB)

Fees	
7 years and under	\$220
8 years to 20 years	\$150
21 years to 54 years	\$180
55 years +	\$250

Eye Examination		
Process	What is involved	What it does
Relevant History		
7 and under	Presenting ocular/visual signs and symptoms Understanding visual tasks, activities, occupational needs Ocular history/family ocular history Past and current medical history Allergies and drugs Family medical history	Establishes reason for examination Understand requirements and expectations of patient Determines risk factors for certain eye health conditions and overall health conditions that may affect the eyes
8 – 20		
21 – 54		
55+		
External Eye		
7 and under	An examination of the external area around the eye, including lids and lashes Requires the use of a slit-lamp biomicroscope	Ensures that there are no abnormalities
8 – 20		
21 – 54		
55+		
Internal Eye		
7 and under	Examination of the internal structures of the eye from front to back using slit-lamp funduscopy and ophthalmoscope along with gonioscopy and/or binocular indirect on indication Examination of pupils, media, optic disc, macula, retina and blood vessels	Checks eyes for abnormalities Detection and diagnosis of any signs of eye disease
8 - 20		
21 – 54		
55 +		
Visual Acuity		
7 and under	Age appropriate measurement of visual acuity with acuity chart typically Snellen or logMAR	Measures ability to see detail of a given size at a given distance compared with "normal" Reduced visual acuity is frequently a sign of ocular pathology, explanation for reduced visual acuity must be adequately investigated, e.g. amblyopia is a diagnosis by exclusion Part of the driving vision standard
8 – 20		
21 – 54		
55 +		
Refraction		
7 and under	Phoropter or trial frame uses a series of lenses and settings to assess refractive error in vision and define any corrective prescription	Determines levels of hyperopia (farsightedness), myopia (nearsightedness), astigmatism and presbyopia
8 – 20		
21 – 54		
55 +		
Colour Perception		
7 and under	Compulsory	Checks for hereditary colour vision deficiencies Colour vision tests can also alert an optometrist to possible eye health problems that may affect colour vision including
8 – 20	1 st visit Compulsory	
21 – 54	Then on Indication	

Eye Examination			
Process		What is involved	What it does
55 +			macular degeneration Part of some occupational standards
Binocular Vision		Assessment of ocular motility, convergence, cover test, pupillary reflexes and amplitudes of accommodation Fusional reserves or other tests of binocular and accommodative visual function, as indicated	Determines how well eyes and visual system function in terms of movement, reflexes, binocular coordination, tracking and focus Determines if there are any underlying problems with binocular vision that may need remediation, or by symptomatic of other physiological or neurological conditions
7 and under	Compulsory		
8 – 20			
21 – 54			
55 +			
Visual Fields		Threshold automated perimetry to assess the area of useful vision and identify any areas of vision reduction or loss Confrontations/quadrants and Amsler's Grid or automated screening perimetry are acceptable for screening	Detects and measures visual field loss Visual field loss is the condition of having lost degrees (blind spots/ scotomas) of peripheral vision as a result of one or more eye health conditions Part of the driving vision standard
7 and under	on Indication threshold visual field		
8 – 20			
21 – 54			
55 +			
7 and under	Compulsory screening visual field		
8 – 20			
21 – 54			
55 +			
Tonometry/Intraocular Pressure		Applanation tonometry or clinically accepted correlated alternative	High eye pressure is one risk factor for glaucoma A full glaucoma assessment includes evaluation of family/medical history, anterior segment including gonioscopy, optic nerve, retinal nerve fibre layer, threshold visual field, as well as intraocular pressure
7 and under	on Indication		
8 – 20	on Indication		
21 – 54	39 and under – on Indication 40 + Compulsory		
55 +	Compulsory		
Dilated Fundus Examination		Tropicamide and/or phenylephedrine or cyclopentolate eye drops are instilled	Assists differential diagnosis by improving the quality of view inside the eyes and enables an examination of the peripheral retina Especially important for people with small pupils, symptoms of floaters, cataract, optic nerve and macula assessment or paediatric examination
7 and under	N/A		
8 – 20			
21 – 54			
55 +			
Cycloplegic Examination		Tropicamide and/or phenylephedrine or cyclopentolate eye drops are instilled	Assists differential diagnosis by improving the quality of view inside the eyes and enables an examination of the peripheral retina Especially important for people with small pupils, symptoms of floaters, cataract, optic nerve and macula assessment or paediatric examination
7 and under	5 and under Compulsory Others on Indication		
8 – 20	on Indication		
21 – 54			
55 +			

