TO: Don Clark  
FROM: Christine DeLorme  
DATE: October 11, 2017  
RE: Contact Lens Rule: Comments to be placed on the public record 

On October 6, 2017, representatives of 1-800 CONTACTS, Inc. met with FTC Commissioner Terrell McSweeny and other agency staff¹ to discuss proposed amendments to the FTC’s Contact Lens Rule (Rule).

I. Avalon Survey

1-800 CONTACTS expressed support for the proposed amendments in the Notice of Proposed Rulemaking and urged the Commission to move forward with the rulemaking. 1-800 CONTACTS noted that there has been significant pushback against the proposal from the American Optometric Association (AOA), but opined that AOA is relying on a survey of AOA members (Avalon survey) that is not credible.

1-800 CONTACTS stated that the Avalon survey is not reliable for a number of reasons, including that the survey asked prescribers about how consumers would react to certain situations, instead of asking consumers themselves. Further, 1-800 CONTACTS emphasized that the entire framing of the Avalon survey was problematic because the survey respondents, who were AOA’s members, knew the survey was being conducted by the AOA and therefore the responses may not have been neutral. Further, several questions were posed with binary yes/no answer choices (e.g., do you expect that patients would have questions about the acknowledgment or not?) when a range of responses would likely be possible (e.g. that only some patients would have questions). Some closed-ended questions had answer options that may have suggested particular intervals of time, all of which were too high. Further, the Avalon survey question about how much time it takes prescribers to comply with rules and regulations did not ask specifically about the incremental amount of additional time it would take to comply with the proposed Rule amendment requiring a signed acknowledgement — and instead would likely elicit an answer about how much time prescribers take to comply with all applicable rules and regulations. Therefore, the Avalon survey responses are not a reliable estimate of the costs of the proposed Rule amendment.

¹ In attendance on behalf of 1-800 CONTACTS were John Graham (President), Cynthia Williams (General Counsel), Professor Laurence Baker (Professor of Health Research and Policy, Stanford University), Lisa Kimmel (Crowell & Moring, LLP), Kate Watkins (Crowell & Moring, LLP), and Megan Wolf (Crowell & Moring, LLP).

In attendance from the FTC were: Commissioner Terrell McSweeny, Christine DeLorme, Beth Freeborn, and Morgan Kennedy.
II. Survey Sampling International (SSI) Survey Prepared for 1-800 CONTACTS

1-800 CONTACTS hired SSI to conduct a survey of 500 contact lens wearers (SSI survey) to measure consumer reactions to the proposed Rule amendment (survey report attached). According to the SSI survey, the average time required to read the suggested text for the proposed acknowledgement was only 12 seconds, and 90% of respondents read it in 20 seconds or less. In addition, 90% of respondents indicated comprehension of the proposed acknowledgement and 94% of respondents indicated that they had no questions about the meaning of the statement. By contrast, the Avalon survey concluded that explaining the purpose of the acknowledgment would require 3 minutes for every patient, every single year, and estimated that answering questions about the statement would require 3.5 minutes for every patient, every year.

1-800 CONTACTS stated that SSI survey respondents indicated that “getting the best price” was the single most important consideration in deciding where to purchase contact lenses, and that 59% of wearers would “stretch” lenses (i.e., wear them longer than recommended) to save money. Also, SSI survey respondents indicated that they were very interested in having a copy of their prescription to be able to buy lenses from a location other than their prescriber; of the 500 survey participants, only one indicated no interest at all in having a copy of a prescription.

According to the SSI survey, only 5% of respondents indicated they would be more likely to pay attention to a posted sign (regarding their right to a prescription) than to an acknowledgement form. 1-800 CONTACTS stated that a requirement to post a sign does not provide any additional incentives to prescribers to comply with the Rule, since it does not incorporate any recordkeeping requirement.

III. Costs and Benefits Analysis of the Proposed Rule

1-800 CONTACTS discussed a written report by Professor Laurence Baker (attached) that analyzes the likely economic benefits and costs of the proposed requirement that prescribers obtain a signed acknowledgment from consumers after providing them a copy of their prescription, and maintain the acknowledgements for three years.

Dr. Baker walked through his assumptions and calculations in his cost-benefit analysis (see Tables 1 and 2 of the attached report). He explained how the estimated cost of the proposed acknowledgment ($10.8 million) was based on the labor estimates the FTC published in its Paperwork Reduction Act analysis in 2015, updated and adjusted upwards with 2016 wage and salary data. Dr. Baker explained how he attempted to calculate how many prescription verifications would need to be avoided to offset the $10.8 million estimated cost of the acknowledgement requirement.

Dr. Baker stated that if verifications are handled on the prescriber side by an optometrist, each avoided verification would save a total of $5.77 (4 minutes on the seller side with a $1.06 incremental cost, and 5 minutes on the prescriber side with a $4.71 incremental cost). If verifications are handled on the prescriber side by office staff at a lower hourly wage rate, then each avoided verification would save $2.38. In the former case, 1.88 million verifications would need to be avoided each year (8.8% of total annual verifications) to break even on the costs of
the proposed Rule, and in the latter case, 4.56 million verifications would need to be avoided each year (21.4% of total annual verifications) in order to break even. These calculations are based on the assumption that each contact lens wearer orders a six-month supply of lenses at a time, or requires two verifications per year — an assumption that is consistent with 1-800 CONTACTS’ actual experience.

Dr. Baker estimates that about 70% of consumers do obtain a copy of their prescription from their prescriber, either automatically or upon request. According to the FTC, 27% of consumers purchasing from a third-party seller submit a prescription for the purchase. From these figures, he estimates that 38.6% of consumers who buy from third-party sellers and have a prescription, actually use that prescription for the purchase. If you assume that the proposed acknowledgement requirement results in 100% compliance with the Rule, i.e., 100% of consumers actually obtain a copy of their prescription, then you can assume that an additional 4.38 million consumers who purchase from third-party sellers will get their prescription. If you also assume that 38.6% of them will use the prescription to purchase lenses twice a year, that will be another 3.38 million verifications avoided per year, or 15.9% of the total annual volume of verifications. This figure falls within the range of estimated avoided verifications described above (between 8.8% and 21.4%) that would be required to offset the costs of the acknowledgment requirement. Dr. Baker stated that changes to the underlying assumptions for his calculations would result in small changes around the margins, but emphasized that they would not affect the calculations dramatically.

Dr. Baker also stated that his analysis did not take into account other benefits, such as benefits to competition, quality, and price of contact lenses.
Christine, attached please find an analysis of the costs and benefits of the proposed amendment to the Contact Lens Rule, prepared by Professor Laurence Baker, a healthcare economist at Stanford.

Please note in particular the SSI survey he references at Exhibit B, which provides information on consumer reaction to the proposed acknowledgment form.

Please let me know if Commissioner McSweeny has any question or other issues she would like us to address at the meeting.

Here are the attendees for the meeting. If there are any last minute changes, will let you know.

John Graham, President, 1-800 CONTACTS
Cynthia Williams, General Counsel, 1-800 CONTACTS
Professor Laurence Baker, Professor of Health Research and Policy, Stanford University
Lisa Kimmel, Crowell & Moring, LLP
Megan Wolf, Crowell & Moring, LLP
Kate Watkins, Crowell & Moring, LLP

Best, Lisa
Analysis of Costs and Benefits of the FTC Proposed Patient Acknowledgment and Recordkeeping Amendment to the Contact Lens Rule

Laurence C. Baker, Ph.D.
Stanford University

September 25, 2017
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A. Qualifications

1. My name is Laurence Baker. I am a Professor of Health Research and Policy at the Stanford University School of Medicine and Professor (by courtesy) of Economics at Stanford University. I also serve as Chair of the Department of Health Research and Policy, am a core faculty member of Stanford Health Policy, and hold appointments as a Senior Fellow of the Stanford Institute for Economic Policy Research, and Research Associate of the National Bureau of Economic Research. I have been on the faculty at Stanford for more than 20 years.

2. At Stanford, I teach undergraduate and graduate level courses on the U.S. health care system that cover a range of health policy issues, including costs of health care in various segments of the health care system such as hospitals and physician practices, payments to hospitals, physicians, and other health care providers, competition in health care, and the effects of regulations and policies on the health care system. I have conducted research on a wide variety of health economics topics, with a focus on the economic performance of the health care system and of elements of the system, including payments for medical services, competition in health care, and the adoption of medical equipment and technologies. My research work has included analysis of the costs and benefits of regulations impacting the healthcare system, including those affecting patient access to medical records. I have authored or co-authored numerous works published in peer-reviewed journals, books, and other contexts, and given many academic and public presentations on topics in health care economics and financing.

3. I received my B.A. degree with majors in Economics and Mathematics from Calvin College in 1990, and my M.A. and Ph.D. degrees in Economics from Princeton University in 1994. I have been awarded the ASHEcon medal from the American Society of Health Economists, which annually recognizes the top American health economist under age 40. A more complete description of my qualifications may be found in my CV, which is included as Exhibit A to this report. My rate of compensation in this matter is $775 per hour.
B. Assignment

4. I have been asked by 1-800 CONTACTS Inc. (“1-800 CONTACTS”) to analyze the likely economic benefits and costs of the proposed acknowledgment and recordkeeping amendment (“Proposed Amendment”) to the Contacts Lens Rule (“Rule”). I have also been asked to analyze and provide my opinion on the value of certain evidence that the American Optometric Association (“AOA”) provided to the FTC, including a report by Avalon Health Economics sponsored by the AOA.

C. Summary of Opinions

5. Based on the evidence I have reviewed and my expertise in healthcare economics, I reach the following conclusions:

• As described in this report, the evidence I have reviewed supports the FTC’s conclusion that eye care provider (“prescriber”) compliance with the Rule’s automatic prescription release requirement is deficient.

• The number of consumers who have complained to the FTC after not receiving a copy of their contact lens prescription from their prescriber is unlikely to be a reliable measure of prescriber compliance with the Rule.

• By creating a more credible threat of enforcement actions and fines for failing to release prescriptions, the Proposed Acknowledgment will increase prescriber incentives to comply with the Rule.

• Prescribers and third-party sellers spend significantly more time to comply with the Rule when consumers buy lenses from third-party sellers but do not have a copy of their prescription at the time of the transaction, requiring verification through a direct communication with the prescriber. For that reason, a relatively modest reduction in verifications could be expected to have a significant impact on compliance costs for both prescribers and sellers.

• As described in more detail below, using the FTC’s estimates of the time prescribers and sellers spend to verify orders, it is possible to estimate the reduction in the number of verifications needed to completely offset the estimated annual cost of the Proposed Amendment. I estimate that a reduction in verifications of between 9% and 21% would be sufficient, depending on the estimation assumptions.

  o Moreover, if I assume that with the Proposed Amendment (1) consumers who are not receiving a prescriptions today were to receive
prescriptions and (2) they were to use the prescriptions when purchasing lenses in the same way that consumers receiving prescriptions do so today, verifications would fall by 16%, an amount consistent with my estimates of the range of reductions needed to offset the costs of the Proposed Amendment, and possibly an amount sufficient to produce a net reduction in the costs for prescribers and sellers to comply with the Rule.

- The Proposed Amendment can be expected to provide additional economic benefits that will flow directly to consumers.
  - In a competitive market, at least some amount of any net cost savings from a reduction in the cost of compliance is likely to be passed on to consumers.
  - As described below, an August 2017 survey of contact lens wearers shows that a large fraction of respondents are interested in receiving a copy of their prescription so they can use it to buy lenses from someone other than their current prescriber or to be able to more easily comparison shop among sellers. The Proposed Amendment would thus help to align prescriber behavior with consumer preferences. The same survey indicates that responding consumers themselves believe that having a copy of their prescription facilitates comparison shopping and choice.
  - Consumers who choose to purchase lenses from third-party sellers will usually receive their lenses faster if they are able to submit a copy of their prescription.
  - Eliminating obstacles to comparison shopping will allow consumers to search for sellers that offer them their most preferred mix of product attributes including price, reliability, convenience, and service. In the long run, increased competition among sellers of contact lenses can be expected to put downward pressure on price and upward pressure on quality of service for all contact lens wearers.

- While total direct consumer benefits are difficult to quantify, if verifications decline sufficiently to offset the cost of the Proposed Amendment, the total expected benefits of the Proposed Amendment, including the additional economic benefits, are likely to exceed the expected costs.
The Avalon Health Economics survey and analysis of the costs of the Proposed Amendment (sponsored and submitted by the AOA) are fundamentally flawed and unreliable.

- The AOA had repeated communications with optometrists about the Proposed Amendment before fielding the survey and participants were aware of the sponsor and purpose of the survey. Such communications can easily influence members’ decisions to participate in the survey and are likely to bias their responses in the direction of overestimating the cost of compliance.

- As discussed in detail below, many of the survey questions reflect improper assumptions that are likely to bias responses to questions regarding the time for, and cost of, compliance with the Proposed Amendment.

- The Avalon Report misuses the flawed survey results to grossly overestimate the costs associated with the Proposed Amendment. Most importantly, the Avalon Report conflates the total cost of compliance with the existing Rule and the Proposed Amendment (and all other rules, regulations, and policies) with the incremental cost of the Amendment.

D. FTC’s Review of the Contact Lens Rule and the Proposed Amendment

6. Nearly 41 million U.S. consumers, or 16% of the adult population, wear contact lenses. The Rule requires that prescribers of contact lenses, nearly always an optometrist or ophthalmologist, automatically provide these patients with a copy of their contact lens prescription after completing a contact lens fitting (regardless of whether the patient requests one). Prescribers are also required to provide or verify a patient’s contact lens prescription as directed by a third-party seller acting on behalf of a patient.

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1 According to the FTC, approximately 40% of contact lens sales in the U.S. are made by independent eye care professionals, 19% by conventional retail chains, 25% by mass merchants and wholesale clubs, and about 16% by online sellers that do not have a physical retail presence. Notice of Proposed Rulemaking and Request for Comment, 81 Fed. Reg. 88526, 88528 (Dec. 7, 2016) (“NPRM”), https://www.ftc.gov/system/files/documents/federal_register_notices/2016/12/contact_lens_rule_published_frn12716.pdf.

2 Contact Lens Rule, 16 C.F.R. § 315.3 (a) (2004), https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&SID=e4b29336cdda80FDA942b265b6f47049&ty=HTML&h=L&n=16y1.0.1.3.39&r=PART.

3 Id.
have the option to passively verify an order by simply not responding to a seller’s verification request within eight business hours. The Rule bars third parties from selling contact lenses without either obtaining a copy of a customer’s prescription (from either the customer or the prescriber) or verifying the order through a direct communication with the prescriber. The Rule also requires sellers to maintain records for each order they verify.

7. Based on its review of available evidence, the FTC has concluded that compliance with the Rule’s automatic prescription release provision could be substantially improved. To that end, the FTC has proposed an amendment to the Rule that would require prescribers to request that patients acknowledge receipt of their prescription by signing a short form. The form must be entitled “Patient Receipt of Contact Lens Prescription,” and include the following additional language: “My eye care professional provided me with a copy of my contact lens prescription at the completion of my contact lens fitting. I understand that I am free to purchase contact lenses from the seller of my choice.” Prescribers would be required to retain a copy of that signed acknowledgment form for at least three years, to be made available to the FTC for inspection upon request.

E. The Proposed Amendment Would Increase Prescriber Compliance with the Contacts Lens Rule

8. Approximately 60% of optometry office revenue flows from the sale of corrective lenses: 16% from contact lenses and 43% from eyeglasses. Healthcare services account for just 40% of optometric office revenue.

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4 Id. § 315.5 (c).
5 Id. § 315.5 (a).
6 Id. § 315.5 (f).
7 NPRM, supra note 1, at 88532.
8 Id. at 88535.
9 Id.
10 HARRIS WILLIAMS & CO., VISION INDUSTRY OVERVIEW at 3 (Jan. 2015) (citing data from Optometrists in the US, IBISWorld (Nov. 2015)) (“Harris Williams Report”), http://www.harriswilliams.com/system/files/industry_update/vision_industry_overview.pdf. Revenue breakdown for ophthalmologists was not available. However, given that ophthalmologist treat a broad range of medical conditions, a larger fraction of revenue is likely derived from the provision of healthcare services. Id. at 4 (“Higher average revenue per patient visit – provide premium, specialized services.”).
9. Prescribers have an economic incentive to use their control of a contact lens prescription to keep the sale of contact lenses in-house. Research in other medical contexts shows that economic incentives can influence healthcare providers just as they do other sellers. For example, physicians who buy MRI machines and can profit from ordering MRI scans tend to increase the number of scans their patients receive after they obtained the machine. It is thus not surprising that prescribers who can profit from contact lens sales would take steps to increase the number of sales, such as refusing to release prescriptions. Limiting the release of prescriptions can have negative effects on purchasers of contact lenses by limiting their options and reducing the amount of competition among sellers of lenses. It is my understanding that Congress passed the Fairness to Contact Lens Consumers Act to deal with this very dynamic and to promote competition in the retail sale of lenses through prescription portability.

10. However, the mere adoption of a law or regulation does not guarantee compliance. A useful way to understand the approach firms take to regulatory compliance decisions is to apply a cost/benefit framework, and in the context of this matter it is reasonable to assume that prescribers, at least implicitly, weigh the costs and benefits of compliance with the Rule’s automatic prescription release mandate. Violating the Rule provides a benefit to prescribers in the form of a greater likelihood of retaining a profitable in-house sale. The expected cost of a violation can be understood as, roughly, the probability of detection

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multiplied by the amount of a fine. More precisely, the following equations describe the prescriber’s expected incremental cost and benefit of violating the Rule:

\[ E[\text{cost}] = P[\text{detection}] \times F \]
\[ E[\text{benefit}] = (P[\text{sale}|\text{violation}] - P[\text{sale}|\text{no violation}]) \times \pi \]

Where:

- \( P[\text{detection}] \) is the probability that the FTC will detect the violation and pursue enforcement,
- \( F \) is the dollar amount of the fine and any other cost to the prescriber associated with the violation,
- \( P[\text{sale}|\text{violation}] \) is the probability that the purchaser will buy contact lenses from the prescriber given that the prescriber did not release the prescription,
- \( P[\text{sale}|\text{no violation}] \) is the probability that the purchaser will buy lenses from the prescriber given that the prescriber did release the prescription,
- \( \pi \) is the profit from the sale.

Note that if the \( P[\text{detection}] \) and/or the \( F \) are too low, and \( P[\text{sale}|\text{violation}] \) is sufficiently greater than \( P[\text{sale}|\text{no violation}] \), then the expected incremental benefit of violating the rule will be greater than the expected incremental cost.