Eye Examination		
Process	What is involved	What it does
Imaging		<p>Provides objective documentation of eye structures, reduces inter- and intra- observer variability, assists monitoring of change, assists in diagnosis</p> <p>Digital photography, if used, needs to provide an image quality that is gradable</p>
7 and under	<p>Technology including photography that takes images of either the anterior segment or of the retina</p>	
8 – 20		
21 – 54		
55 +		
Patient Management		<p>Patient presenting problems are appropriately resolved, asymptomatic problems are appropriately managed</p> <p>Patient is fully informed of diagnosis and, treatment plan and review period</p> <p>This might include spectacle prescription, treatment, monitoring or referral</p>
7 and under	<p>Management plan for each patient is determined and implemented</p> <p>An explanation for abnormal signs or symptoms is determined</p> <p>Patient review period is determined</p>	
8 – 20		
21 – 54		
55 +		
Spectacle Prescription		<p>Clinical findings are interpreted, a differential diagnosis is made with particular regard to ocular pathology, a spectacle prescription is derived</p> <p>Clear, comfortable vision for the particular visual task with spectacles prescribed</p>
Ophthalmic Dispensing		<p>Appropriate lens and frame is selected, the manufactured appliance is verified and dispensed</p> <p>Ensures the prescription spectacles are fitted to the patient to optimise comfort and performance</p>
Referral		<p>In the event of referral to public hospital or private specialist for medical treatment or further assessment then sufficient clinical information is obtained and documented for triage</p>
Aftercare		As required

Appendix 6

Specifications for Services – Prescribing, Dispensing and Additional Care

Prescribing and Dispensing		
Item	Detail	Qualifying Criteria
Prescription	Margin of change required to dispense new lenses	+/- 0.50 DS or - 0.50 DC or 2 Snellen lines improvement in visual acuity or 0.2 logMAR
OTC Hobby Spectacles	Price controlled – up to \$20 value Stocked by Optometrist or patient advised of strength to make purchase elsewhere	Default for general reading purposes
Lenses – Type	Stock Single Vision	Default
	Bifocal	Function requirement only – specify
	Multifocal/Occupational	Functional requirement only – specify
Lenses - Material	Plastic	Default
	Higher Index	Functional requirement only (safety/weight) - specify
Coatings	Scratch resistant (standard)	Front and back surface hard-coated
	Anti-Reflection	Special need – specify
	Transition	Special Need - specify
Frames	New frames from restricted range only if patient's current frames cannot be reglazed	Patient does not currently have spectacles
		Frame shape/size not suitable for new lenses
		Frames damaged/poor condition
Contact Lenses	Balance of cost over and above Ministry of Health Subsidy	Restricted to patients who, for medical reasons, cannot wear glasses Optometrist is required have a contract in place with the Ministry of Health

Additional Care		
Process	What is involved	What it does
Advanced Imaging	Optical coherence tomography (spectral domain) Corneal topography at an image quality appropriate for diagnosis and management	OCT takes very high resolution cross sectional and topographical images of the retina - Particularly useful in the management of macular disease and glaucoma Corneal topographer takes

Additional Care		
Process	What is involved	What it does
		topographical "landscape" images of the cornea – Particularly useful for advanced contact lens fitting

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Appendix 7

Specifications for Goods – Lens Supply and Fabrication

Outline
<ul style="list-style-type: none"> The fabrication of spectacles as prescribed by MSD accredited optical service providers The provision of spectacle lenses and coatings that meet all relevant specifications, ratings and standards, including but not limited to, International ISO Standards as managed by Standards New Zealand Comply with all applicable legislation and obtain and maintain all licences, permits and certificates of approval required for the supply and fabrication of the Goods Fully compliant with the International Labour Organisation's International Laws and Conventions Scratch resistant hard-coat front and back included in unit price per lens as standard Cost of fabrication included in unit price per lens Delivery to New Zealand locations nationwide

Supply	
Coating	Unit Price per lens
Anti Reflection	
Transition	

Order Fulfilment			
Methods of prescription receipt available	Facsimile	YES	NO
	Email	YES	NO
	Online order system	YES	NO
Fabrication (from time of receipt)	Stock (working days)	5	
	Bespoke (working days)	10	
Delivery Time	Standard (specify in working days)		
Standard Delivery	Specify delivery method		
Delivery Cost			
Quality Control Procedures			

Lenses - Supply and Fabrication

Lens type (Single Vision/Bifocal/Multifocal)	Stock/Bespoke	Lens material Plastic/High Index	Strength	Price per Lens (including fabrication costs)

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Appendix 8

Specifications for Goods – Frames

Outline
<ul style="list-style-type: none">• The provision of non-branded spectacle frames that meet all relevant specifications, ratings and standards, including but not limited to, International ISO Standards as managed by Standards New Zealand• Comply with all applicable legislation and obtain and maintain all licences, permits and certificates of approval required for the supply of the Goods• Fully compliant with the International Labour Organisation's International Laws and Conventions• Sample sets to be supplied (at no cost) to Accredited Suppliers of Optical Services nationwide• Frames for fabrication to be supplied to Preferred Supplier of Fabrication Services

Frames - Supply			
Frames to be suitable for all Lens Types			
Frame Ref Number	Size/Width	Material(s)	Unit Price - per pair

Order Fulfilment			
Ordering methods available	Facsimile	YES	NO
	Email	YES	NO
	Online order system	YES	NO
	Telephone	YES	NO
Dispatch (from time of order receipt)	Specify in working days		
Standard Delivery (to be included in cost of frames)	Specify delivery method		
	Specify delivery time		
Quality Control Procedures			

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Appendix 9

Non-Mandatory Evaluation – Guidelines

Frames

- The range of samples should include variances of size that will fit a small child's head as well as a large adult
- Quality:
 - Hinges and bridges – are they likely to come loose or break
 - Finish – check for rough edges
 - Materials – are they durable
 - Joints – are they securely welded and smooth
 - Arm joints – do they align smoothly and tightly to the eye frame
 - Ear pieces – check for comfort and security
- Flexibility – is there sufficient flex at hinges
- Weight – lightweight frame selection should take into consideration they will be worn by small children and the elderly
- Style – do they compare well with a typical range of reasonably priced frames you would expect to see in the high street

Lenses

- Stock single vision plastic lenses will comprise the largest volume of lenses purchased:
 - How wide a range of strengths do they have
 - What is the variation of strengths in the range

Pricing

- Use the Unit Volumes in Option 5 – Transaction Profile Percentages and Cost Calculations (A6403271) to determine the overall cost of each Respondent's Financial Proposal

Appendix 10

Child's Eligibility for Community Services Card

The definitions of 'child' and 'dependent child' used for Community Services Card eligibility purposes as set out in section 3(1) of the Social Security Act 1964:

Dependent child, in relation to any person,—

- (a) means a child—
 - (i) whose care is primarily the responsibility of the person; and
 - (ii) who is being maintained as a member of that person's family; and
 - (iii) who is financially dependent on that person:
- (b) does not include a child in respect of whom payments are being made under [section 363](#) of the Children, Young Persons, and Their Families Act 1989:
- (c) despite paragraph (b), includes a child or a young person (as defined in [section 2\(1\)](#) of the Children, Young Persons, and Their Families Act 1989)—
 - (i) of whom the person is a parent within the meaning of that Act; and
 - (ii) to whom [section 361](#) of that Act applies; and
 - (iii) who, under [section 362](#) of that Act, is placed in the charge of the person:
- (d) for the purposes only of [Schedules 3, 6, 9, 16, 17, and 18](#), does not include a child in respect of whom an orphan's benefit or an unsupported child's benefit is being paid

Communications Plan

Stakeholder	Information Required	Method of Delivery	Timeline
Minister			
National Office			
Front Line	Ministry of Health Children's Spectacles Subsidy		
Providers	Ministry of Health Children's Spectacles Subsidy Ministry of Health Contact Lenses Subsidy		
Advocates			
Clients			
Media			

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Information Technology Plan

What has changed?	How has it changed	System(s) affected	Timeline
IT systems used to process Hardship Assistance	System prompt for MoH Child Subsidy		
	Is hardship assistance for client or dependent? – specify relationship		

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Service Delivery – Training Programme

Trainees	Training requirements	Training / Information delivery method	Trainer	Timeline

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Service Delivery - Guidelines and Processes