11. Surveys conducted by different organizations and provided to the FTC in connection with its review of the Rule indicate that, for many prescribers, the benefits of a violation outweigh the costs.

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14 For simplicity, this framework assumes that the incremental cost associated with compliance that would be eliminated by non-compliance is negligible (for example, the likely small cost of writing down or printing out the prescription to give to the purchaser).

12. In 2008, *Contact Lens Spectrum Magazine*, an industry trade publication, surveyed prescribers regarding compliance with prescription release. Only 50% of responding prescribers reported that they released contact lens prescriptions to every patient.17

13. More recently, in an October 2015 consumer survey conducted by Survey Sampling International (“SSI”) and commissioned by 1-800 CONTACTS, just 35% of responding contact lens wearers reported that they received a copy of their prescription automatically on the day of their office visit.18 The survey also found that while 28% of patients were provided with a copy of their prescription upon request (either during the same visit or after being required to return a second time), 36% of patients did not receive a copy at all.19 This same survey also indicated that 46% of responding contact lens wearers were not aware of their right to receive a copy of their prescription.20

14. In January 2017, SSI conducted an additional consumer survey, also commissioned by 1-800 CONTACTS, that yielded similar results.21 The January 2017 survey found that 37% of respondents were automatically provided with a copy of their contact lens prescription; approximately 35% of respondents requested a copy and received it the day of their visit or were told to call or return for a copy at a later time; 24% of respondents reported that they did not receive a copy of their prescription at all.22

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16 One would not expect the costs and benefits to be identical across prescribers. Some prescribers may be more or less averse to the risk of either legal action or losing trust with patients. Others may not offer certain lenses or sell lenses at all.


19 *Id.* at 3.

20 *Id.* at 5.


15. Also in January 2017, Consumer Action commissioned a survey of contact lens wearers and found that approximately 31% of survey respondents were not provided with a copy of their contact lens prescription and 60% were unaware of their right to automatic receipt of a copy.23

16. While few surveys are beyond criticism, the fact that multiple surveys conducted by different sources over a span of nearly ten years reach similar conclusions bolsters the credibility of each individual survey and the collective conclusion that prescriber compliance with automatic release is far from universal. In addition, I am not aware of any surveys that suggest prescriber compliance is substantially more widespread.

17. It is my understanding that the FTC has never issued a fine to a prescriber for failing to release prescriptions. Instead, the FTC has made efforts to improve compliance by issuing warning letters to noncompliant prescribers, accompanied by an agency press release to publicize its actions. The agency issued warning letters with an associated press release in 2004 and again in 2007.24 Then in April 2016, the FTC issued warning letters with an associated press release to 45 contact lens prescribers, who, among other things, failed to release contact lens prescriptions to patients.25 The survey evidence noted above suggests that, even after these warning letters were sent, compliance with the Rule remains far from complete.

18. In fact, there is evidence that the warning letters did not even impact the behavior of the specific prescribers who received the warning letters. I understand that, to investigate the effects of the letters, 1-800 CONTACTS obtained through a Freedom of Information Act


Information Act request the names of the 45 prescribers receiving the 2016 letters and conducted a “secret shop” of 21 of the 45 prescribers after they had received the letters. Shoppers were not informed of the purpose of the exercise or that their assigned prescriber had previously received an FTC warning letter. Shoppers were instructed to complete the eye examination and contact lens fitting process and were instructed that they should not ask for a copy of their contact lens prescription. I understand that of those 21 prescribers who had recently received a warning letter from the FTC, 18 failed to automatically release a prescription to the secret shopper after they had completed a contact lens fitting.  

19. Interpreted in light of the underlying economic framework for prescriber compliance, as set forth in the discussion of equations (1) and (2) above, the evidence presented to the FTC strongly suggests that the current enforcement regime, including repeated warning letters, results in insufficient incentives to comply with the automatic release requirement for many prescribers.

20. According to the FTC, an important goal of the Proposed Amendment is to provide the agency with the evidence it has concluded is necessary to adequately enforce the Rule. With a “paper trail,” as required by the Proposed Amendment, the FTC could more credibly threaten an enforcement action, raising the expected cost of a violation relative to the benefits, and in turn increasing the incentive for prescribers to comply.

E.1. The Number of Individual Consumer Complaints Filed with the FTC Is Unlikely to be a Reliable Measure of Compliance with the Rule

21. The AOA claims that relatively few consumers have complained directly to the FTC regarding prescription release and argues that few consumer complaints is good evidence of adequate prescriber compliance. In particular, the AOA claims to have reviewed consumer complaints related to Rule compliance submitted to the FTC over the past five years. It reports that less than half of those complaints were “directly related to

26 It is my understanding that this information has been provided to FTC staff.
27 The FTC recognizes the need for greater enforcement of the Rule’s automatic release mandate, but explains, “[t]he absence of documentation makes it difficult to determine whether a prescriber did or did not provide a patient with a prescription as required, in any particular case.” NPRM, supra note 1, at 88533.
prescription release,” and that 18% “were related to confusion regarding the contact lens evaluation and fitting process,” concluding that 123 consumers filed “potentially valid complaint[s] regarding contact lens prescription release” with the FTC over the past five years. The AOA asks the FTC to conclude that 123 complaints in five years is evidence of adequate prescriber compliance.

22. That would be a mistake. Even if the AOA were able to accurately evaluate the content of these consumer complaints, there are important reasons to believe that the number of consumer complaints is not a reliable measure of prescriber violations. Studies of complaints to businesses show that consumers often do not submit complaints when they are dissatisfied with a product or service, particularly if the cost (in time, money, or other things) is larger than the economic benefit of remedying their dissatisfaction. There are many reasons why patients who are not provided with a copy of their prescription would not submit a complaint to the FTC as a regulatory agency. First, many simply do not know that they have the right to automatically receive a copy of their prescription. Second, those who are aware of such a requirement may not know that the FTC enforces the Rule or that they can complain to the FTC, or how to do so. Third, patients may be reluctant to offend their prescriber by filing a legal complaint. Finally, consumers, at least implicitly, make some determination about the costs and benefits of taking an action they are considering. There is an opportunity cost associated with submitting a complaint and some may simply assume that the benefit to them is smaller than the cost, or that other patients and organizations will complain and they can rely on those efforts. For all these reasons, it is plausible, even likely, that many patients would not file a complaint when they do not receive a prescription automatically.

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28 The AOA claims that .0003% of the 41 million contact lens wearers filed what it determines to be a valid complaint with the FTC regarding prescription release (.000003 x 41,000,000 = 123). Comments of The AOA on the Contact Lens Rule, 16 C.F.R. § 315 (Project No. R511995) (Comment #3830) at 4 (Jan. 30, 2017), https://www.ftc.gov/policy/public-comments/2017/01/30/comment-03830.


23. For these reasons, I would not interpret the number of consumer complaints submitted to the FTC regarding prescription release as a reliable measure of prescriber compliance with the Rule.

F. Estimated Cost of the Proposed Amendment

24. In its proposed rulemaking, the FTC estimated a total labor cost for paperwork requirements related to the Proposed Amendment of $10,475,495.31 This calculation assumes that all prescribers would comply with the Proposed Amendment, that maintaining records of the Acknowledgment form will take one minute per visit for each of the approximately 41 million contact lens wearers, and that each wearer has one visit per year. The one-minute estimate is based on an assumption that all prescribers will present a paper form to the patient for signature and then scan the signed Acknowledgment to maintain it as an electronic document. The FTC recognizes that for offices that obtain signatures electronically or store records in hard copy, the recordkeeping time may be just a few seconds per patient, so an average of one minute per form is likely an overestimate.32 The FTC’s estimate is based on 2015 wage and salary data. Using the same methodology and 2016 wage and salary data, the total paperwork cost would be $10,844,495.33

25. Recent survey evidence suggests that patients can be expected to readily understand the form and will have few questions. In August 2017, SSI conducted a consumer survey, commissioned by 1-800 CONTACTS, to measure consumer reactions to the Proposed Acknowledgment.34 They report that this online survey collected data on 500 U.S. adult contact lens wearers who were blind to the sponsor and purpose of the study. The findings of the survey most relevant to this report are as follows:

31 NPRM, supra note 1, at 88557.
32 Id.
33 Id. at 88558.
• First, responding consumers were presented with the suggested text for the Proposed Amendment. Respondents were asked to read the statement and click through to the next question when they had finished reading, allowing SSI to directly measure the time they needed to read the statement. The survey found that the average time to read the statement was 12 seconds and the median time was 10 seconds; 90% percent of respondents read the statement in 20 seconds or less.35

• Second, the survey measured respondents’ comprehension of the statement and collected data on the number reporting that they would have questions before signing the proposed statement. The survey found that 90% of respondents correctly identified the meaning of the statement immediately after reading it, and 94% of respondents would not have any follow-up questions.36

• Third, the survey asked about respondent interest in receiving a copy of their prescription. 85% of consumers said they were interested or extremely interested in receiving a copy of their prescription to use to purchase lenses from a seller other than their current eye care provider. 73% indicated being interested or extremely interested in receiving a prescription to use to facilitate comparison-shopping among sellers. The survey also covered lens wear habits, showing that 56% of respondents will wear lenses longer than the manufacturer recommendation and that the most common reason for stretching lenses was “to save money.”37

26. The complete set of data needed to arrive at an estimated cost of the Proposed Amendment to providers that incorporates recordkeeping time as well as other provider time for things such as showing consumers the form and answering questions is not available. However, it seems reasonable to use the FTC estimate described above of approximately $10.8 million. This estimate incorporates what the FTC recognizes is

35 Id. at 7.
36 Id. at 8.
37 Id. at 5–6.
probably an overestimate of the recordkeeping time. It does not incorporate additional
time needed to have customers read the form and answer any questions, but, as described
above, consumer survey evidence indicates that such additional time is not likely to be
substantial.

G. The Proposed Amendment Would Decrease the Number of Verifications and
Verification Time

27. To determine if the Proposed Amendment is efficient, the expected costs should be
weighed against the expected benefits. One straightforward economic benefit would flow
from a decline in the costs to prescribers and sellers associated with time consuming
verification requests. As described in more detail below, the combined time that a
prescriber and third-party seller must spend to comply with the Rule and verify an order is
much higher when the patient does not provide the seller with a copy of his or her
prescription. If the Proposed Amendment increased the number of patients able to provide
their prescription, it would reduce verification costs.

28. The FTC recognizes that verification requests are likely to decline and at least
partially offset any costs associated with the Proposed Amendment, but states that it does
not have the data it needs to calculate that benefit. While the exact percentage by which
verifications would decline is unknown, one can calculate the percentage drop in
verifications that would be necessary to fully offset the estimated costs of the Proposed
Amendment and compare that to a reasonable prediction of the extent to which
verifications could fall if the Proposed Amendment improves compliance.

29. As described in more detail below, using the FTC’s estimates of the time
prescribers and sellers spend to verify orders, a reduction in verifications of between 9% and
21% (depending on specific assumptions) would completely offset the estimated
annual cost for the Proposed Amendment.

38 For example, 1-800 CONTACTS places approximately 5.2 million calls annually to prescribers to verify
prescriptions.

39 NPRM, supra note 1, at 88557.
30. Moreover, if we assume that with the Proposed Amendment (1) the approximately 30% of consumers who never receive a prescription (either automatically or upon request) were to receive a prescription and (2) they were to use it when placing an order at the same rate that consumers receiving a prescription today use it when placing an order with third-party sellers, verifications would fall by 16%, consistent with the range of verification reduction needed to offset the cost of the Proposed Amendment.  

31. Information from prior FTC regulatory filings provides most of the information needed to perform these calculations. The FTC estimates that prescribers spend approximately five minutes per verification request. Similarly, the FTC estimates that sellers spend five minutes on tasks related to verifying an order. For orders placed with a copy of the prescription, the FTC estimates that sellers spend one minute to store the patient’s prescription. Prescribers who release prescriptions as required do not spend any additional time if the patient uses that prescription to place an order with a third-party seller. Thus the incremental cost of verification is five minutes for prescribers, and four minutes for third-party sellers.

32. Based on comments submitted by the AOA, the FTC assumes optometrists handle verifications, at an average wage estimated by the Bureau of Labor Statistics, which in 2016 corresponded to $56.53. The cost of verification through direct communication is

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40 Survey evidence indicates the fraction of patients who do not receive a prescription either automatically as required by the Rule, or upon request, ranges from 24-36%. SSI October 2015 Survey, supra note 18 (36%); SSI January 2017 Survey, supra note 21 (24%); Consumer Action January 2017 Survey, supra note 23 (31%).


42 Id.

thus $4.71 per event. For sellers, assuming that the hourly wage of the employees performing verifications is $15.87, the implied incremental cost is $1.06 per verification. Thus, the incremental cost is an estimated $5.77 per verification event. Using the additional costs that prescribers and sellers incur when an order must be verified, one can determine that a decline in verification requests of 8.8% would completely offset the expected cost of the Proposed Amendment. This calculation is illustrated in Figure 1 and Table 1. Table 2 illustrates an alternate break-even calculation, assuming that staff at prescribers’ offices perform verifications, in which case a decline in verifications of 21.4% would completely offset the expected cost of the Proposed Amendment.

Also using data from the FTC’s regulatory filings, I can investigate circumstances in which a decline in verifications in this range could occur. I estimate that approximately 14,596,000 consumers buy from third-party sellers. According to the FTC, 73% percent of those orders are verified. So for the remaining 27%, consumers must be submitting a prescription, that is, around 3,940,920 consumers who buy from third-party sellers provide the seller with a prescription. I also estimate from survey evidence that about 70% of consumers ultimately receive a prescription, either automatically (as the Rule requires) or

https://www.bls.gov/news.release/ocwage.t01.htm. I understand that the AOA claimed in comments to the FTC on the paperwork costs of the Rule that it takes a prescriber five minutes to verify a prescription, and that verifications are handled by optometrists and ophthalmologists themselves. Comment of the American Optometric Association, supra note 41.

44 ($56.53 per hour) x (.083 hours), (where .083 hours is 5/60 hours or five minutes).
45 ($15.87 per hour) x (.066 hours), (where .066 hours is 4/60 hours or four minutes).
46 (incremental cost for prescriber = $4.71) + (incremental cost to seller = $1.06) = ($5.77).
47 The estimated cost of the Proposed Amendment is $10,844,495. The added cost for each order that requires verification is $5.77. Thus, the decline in verifications needed to offset the cost is $10,844,495/$5.77 = 1,879,842. The FTC estimates that 35.6% of orders are placed with third-party sellers that must verify the order either through receipt of the prescription or a direct communication with the prescriber. The FTC also estimates that 73% of orders placed with third-party sellers are verified. Evidence indicates that consumers make two orders per year on average. If the sellers do not have a copy of the consumer’s prescription, both orders must be verified. Thus, given 41 million contact lens wearers, a reasonable estimate of the total number of verifications per year is 21.3 million (41 million x .356 x .73 x 2). The percentage decline in verifications needed to offset the costs of the Proposed Amendment is 1,879,842 / 21,310,160 = .088. Table 1 describes this calculation in more detail and provides references for data sources.
48 41,000,000 x 0.356. FTC September 2016 PRA Notice, supra note 41.
upon request.\textsuperscript{49} Thus, I estimate that approximately 10,217,200 consumers who buy from third-party sellers receive their prescription.\textsuperscript{50} From this, I infer that 38.6% of consumers who buy from third-party sellers and have a prescription use the prescription.\textsuperscript{51}

34. The FTC (and Avalon) estimates of the cost of the Proposed Amendment assume that all prescribers comply with it. I thus assume that, with the Proposed Amendment, all of the 30% of patients who are not receiving prescriptions today will start receiving them, so that an additional 4,378,800 of consumers buying from third-party sellers will get their prescription.\textsuperscript{52} If I further assume that, like today, 38.6% of consumers will use it when they place an order, then approximately 1,688,966 more consumers would use a prescription when placing an order if the Proposed Amendment were to take effect.\textsuperscript{53} Therefore, with two verification events per year per patient, the Proposed Amendment would reduce the number of verifications by 3,377,921 per year,\textsuperscript{54} which corresponds to 15.9% of the estimated total number of verifications.\textsuperscript{55} This decline in seller verification requests is in the middle of the range of 8.8% to 21.4% shown in Figure 1 that would completely offset the expected cost of the Proposed Amendment.

H. Other Potential Economic Benefits of the Proposed Amendment

35. The Proposed Amendment can be expected to generate other benefits for consumers as well. Because I understand that there is robust competition among suppliers of both eye care services and contact lenses, at least some part of any drop in the net compliance costs is likely to be passed on to consumers. In addition, consumers who purchase lenses from third-party sellers will typically receive their lenses faster if they submit a copy of their prescription. I understand that 1-800 CONTACTS’ internal

\begin{itemize}
\item \textsuperscript{49} The estimated fraction of patients who do not get a prescription varies from 24% to 36%. See \textit{supra} note 38.
\item \textsuperscript{50} 14,596,000 x 0.70.
\item \textsuperscript{51} 3,940,920 / 10,217,200.
\item \textsuperscript{52} (0.70 + 0.30) x (14,596,000 - 10,217,200).
\item \textsuperscript{53} 0.386 x 4,378,800.
\item \textsuperscript{54} 2 x 1,688,966.
\item \textsuperscript{55} 3,377,921 / 21,310,160.
\end{itemize}
customer satisfaction surveys show that customers place a high value on quick delivery; consumer satisfaction suffers a meaningful decline if customers must wait five days to receive an order.\textsuperscript{56} Even with overnight delivery, a customer who places an order with an online seller on a Friday afternoon without submitting a prescription may not be able to receive their lenses until the following Tuesday, or even later over a holiday weekend.\textsuperscript{57} If that consumer were able to submit her prescription, she could receive her order sooner, the next day with overnight delivery and even the same day in certain markets or regions. In addition, survey evidence indicates that 65\% of consumers will overwear lenses if they are down to their last pair.\textsuperscript{58} Based on its review of the medical evidence, the FTC has stated that overwearing lenses presents a health risk for contact lens wearers.\textsuperscript{59}

36. Survey evidence also shows that consumers value having a copy of their prescription. The SSI August 2017 Patient Acknowledgment Survey reports that 85\% of respondents said they would be interested or extremely interested in receiving a copy of their prescription to use if they choose to buy lenses from somewhere other than their current eye doctor.\textsuperscript{60} The same survey indicates that respondents believe that having a copy of their prescription facilitates comparison shopping: 73\% of respondents said they would be interested or extremely interested in receiving their prescription so that they could more easily comparison shop among sellers.\textsuperscript{61} Since approximately 50\% of respondents appear to not fully understand their rights under the Rule,\textsuperscript{62} the Proposed Amendment could easily increase the pool of consumers who comparison shop for lenses.