Guideline / Process Change	Question	Response	Timeline
System Prompt - Recipient	Is the application for the client?	YES – tick and proceed NO – record relationship to client and proceed	
System Prompt – MoH Child Subsidy	Is assistance to provide optical care for child of 15 years or under?	YES: Refer client to MoH subsidy NO: continue with process	

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Appendix 15

Hardship Assistance Application Process

Stage	Steps
Meet and Greet	<ol style="list-style-type: none">1. Greet the person applying and identify the type of assistance required:<ul style="list-style-type: none">• Advise the case manager or team• Give the application form to the person applying to complete
Identify person applying for assistance	<ol style="list-style-type: none">2. Follow the Identification Standards
Identify the person's needs and circumstances	<ol style="list-style-type: none">3. As advised in the processing standards - in UCVII you must record:<ul style="list-style-type: none">• what the person or their agent is requesting<ul style="list-style-type: none">◦ e.g. food grant, washing machine or optical• what event or circumstances has caused the person's hardship to bring them or their agent in for this assistance<p>Note: You should keep the UCVII note open until you are ready to recommend or decline, to avoid making additional notes</p>
Identify best course of action/options	<ol style="list-style-type: none">4. Check the application form to ensure:<ul style="list-style-type: none">• acceptable ID is attached• a quote is attached;<ul style="list-style-type: none">◦ a quote is not required for assistance with food or petrol<p>Note: Additional verification is required for people who are not currently receiving on-going assistance (e.g. main benefit or Accommodation Supplement, Disability Allowance or Temporary Additional Support)</p>5. Ensure the information on the application form matches SWIFTT and/or UCVII:<ul style="list-style-type: none">• income• assets• name• address<p>Remind the person applying for assistance of their obligations to advise us of any change in circumstances and update SWIFTT and/or UCVII if required</p>6. Check if the person qualifies for additional on-going assistance. For example:<ul style="list-style-type: none">• Accommodation Supplement• Disability Allowance• Temporary Additional Support

Stage	Steps
	<ul style="list-style-type: none"> • Childcare/OSCAR Subsidy <p>Note: if entitlement exists, grant the additional on-going assistance</p> <p>7. Assess entitlement to SNG, Advance or RAP:</p> <ul style="list-style-type: none"> • ensure the income and assets are within the allowable limits • ensure the assistance requested is the best course of action. <p>You need to consider:</p> <ul style="list-style-type: none"> • person's ability to meet the need from their own resources • person's attempt to use other avenues to meet this need • if the person caused or contributed to this need or situation • existing debt level (if recoverable assistance) • rate of repayment (if recoverable assistance) • person's ability to repay and still have enough money for living expenses (if recoverable assistance) • check the number of SNG, ADV, or RAPs received in the past 12 months for the client and partner <p>First or Second SNG/ADV/RAP application: If appropriate discuss reasonable steps and budgeting activity</p> <p>Third, Fourth and Fifth SNG/ADV/RAP application: You must discuss and agree on a reasonable steps and a budgeting activity that must be completed before further applications will be granted. Complete and result the appropriate referral in CMS</p> <p>Sixth SNG/ADV/RAP application: The case manager must conduct an intensive interview and if appropriate refer the client to a Budgeting Advice Service. Result plan items in CMS</p> <p>Subsequent SNG/ADV/RAP applications: The case manager must conduct an intensive interview and if there has been a previous referral to the Budget Advice Service the client must show that they are continuing to engage with the service</p> <p>8. Make decision to decline assistance or recommend for authentication. Ensure:</p> <ul style="list-style-type: none"> • the amount meets the person's need • the amount is within the allowable limits, or gain appropriate manager sign-off • you have explained and/or demonstrate to the person or their agent all the decisions made, especially decline actions • advise of follow up appointment details if required and book in ABT • refer to job opportunities • link client to government agency or NGO for needs that we are

Stage	Steps
	<p>unable to assist with</p> <p>Note the level of detail you go into with the client or their agent will depend on how much time is available</p> <p>9. Record your decision and reasons in UC VII</p>
Create or update Service Plan	<p>10.</p> <ul style="list-style-type: none"> Refer to job opportunities Link client to government agency or NGO for needs that we are unable to assist with <p>Note: the level of detail you go into with the applicant or their agent will depend on how much time is available</p>
Book a follow-up appointment	<p>11.</p> <ul style="list-style-type: none"> Refer to job opportunities Link client to government agency or NGO for needs that we are unable to assist with <p>Note: the level of detail you go into with the applicant or their agent will depend on how much time is available</p>
Authenticate	<p>12. Complete authentication process if required</p> <ul style="list-style-type: none"> Batch paperwork