\textsuperscript{56} 1-800 October 2015 Comments, \textit{supra} note 18, at 14. 1-800 CONTACTS also reports that if they have a prescription on file, they can ship an order within 14 minutes of placement. \textit{Id.}

\textsuperscript{57} If a seller places a verification request and does not receive a quick affirmative verification, the seller must wait at least eight business hours before even shipping lenses. 16 CFR 315.5 (c) (3).

\textsuperscript{58} SSI January 2017 Survey, \textit{supra} note 21, at 4-5.

\textsuperscript{59} NPRM, \textit{supra} note 1, at 88549 (“The failure to replace lenses is a well-documented cause of many contact lens-related health issues.”).

\textsuperscript{60} SSI August 2017 Acknowledgment Survey, \textit{supra} note 34, at 6.

\textsuperscript{61} \textit{Id.}

37. Eliminating obstacles to comparison shopping will allow consumers to search for sellers that offer them the price, reliability, convenience, and service they prefer. In the long term, increasing automatic prescription release can be expected to enhance competition, drive down prices, expand choice, improve customer service, and ultimately benefit the entire population of contact lens wearers, not only those patients who decide to switch providers of contact lens. That is, patients who did not switch would also benefit from lower prices and better services in the marketplace.

I. Response to the Avalon Report and Survey

I.1. Overview of the Avalon Report and Survey

38. At the AOA’s request, Avalon conducted a survey of AOA members to examine the potential costs of implementing the FTC’s Proposed Amendment. The AOA solicited members to participate in the survey, and a total of 130 responses were recorded during the survey period.

39. The survey consists of 16 questions that relate to the administrative time staff members spend on various tasks at optometric practices, including patient interactions, patient engagement practices, and staff training, among others.

40. Based on the survey responses, Avalon analyzed the potential financial impact of the Proposed Amendment on optometric practices across the United States. Avalon’s survey and analysis are both fundamentally flawed. The survey design is methodologically unsound, and the survey questions are misleading and incorporate improper assumptions, likely biasing the resulting data set. Avalon then combines the flawed survey results with entirely unsupported assumptions not even drawn from its own survey to reach wildly

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63 Independent survey data found that 63% of consumers would identify “Getting the best price” as an extremely important factor when considering to purchase contact lenses. 47% would identify “Good customer service” and “Convenience of speed of ordering my lenses” as extremely important factors when considering to purchase contact lenses. SSI August 2017 Acknowledgment Survey, supra note 34, at 4.


inflated estimates for the incremental costs to prescribers of the Proposed Amendment, as discussed in greater detail below.

I.2. The Survey Conducted by Avalon Health Economics Has Methodological Flaws

I.2.a. The Administration of the Avalon Survey Is Flawed

41. Best practices for survey design dictate that respondents should be blind to the purpose and sponsorship of a survey to minimize the bias that results from respondents giving the answers that they think the surveyor wants to find.66 It is my understanding that the AOA had repeated communications with optometrists about the Proposed Amendment before fielding the survey, including a press release urging its members to submit comments opposing the Proposed Amendment that included a link to a sample letter describing the burden prescribers would face, including the need for “ongoing staff training.”67 The AOA itself also directly contacted its members and requested their participation in the survey.68 Thus, survey participants were aware of the sponsor and purpose of the survey, which evidence suggests can influence respondents’ answers.

42. It is survey best practice to ensure that the sample approximates the relevant population.69 The Avalon Survey does not describe how it defined the relevant population, but it appears to have excluded a significant portion of prescribing eye care providers. Eye

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67 FTC Proposes Contact Lens Rule Changes; AOA Warns of Inaction, AOA (Nov. 17, 2016), http://www.aoa.org/news/advocacy/ftc-proposes-contact-lens-rule-changes; Proposed Contact Lens Rule Misguided: AOA Encourages Doctors’ Comments to FTC, AOA (Dec. 8, 2016) (providing link to sample letter to then Chairwoman Ramirez), https://www.aoa.org/news/advocacy/proposed-contact-lens-rule-misguided. The sample letter included specific language on the burden prescribers would face (“while the FTC seems to dismiss the potential burden on physicians for complying with this requirement, the proposal would undoubtedly add new costs for doctors and patients. It would require an additional step in the patient engagement process, which would necessitate ongoing staff training to ensure that doctors are meeting this unprecedented requirement.”), https://www.aoa.org/documents/secure/advocacy/FTC_Comments_Letter_Template_120716.pdf.

68 2017 Avalon Report, supra note 65, at ¶ 2.5.

69 “The definition of the relevant population is crucial because there may be systematic differences in the responses of members of the population and nonmembers . . . .” Reference Guide on Survey Research, supra note 66, at 240.
care providers include both optometrists and ophthalmologists, but Avalon surveyed only optometrists, omitting 15% of prescribers. Additionally, Avalon surveyed only those optometrists who were also members of the AOA, omitting roughly a quarter of optometrists. As a result, the surveyed population will not represent the relevant population.

43. A low response rate is often taken to indicate the potential for biased results and care must be taken when interpreting results from surveys with low response rates. The Avalon Report appears to have recorded a total of 130 survey responses but does not provide any information on the response rate. Assuming that the survey was sent to all of the AOA’s approximately 28,000 members, this is a response rate of less than 0.5%. With an apparently very low response rate, and since the purpose of the survey was known in advance to those surveyed, there is a significant risk that those who self-selected into participation are more likely than average to oppose the Proposed Amendment and thus more likely to estimate a high cost of compliance.

44. Finally, it should be noted that the Avalon survey asked prescribers to predict how patients would handle the information and whether they would comprehend a form prescribers have no experience with, rather than try to gauge patient reaction and comprehension directly.

I.2.b. Survey Questions Are Flawed

45. A number of survey questions related to the Proposed Amendment include improper implicit assumptions, are vague, prime respondents in such a way that they may not truthfully answer, and at times require the respondent to perform subjective


72 Reference Guide on Survey Research, supra note 66, at 245.

73 About the American Optometric Association (AOA), supra note 71.
calculations, all of which are likely to bias the data and the resulting calculation of compliance costs.

46. **First**, a number of the survey questions incorporate unsupported assumptions that are likely to bias the data collected. For example:

- **Question 5** asks, “When you introduce a new patient engagement process into your office workflow (e.g. the requirement for patients to sign additional paperwork) how much staff training does this require?”[^65] This question incorporates an assumption that staff training is necessary for each new patient engagement process, and that all processes involve the same amount of time and complexity. Additionally, the provided response options (“Less than 5 minutes per staff member,” “5–10 minutes per staff member,” . . . “20 or more minutes per staff member”) assume that all staff members must receive the training, rather than just the relevant staff members.

- **Question 7** asks, “How much time do periodic assessments of new policies and protocols generally take?”[^75] It incorporates the assumption that periodic assessments of different policies and protocols are the same length. Moreover, when performing its cost analysis, Avalon arbitrarily assumes that all respondents interpreted the question to refer to time per assessment per staff member[^76], and that four assessments per year are necessary, conclusions that cannot be drawn from responses to the actual survey questions or any of the reported summary statistics.

- **Question 8** asks, “How much time do you anticipate it would take to explain to a patient the purpose of [the FTC Acknowledgment] . . . ?”[^77] This question improperly incorporates the assumption that all patients will require an

[^75]: *Id.*
[^76]: In contrast, a previous question (Question 5) explicitly provided response options “per staff member,” which would have then created further confusion around the unclearly defined response options for this subsequent question (Question 7). *Id.*
[^77]: *Id.*
explanation. The SSI August 2017 Acknowledgment Survey, which surveys patients directly, found that more than 90% of respondents understand the meaning of the Proposed Acknowledgment and do not require an explanation.78

- **Question 9** asks, “Do you anticipate that patients would have questions before signing this type of Acknowledgment?”79 This question only allows respondents a binary yes/no response, implicitly assuming that either all patients would have questions or all patients would not. Respondents are not allowed to report how many, or what fraction, of their patients would have questions. As noted above, the SSI 2017 Patient Acknowledgment survey reports that the vast majority of respondents say they would not have questions.80

47. Second, some of the survey questions are open to multiple interpretations by respondents, likely leading to biased results. For example:

- **Question 10** asks, “If patients have questions regarding this Acknowledgment, how much time do you anticipate would be necessary to answer these questions?” and offers respondents the option to answer, “Less than 1 minute,” “2 minutes,” “3 minutes,” “4 minutes,” or “More than 5 minutes.”81 There is no indication that the response alternatives provided were appropriate given the two-sentence length of the acknowledgment (which in the SSI survey reported above took respondents an average of 12 seconds to read). Moreover, the question is open to multiple interpretations by respondents, for example whether they should report the time for a representative patient who had a question as opposed to an average for all patients incorporating those who had no questions as well as those who did.

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78 SSI August 2017 Acknowledgment Survey, supra note 34, at 8.
79 2017 Avalon Report, supra note 65, Appendix at 7.
80 SSI August 2017 Acknowledgment Survey, supra note 34, at 8.
81 2017 Avalon Report, supra note 65, Appendix at 7.
• **Question 16** asks, “What is the total administrative time associated with adhering to the rules, regulations and policies regarding the operations of your practice? (per week).”[^82] This question is unclear and is open to multiple interpretations of “rules, regulations and policies regarding the operations of [their] practice.” Lack of clarity in survey questions can be a substantial problem.[^83] In this case, it is not clear that all providers would know or easily be able to think through the types or numbers of rules, regulations, and policies to which a given practice is subject. If they could, coming up with a response would require possibly substantial calculations. As a result, any reliance on responses to this question as basis for calculating the cost of all aspects of the Rule, let alone the incremental cost of the Proposed Amendment, should be suspect.

48. **Third**, many questions improperly prime the respondents with the appropriate answer and disincentivize the respondent to truthfully answer the question. For example, Question 6 asks, “When a new patient engagement process is introduced into your office, do you conduct periodic assessments to determine if protocols are being appropriately followed?”[^84] This question is likely to lead the respondent to believe that periodic assessments are necessary in order to ensure that staff members are following new protocols, priming the respondent with the value of periodic assessments, which in turn is likely to affect how truthfully they answer this and the subsequent question.[^85]

[^82]: Id., Appendix at 8.
[^83]: “When unclear questions are included in a survey, they may threaten the validity of the survey by systematically distorting responses if respondents are misled in a particular direction, or by inflating random error if respondents guess because they do not understand the question. If the crucial question is sufficiently ambiguous or unclear, it may be the basis for rejecting the survey.” Reference Guide on Survey Research, supra note 66, at 248.
[^84]: 2017 Avalon Report, supra note 65, Appendix at 6.
[^85]: The subsequent question, Question 7, asks: “How much time do periodic assessments of new policies and protocols generally take?” Id.
49. **Fourth**, certain survey questions present inappropriate response alternatives that are likely to bias the results. Almost none of the questions include a “don’t know” or “no opinion” option. Including these options and/or using filter questions is good practice in survey design to remove respondents who are not qualified to answer and reduce guessing.

I.3. **The Analysis Performed by Avalon Health Economics Overestimates the Cost of Compliance with the Proposed Amendment**

50. Using its flawed survey data, combined with unsupported assumptions, Avalon concludes that “the annual cost associated with various aspects of the implementation of the new Rule will total to at least $743,905,990 if we assume that only optometrists are providing an explanation of the rule” and $543,106,326, assuming that “only staff members are providing an explanation of the rule.” This cost analysis, which is summarized in Table 1 to the Avalon Report, is based on biased data, unsupported assumptions, and does not specifically calculate the incremental cost of the Proposed Amendment, though that is what Avalon purports to be measuring.

51. For example, the first cost item in Avalon Table 1 is the cost of “All staff time per new patient engagement training. Annual assumption of four trainings.” The underlying survey question that provides the data for this calculation does not account for the fact that patient engagements vary in complexity; it is not specific to the Proposed Amendment. Additionally, there is no support for an assumption that an optometric office will need four trainings a year to properly handle a two-sentence form. The second cost item (“Periodic

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86 Reference Guide on Survey Research, supra note 66, at 252 (“Precoded responses . . . in addition to reminding respondents of options that they might not otherwise consider, may direct the respondent away from or toward a particular response.”).

87 “Some survey respondents may have no opinion on an issue under investigation, either because they have never thought about it before or because the question mistakenly assumes a familiarity with the issue. . . . By signaling to the respondent that it is appropriate not to have an opinion, the question reduces the demand for an answer and, as a result, the inclination to hazard a guess just to comply.” Id., at 249–50.

88 2017 Avalon Report, supra note 65, at ¶ 4.3.

89 Id., Table 1.
assessment of new patient engagement policies. Assumption of quarterly review”) suffers from the same defects.  

52. The third cost item (“Explanation of new FTC ruling at every patient visit”) appears to be based on survey Question 8, which incorporates the unsupported assumption that every patient will require an explanation at every visit.  

53. Similarly, the fourth cost item (“Answering questions in regards to new FTC ruling for each patient”) is based on an unsupported assumption that every patient will have questions about the Proposed Amendment every year, year after year. Even their own survey reported that only 84% of respondents expected patients to have questions about the Proposed Acknowledgment. 

54. The fifth cost item (“Administrative time associated with adhering to rules”) is completely irrelevant to measuring the incremental cost of the Proposed Amendment. As discussed above, survey Question 16 is not specific to the Proposed Amendment and instead solicited an aggregation of all time spent “adhering to the rules, regulations and policies” Responses to that question have no relationship to the incremental cost of administrative aspects of the Proposed Amendment.

55. In sum, I find the Avalon Report to be fatally flawed, unreliable and irrelevant to predicting the likely incremental cost of the Proposed Amendment.

J. Conclusion

56. For these reasons, I agree with the FTC that compliance with the Rule’s automatic release mandate is incomplete, and the Proposed Amendment is a reasonable, cost-effective approach to improving compliance. My analysis supports the conclusion that the

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90 Id.
91 Id.
92 Id. at 4.
93 Id., Table 1.
94 Id., Appendix at 8.
benefits associated with the Proposed Amendment could easily be commensurate with, and might exceed, any modest additional cost.

Laurence C. Baker
EXHIBIT A
Exhibit A
Laurence C. Baker, PhD

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Chair, Department of Health Research and Policy
Stanford University School of Medicine
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Stanford, CA  94305-5405
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ACADEMIC HISTORY

1990  B.A. (Mathematics and Economics), Calvin College, Grand Rapids, MI
1994  M.A. (Economics), Princeton University, Princeton, NJ
1994  Ph.D. (Economics), Princeton University, Princeton, NJ
(Principal advisor: Alan B. Krueger, Ph.D.)

EMPLOYMENT HISTORY

Academic Appointments:

August 1, 1994 – August 31, 2001  Assistant Professor, Department of Health Research and Policy
Stanford University School of Medicine, Stanford, CA

August 1, 1995 – August 31, 2002  Assistant Professor, by courtesy, Department of Economics
Stanford University, Stanford, CA

September 1, 2001 – August 31, 2007  Associate Professor, Department of Health Research and Policy
Stanford University School of Medicine, Stanford, CA

September 1, 2001 – Sept. 30, 2015  Chief of the Division of Health Services Research
Department of Health Research and Policy
Stanford University School of Medicine, Stanford, CA

September 1, 2002 – August 31, 2007  Associate Professor, by courtesy, Department of Economics
Stanford University, Stanford, CA

September 1, 2007 – Present  Professor, Department of Health Research and Policy
Stanford University School of Medicine, Stanford, CA

September 1, 2007 – Present  Professor, by courtesy, Department of Economics
Stanford University, Stanford, CA

May 1, 2014 – September 30, 2015  Associate Chair, Department of Health Research and Policy,
Stanford University School of Medicine, Stanford CA

October 1, 2015 – Present  Chair, Department of Health Research and Policy
Stanford University School of Medicine, Stanford CA

Other Appointments

1994-2002  Faculty Research Fellow
National Bureau of Economic Research, Cambridge, MA

2000-present  Fellow
Center for Primary Care and Outcomes Research and Center for Health Policy
Stanford University, Stanford, CA

2001-2002  Acting Director
Non-Academic Employment

1993-1994  Research Economist
The Robert Wood Johnson Foundation, Princeton, NJ

PUBLIC AND PROFESSIONAL SERVICE

University, School, and Departmental Committees

1994 – present  Member, Health Services Research Masters Program, Admission Committee
1994 – 2000  Member, Health and Safety Committee, Department of Health Research and Policy
1996-1997  Member, Computer Committee, Department of Health Research and Policy
1997-2003  Elected Departmental Representative, Stanford University School of Medicine Faculty Senate
1997-1999  Member, Health Services Research faculty search committee
2003  Member, HIPAA compliance committee, Department of Health Research and Policy
2003  Member, Faculty search committee, Center for Primary Care and Outcomes Research and Center for Health Policy
2003-2007  Member, Courses and Curriculum Committee, School of Medicine
2005-2007  Member, Committee on Medical Student Scholarship
2007-2008  Chair, Courses and Curriculum Committee, School of Medicine
2007-present  Chair, Committee on Medical Student Scholarship, School of Medicine
2010-present  Member, Bing Overseas Studies Program Oversight Committee, Stanford University
2012-present  Member, Committee on Curriculum and Academic Policy, School of Medicine
2012-2013  Member, PCOR faculty search committee
2012-2013  Member, General medical disciplines faculty search committee
2012-2014  Member, Appointments and Promotions Committee, School of Medicine
2013-present  Member, Committee on Faculty Staff Human Resources, Stanford University
2014  Chair, Bing Overseas Studies Program, Madrid Center Review Committee
2014-present  Member, Executive Committee, Human Biology Program, Stanford University