- the case manager processes application in CMS, following the correct business practice, which generates a system recommendation to grant or decline the assistance payment – a system decline is time consuming and complex
- the case manager completes the hardship assistance application on the system while the client is there.
- for hardship assistance:
 - a quote is sighted and manually recorded in the system
 - payment is processed in CMS
 - payment is authenticated in the system by an Authenticator (following authentication standards)
- the case manager loads a card (payment card) with the amount and the supplier details
 - This is done immediately (assuming the vendor is in the Ministry's system)

There are in excess of 200 optical suppliers currently in the system

Appendix 16

Supplier Store Location in relation to Service Centre Demand

		Specsavers	OPSM	Visique		Specsavers	OPSM	Visique		Specsavers	OPSM	Visique	
Auckland Metro					Linwood	356	N	N	N	Nelson/Canterbury	89		
Albany	53	Y	Y	N	New Brighton	174	N	N	N	Northland	184		
Avondale	128	N	N	N	Papanui	11	Y	Y	N	South/West Auckland	232		
Birkenhead	79	N	N	N	Rangiora	98	N	N	N	Southern	143		
Browns Bay	24	N	N	N	Riccarton	306	Y	Y	N	Taranaki/Waikato	151		
Clendon	111	N	N	N	Shirley	232	Y	Y	Y	Processing Centre	211		
Glenfield	76	Y	Y	N	Sydenham	30	N	N	N	Contact Centre	2		
Glenmall	132	N	N	N	Central					Southern			
Grey Lynn	45	N	N	N	Dannevirke	106	N	N	Y	Alexandra	20	N	N
Helensville	68	N	N	N	Feilding	78	N	N	Y	Bailluatha	34	N	N
Highland Park	115	N	N	N	Foxton	53	N	N	N	Dunedin Central	228	Y	Y
Hunters Corner	70	N	N	N	Horowhenua	124	N	N	N	Gore	54	N	N
Mangere	192	N	N	N	Kapiti	137	N	Y	Y	Invercargill	281	Y	Y
Manukau	99	Y	Y	N	Otaki	56	N	N	N	Mosgiel	46	N	N
Manurewa	314	N	N	Y	Palmerston North	288	Y	Y	Y	Oamaru	83	N	Y
Mt Albert	109	N	N	N	Palmerston North Terrace End	83	Y	Y	Y	South Dunedin	124	Y	Y
Mt Eden	98	N	N	Y	Wairarapa	164	N	N	N	Timaru	141	Y	Y
New Lynn	167	Y	Y	N	East Coast					Taranaki			
Onehunga	83	N	N	Y	Flaxmere	68	N	N	N	Hawera	65	N	N
Orewa	125	N	N	Y	Gisborne	142	Y	Y	Y	Marton	12	N	N
Otahuhu	79	N	N	Y	Hastings East	131	Y	Y	Y	New Plymouth	181	Y	Y
Otara	56	N	N	N	Hastings West	130	Y	Y	Y	Stratford	51	N	N
Panmure	90	N	N	N	Kaiti	85	N	N	N	Taihape	12	N	N
Papakura	264	Y	Y	Y	Napier	249	Y	Y	Y	Taumarunui	28	N	N