Other Public and Professional Service

1996-2001  Freshman advisor, Stanford University
1997-1999  Member, Health Economics Committee, Medical Care Section, American Public Health Association
1997-1999  Member, Health Economics Annual Meeting Program Committee
1998-present Member, Editorial Board, Health Services Research
1999 Special Member, AHCPR Health Services Research Study Section
1999-2000 Member, State of California Universal Health Care Technical Assessment Committee (charged with overseeing studies of the effect of health reforms on health care in California)
1999-present Advisory Committee Member, Center on the Demography and Economics of Health and Aging, Stanford University
2001-2003 Member, State of California Universal Health Care Technical Assessment Committee (charged with overseeing studies of the effect of health reforms on health care in California)
2002 Invited Contributor, Economic Report of the President
2002-2003 Member, Local Organizing Committee, International Health Economics Association 2003 Annual Meeting
2002-2004 Member, AcademyHealth Alice S. Hersh New Investigator Award Selection Committee
2002-2004 Advisor, RWJF Scholars in Health Policy Research Program, UC Berkeley
2002-present Member, Editorial Board, Medical Care Research and Review
2003 Organizer and Chair, NBER Health Care Program Fall meeting
2003-2004 Member, Planning Executive Committee and Planning Committee, AcademyHealth 2004 Annual Research Meeting
2003-2004 Proposal Reviewer, Office of Technology Licensing, Stanford University
2003-2007 Co-founder and Co-organizer, Annual Bay Area Health Care Quality and Outcomes Research Conference (with Hal Luft, UCSF; and Tom Rundall, UC Berkeley)
2004-2006 Member, Advisory Board, Health Economics, Policy, and Law (new Journal)
2004-2008 Member, Advisory Board for NIH funded project “Advanced Neuroimaging: Ethical, Legal and Social Issues” (Principal Investigator Judy Illes)
2005 Chair, Panel Selection Committee, AcademyHealth 2005 Annual Research Meeting
2005 Member, Planning Committee, AcademyHealth Annual Health Policy Conference
2005-2007 Guest Editor, special issue of Medical Care Research and Review on Markets and Managed Care
2005-2008 Member, Scholarship Oversight Committee for Pediatrics Fellow Henry Lee
2006-2008 Member, Editorial Board, Health Economics, Policy, and Law
2006 Special Member, NIH HSOD Study Section
2007-present Member, Research Award Selection Committee, National Institute for Health Care Management (chair 2009-present)
2007-2015 Senior Associate Editor, Health Services Research
2008-2011 Member, AcademyHealth board nominating committee
2008-2009 Member, Planning committee, and Abstract Reviewer, AcademyHealth Annual Research Meeting
2009-present Member, Board of Directors, American Society of Health Economists (ASHEcon)
2010 Abstract Reviewer, AcademyHealth Annual Research Meeting
2010 Member, CMS Geographic Variation Special Study Technical Expert Panel
2010-2011 Annual Meeting Chair, AcademyHealth 2011 Annual Research Meeting
2010-2016 Member, Board of Directors, International Health Economics Association
2012 Reviewer for IOM report on the California Institute for Regenerative Medicine
2012-present Member, Board of Directors, AcademyHealth
2013-2015 Member, Alice Hersh Award selection committee, AcademyHealth
2013 Member, host committee, ASHE annual meeting
2013-2016 Member, National Advisory Council, Robert Wood Johnson Foundation Scholars in Health Policy Research Program
2015 Chair, AHRQ Review Committee, Comparative Health System Performance in Accelerating PCOR dissemination RFA

August 2017
HONORS AND AWARDS

Individual Career Awards

2000
Alice S. Hersh Young Investigator Award, AcademyHealth
(recognizes one individual per year for excellence in Health Services Research, among individuals within 6 years of entering the field)

2008
ASHE Medal, American Society of Health Economists. (“awarded biannually to the economist age 40 or under who has made the most significant contributions to the field of health economics.”)

Other Honors and Awards

1990-1993
International Finance Section Fellowship, Department of Economics, Princeton University
1997
National Institute for Health Care Management Research Award
(recognizes one article per year; this award for “The Effect of HMOs on Fee-For-Service Health Care Expenditures: Evidence from Medicare”)
1999
National Institute for Health Care Management Research Award
(recognizes one article per year; this award for “Managed care, Consolidation Among Health Care Providers, and Health Care: Evidence From Mammography”)
1998-2003
Letter of Excellence in Education for HRP 205, “Introduction to Health Care Systems and Health Policy,” Stanford University School of Medicine
1999
Henry J. Kaiser Award for Excellence in Preclinical Teaching, Stanford University School of Medicine
2000
Most Outstanding Abstract, Academy for Health Services Research and Health Policy Annual Meeting
(recognized about 6 best from all submitted abstracts, this for “Is it health plans of providers that influence the quality of care?”)
2001
Most Outstanding Abstract, Academy for Health Services Research and Health Policy Annual Meeting
(recognized 3 best abstracts from all submitted abstracts (about 500), this for “Managed Care, Technology Adoption, and Health Care: The Adoption of Neonatal Intensive Care”)
2001
Advisor of Merit, Stanford University Undergraduate Advising Program
2006
Henry J. Kaiser Award for Excellence in Preclinical Teaching, Stanford University School of Medicine
2007
Most Outstanding Abstract, AcademyHealth Annual Meeting
(recognized 28 best abstracts from all submitted abstracts, this for “Hospital Safety Culture: Relationship to Organizational Characteristics”)
2007
2009
Best Paper for the Health Care Management Division and Best Paper Proceedings, Academy of Management Annual Meeting (for Singer, Rosen, Gaba, Meterko, Baker, and Hartmann “Identifying Organizational Cultures that Promote Patient Safety”)

August 2017
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44. Wagner TH, **Baker LC**, Bundorf MK, Singer SJ. Use of the Internet For Health Information By the Chronically Ill. *Preventing Chronic Disease* 1:4 (October 2004). PMID: 15670445

46. Bermudez DM, **Baker LC**. The Relationship Between SCHIP Enrollment and Hospitalizations for Ambulatory Care Sensitive Conditions in California. *Journal of Health Care for the Poor and Underserved* 16:1 (February 2005) 96-110. PMID: 15741712


50. Haberer JE, Garrett B, **Baker LC**. Does Medicaid Managed Care Affect Access to Care for the Uninsured. *Health Affairs* 24:4 (July/August 2005) 1095-1105. PMID: 16012150


64. Alexander JA, Weiner BJ, Shortell SM, Baker LC. Does Quality Improvement Implementation Affect Hospital Quality of Care? Hospital Topics 85:2 (Spring 2007) 3-12. PMID: 17650463


104. **Baker LC**, Bundorf MK, Kessler DP. Patients’ Preferences Explain a Small but Significant Share of Regional Variation in Medicare Spending. *Health Affairs* 33:6 (June 1, 2014) 957-963. PMID 24889944.


117. Sun E, **Baker LC**. Concentration In Orthopedic Markets Was Associated With A 7 Percent Increase In Physician Fees For Total Knee Replacements. *Health Affairs* 34:6 (June 1 2015) 916-921. PMID: 26056195


121. Austin DR, **Baker LC**. Less Physician Practice Competition is Associated with Higher Prices Paid for Common Procedures. *Health Affairs* 34:10 (October 1, 2015) 1753-1760. PMID: 26438753.


Non-peer-reviewed articles


Disseminated Working Papers


Book Chapters:


Book Reviews:


Abstracts:


Other Disseminated Research and Reports:


EXHIBIT B
Overview:

In August 2017, Survey Sampling International – on behalf of 1-800 CONTACTS – conducted an online survey of 500 U.S. adult contact lens consumers. The primary purpose of this study was to gauge consumer reaction to the FTC’s proposed amendment to the Contact Lens Rule requiring that eye care providers (“prescribers”) ask patients to review and sign a short form to acknowledge receipt of their contact lens prescription. The survey also measures the value consumers place on receiving a copy of their prescription and the factors they consider when choosing a contact lens seller.

The survey provides a direct measure of the time it takes consumers to read the proposed acknowledgment form and tests whether they understand what they have read. The survey establishes that consumers quickly read and understand the meaning of the proposed acknowledgment and few have any questions after reading the form. The survey also shows that the vast majority of consumers are interested in receiving a copy of their prescription to use to purchase lenses from the seller of their choice or to make comparison shopping easier.

Key Findings:

1. Consumers read the proposed acknowledgment in an average of 12 seconds, and consumer comprehension of the meaning of the statement is near-universal.

1 The proposed amendment to the Contact Lens Rule would require that prescribers present patients with an acknowledgment form for signature that would state: “My eye care professional provided me with a copy of my contact lens prescription at the completion of my contact lens fitting. I understand that I am free to purchase contact lenses from the seller of my choice.”
a. Respondents were asked to read the proposed acknowledgment on their screen and click to continue when finished. The survey measured the amount of time it took respondents to move from the proposed acknowledgment screen to the “next” button. It took an average of 12 seconds for respondents to read the proposed acknowledgment, with a median time of 10 seconds; 90% of respondents read the statement in 20 seconds or less.

b. Immediately after being presented with the proposed acknowledgment, respondents were asked to identify the purpose of the statement. Nearly all respondents (90%) correctly identified the purpose of the statement.

2. The proposed acknowledgment is clear and self-explanatory. Very few consumers would have questions about its meaning. The survey asked respondents if they would need to ask any questions about the meaning of the statement before signing the form. Nearly all respondents (94%) reported that they would not have any questions.

3. Consumers are far more likely to pay attention to a notice of their rights that is presented to them for signature than a posted sign. 74% of respondents reported that they are more likely to pay attention to a document presented directly to them, while only 5% reported that they are more likely to pay attention to a posted sign.