		Speccavers	OPSM	Visique			Speccavers	OPSM	Visique			Speccavers	OPSM	Visique
Papatoetoe	68	N	N	N	Ruatoria	53	N	N	N	Te Kuiti	36	N	N	N
Pukekohe	137	Y	Y	N	Taradale	111	N	N	Y	Waitara	53	N	N	N
Queen Street	116	N	N	N	Waipukurau	31	N	N	Y	Whanganui	307	Y	Y	N
Takapuna	65	Y	Y	N	Wairoa	45	N	N	N	Waikato				
Tamaki	119	N	N	N	Nelson					Cambridge	57	N	N	N
Three Kings	120	N	N	N	Blenheim	178	Y	Y	N	Dinsdale	231	N	N	N
Waiheke	16	N	N	N	Greymouth	50	N	N	N	Five Cross Roads	203	N	N	N
Waitakere	367	N	N	N	Motueka	84	N	N	N	Glenview	73	N	N	N
Waiuku	64	N	N	N	Nelson	159	N	Y	Y	Hamilton East	90	Y	Y	Y
Warkworth	49	N	N	Y	Richmond	68	Y	Y	Y	Huntly	125	N	N	Y
Westgate	177	N	N	N	Stoke	55	N	N	Y	Matamata	53	N	N	Y
Bay of Plenty					Westport	58	N	N	N	Morrinsville	44	N	N	Y
Greerton	119	N	N	N	Northland					Ngaruawahia	42	N	N	N
Kawerau	62	N	N	Y	Dargaville	7	Y	Y	N	Paeroa	37	N	N	N
Mount Maunganui	102	Y	Y	Y	Kaikohe	111	N	N	N	Te Awamutu	59	N	N	N
Opotiki	61	N	N	Y	Kaitaia	154	Y	Y	N	Thames	74	N	N	N
Rotorua	274	Y	Y	Y	Kamo	92	N	N	N	Waihi	66	N	N	N
Taupo	126	Y	Y	Y	Kawakawa	38	N	N	N	Wellington				
Tauranga	138	Y	Y	Y	Kerikeri	69	Y	Y	N	Johnsonville	76	Y	Y	N
Te Puke	59	N	N	Y	Onerahi	38	N	N	N	Kilbirnie	117	N	N	N
Tokoroa	122	N	N	N	Whangarei Central	207	Y	Y	N	Lower Hutt	89	Y	Y	Y
Whakatane	114	Y	N	Y	Other: Super/StudyLink					Naenae	133	N	N	N
Canterbury					Bay of Plenty	181				Newtown	120	N	N	N
Ashburton	40	N	N	N	Central/Hawkes Bay	268				Porirua	309	Y	Y	N
Christchurch City	4	Y	Y	N	Christchurch Metro	71				Upper Hutt	134	N	N	Y
Hornby	229	Y	Y	N	Cntrl/East Auckland/ Coromandel	209				Wainuiomata	130	N	N	Y
Kaiapoi	88	N	N	N	Lower North Island	208				Wellington	126	Y	Y	Y

Accredited Service Provider – Quarterly Reporting Requirements

Supplier Name:		
Store Location:	Suburb	Kilbirnie
	Town	Wellington

Date of Exam	Date Dispensed	Client Ref	Eye Exam	Referral Y/N	Prescription	OTC Hobby Spectacles	Margin of change	Lens type	Lens material	Coating	Reglaze or Frames	Contact Lenses	Eye Exam	OTC Hobby Spectacles	Contact Lens MoH Excess	Total	Next review date
dd/mm/yy	dd/mm/yy	Client SWN Number	Age Band		YES/NO if YES complete margin of change if NO complete OTC Hobby Spectacles	YES/NO	More than: +/- 0.50 spherical or 2 lines or -0.50 cylindrical	Stock Single Vision or report exception	Default or report exception	Default or report exception	Reglaze or report exception	MoH Subsidy Balance Paid					mm/yy
04/04/13	08/04/13	12345678	40-65		Y		+0.75	Stock	Stock	Stock	Old frames broken		60.00			60.00	04/15
05/04/13	10/04/13	12345678	16-39		N	Y							50.00	30.00		80.00	04/16
07/04/13	16/04/13	12345678	16-39		Y							Y	50.00		48.50	98.50	04/16
07/04/13	18/04/13	12345678	65+		Y		4 lines	Not available as stock	High Index Client needs lightweight due to delicate skin around eyes	Stock	Reglaze		80.00			320.00	04/14

Preferred Optical Goods and Fabrication Services Provider – Quarterly Reporting Requirements

Optometrist Name	Optometrist Location	Client Ref	Date Order Received	Date Order Despatched	Lens Type: Stock Single Bespoke Single Bespoke Bifocal Bespoke Multifocal	Lens Material	Left Lens	Right Lens	Coating	Reglaze/ Frames	Unit Cost Left Lens	Unit Cost Right Lens	Pair Cost Coating	Frame Cost	TOTAL
Optometrist A	Kilbirnie Wellington	12345678	05/05/12	10/05/12	Stock Single	Plastic	0.75	1.25	Anti Reflection	Reglaze	10	12	40		\$62.00
Optometrist B	New Brighton Christchurch	98574572	06/05/12	20/05/12	Bespoke Multifocal	High Index	x.xx x.xx x.xx	x.xx x.xx xx.x	N/A	Lightweight Frame G	60	60	-	50	\$170.00

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