4. The vast majority of consumers are interested in receiving a copy of their contact lens prescription.

   a. 85% of respondents were interested or extremely interested in receiving a copy of their prescription to use if they want to purchase lenses from someone other than their current prescriber.

   b. 73% of respondents were interested or extremely interested in receiving a copy of their prescription to more easily comparison shop among sellers.
c. 71% of respondents were interested or extremely interested in receiving a copy of their prescription to provide to a preferred retailer to make ordering easier.

d. Only one respondent out of 500 sampled indicated s/he was not interested in receiving a copy of the prescription for any reason.

5. Consumers value price, selection, reputation and service in choosing a contact lens seller.

a. 63% of respondents reported that “getting the best price” was “extremely important” when deciding where to purchase lenses.

b. 47% of respondents reported that “convenience or speed of ordering my lenses” was “extremely important”; 46% reported that “getting my lenses quickly” is “extremely important.”

6. Many consumers stretch their lenses to save money. 56% of respondents reported that they wear lenses longer than the manufacturer’s recommendation. The most common reason for stretching (59% of consumers who stretch) is “to save money.”

**Survey Design:**

The survey was independently administered by Survey Sampling International and was conducted among U.S. adult contact lens wearers who purchased soft contact lenses for personal use in the past 6 months. The sample was fielded between August 3–8, 2017 and was representative of the overall market makeup by location of last retail purchase and by gender and modality. Sample size of 500 respondents yielded a confidence level of 95%.
Overview

Objectives

• Understand how contact lens consumers would use a copy of their prescription
• Analyze the following regarding the proposed FTC acknowledgment:
  — Length of time to read FTC statement
  — Degree of understanding of FTC statement
  — Whether patients pay more attention to a particular notification method

Methodology

• Independently administered online study conducted among U.S. adult contact lens wearers who purchased soft contact lenses for personal use in past 6 months
• Data collected August 3-8, 2017
  — Sample size of 500 respondents yielded confidence level of 95%
• Representative of overall market makeup by location of last retail purchase type:
  — Independent Eye Care Professional = 40%
  — Discount Retailer = 25%
  — Optical Chain Retailer = 19%
  — Online Retailer = 16%
Sample demographics

Gender

- Male: 44%
- Female: 56%

U.S. Geographic Region

- Northeast: 26%
- Midwest: 21%
- South: 33%
- West: 20%

Age

- 18-24: 13%
- 25-29: 14%
- 30-34: 18%
- 35-39: 12%
- 40-44: 11%
- 45-49: 9%
- 50-59: 13%
- 60 or older: 11%

Contact Lens Modality

- Dailies/one day: 2%
- 1-2 week: 24%
- Monthlies/one month: 43%
- Frequent replacement (2-3 months): 4%
- Conventional/non-disposable (6 months or longer): 26%
Value is a key driver of purchase location

63% of consumers believe “getting the best price” is extremely important

Factors identified as “extremely important” when considering where to purchase contact lenses

(% of total respondents)

- Getting the best price: 63%
- Making sure my prescribed brand is available: 60%
- Seller has a good reputation: 49%
- Good customer service: 47%
- Convenience or speed of ordering my lenses: 47%
- Getting my lenses quickly: 46%
- Seller is my eye doctor: 19%

Q3. How important are the following factors to you when considering where to purchase contact lenses? Response options were a 5-point importance scale (1=“Not at all important,” 5=“Extremely important”). Total Respondents, n=500
56% of consumers wear lenses longer than recommended

The most common reason for stretching lenses is to save money

Q4. Do you ever wear your lenses longer than the manufacturer’s recommended duration (e.g., wearing a 2-week lens for 3 weeks)? (Total Respondents, n=500)

Q5. Which of the following are reasons why you might wear your lenses longer than recommended? (Non-compliant respondents, n=282)
85% are interested in a copy of their Rx so they can have the freedom to choose where to buy lenses

Consumers are also highly interested in Rx to keep for their records (77%), to know if their Rx has changed (75%), so that they can comparison shop (73%), and to make it easier for a retailer to keep Rx on file (71%)

Q10. How interested would you be in having a copy of your prescription for the following reasons? Response options were a 5-point interest scale (1=“Not at all interested,” 5=“Extremely interested”) Total Respondents, n=500

Note: Only one respondent out of total sample of 500 (0.2%) selected “Not interested at all” for all reasons.
It takes consumers an average of 12 seconds to read the proposed FTC prescription acknowledgment.

90% of consumers read the statement in 20 seconds or less.

**Time to read statement page:**

“My eye care professional provided me with a copy of my contact lens prescription at the completion of my contact lens fitting. I understand that I am free to purchase contact lenses from the seller of my choice.”
90% of consumers initially understand the purpose of the proposed acknowledgment

Only 4% of consumers have a question or comment about the statement

**What is the main purpose of the statement?** (% of total respondents)

- To acknowledge that I received a copy of my contact lens prescription and understand that I can purchase lenses from someone other than my eye doctor if I wish to do so: 90%
- To tell me that my contact lenses are ready for pickup: 3%
- To make me aware that there are health risks associated with contact lens wear: 4%
- To agree to substitute a private label contact lens if my preferred brand is not in stock: 1%
- I don't know: 1%
- None of the above: 2%

**Do consumers have any questions or comments about the meaning of the statement?** (% of total respondents)

- Yes: 4%
- No: 94%
- I don't know/don't remember: 4%

Q12. Which of the following describes the main purpose of the statement you just read? (Total respondents, n = 500)

Q13. Would you need to ask any questions about the meaning of the statement (see below) before signing the form? (Total Respondents, n=500)

Q14. What questions do you have about the meaning of this statement? (Total Respondents, n=128; 106 selected “I do not have any questions about the meaning of the statement”)
Three out of four consumers would be more likely to pay attention to an acknowledgment form than a posted sign.

Only 5% would be more likely to pay attention to a posted sign.

**Format of acknowledgment consumers would most likely pay attention to**

(% of total respondents)

- I would be more likely to pay attention to a document that I am given and asked to sign: 74%
- I would be about as likely to pay attention to a posted sign as a document that I am given and asked to sign: 22%
- I would be more likely to pay attention to a posted sign: 5%

Q15. Which type of notice would you be more likely to pay attention to? (Total Respondents, n=500)
1-800 CONTACTS
US Adult Contact Lens Wearers
n=500
Survey conducted over the internet
Fielded: Aug 03, 2017 – August 08, 2017

Question S1
Are you…

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>44%</td>
</tr>
<tr>
<td>Female</td>
<td>56%</td>
</tr>
</tbody>
</table>

Question S2
What is your age?

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 18</td>
<td>Terminate</td>
</tr>
<tr>
<td>18-24</td>
<td>13%</td>
</tr>
<tr>
<td>25-29</td>
<td>14%</td>
</tr>
<tr>
<td>30-34</td>
<td>18%</td>
</tr>
<tr>
<td>35-39</td>
<td>12%</td>
</tr>
<tr>
<td>40-44</td>
<td>11%</td>
</tr>
<tr>
<td>45-49</td>
<td>9%</td>
</tr>
<tr>
<td>50-59</td>
<td>13%</td>
</tr>
<tr>
<td>60+</td>
<td>11%</td>
</tr>
</tbody>
</table>

Question S3
Do you or anyone else in your household work for any of the following types of businesses?

<table>
<thead>
<tr>
<th>Business Type</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing research</td>
<td>Terminate</td>
</tr>
<tr>
<td>Advertising or public relations</td>
<td>Terminate</td>
</tr>
<tr>
<td>An eyewear manufacturer, distributor or retailer</td>
<td>Terminate</td>
</tr>
<tr>
<td>A financial institution such as a bank, brokerage house or insurance company</td>
<td>2%</td>
</tr>
<tr>
<td>A telephone or telecommunications firm</td>
<td>0%</td>
</tr>
<tr>
<td>An automobile manufacturer or dealership</td>
<td>1%</td>
</tr>
</tbody>
</table>
An optometrist or ophthalmologist
None of the above 97%

Question S4
In which state do you currently reside?

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northeast</td>
<td>21%</td>
</tr>
<tr>
<td>Midwest</td>
<td>20%</td>
</tr>
<tr>
<td>South</td>
<td>33%</td>
</tr>
<tr>
<td>West</td>
<td>26%</td>
</tr>
</tbody>
</table>

Question S5
Which, if any of the following products do you regularly use? Check all that apply

<table>
<thead>
<tr>
<th>Product</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soft contact lenses</td>
<td>97%</td>
</tr>
<tr>
<td>Prescription eyeglasses</td>
<td>80%</td>
</tr>
<tr>
<td>Prescription Sunglasses</td>
<td>23%</td>
</tr>
<tr>
<td>Readers</td>
<td>16%</td>
</tr>
<tr>
<td>Non-prescription Sunglasses</td>
<td>42%</td>
</tr>
<tr>
<td>Hard contacts / gas permeable contacts</td>
<td>6%</td>
</tr>
<tr>
<td>None of the above</td>
<td>3%</td>
</tr>
</tbody>
</table>

Question S6
n = 487
Which, if any have you purchased for your own use in the past six months? Check all that apply

<table>
<thead>
<tr>
<th>Product</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soft contact lenses</td>
<td>100%</td>
</tr>
<tr>
<td>Prescription eyeglasses</td>
<td>44%</td>
</tr>
<tr>
<td>Prescription Sunglasses</td>
<td>13%</td>
</tr>
<tr>
<td>Readers</td>
<td>9%</td>
</tr>
<tr>
<td>Non-prescription Sunglasses</td>
<td>23%</td>
</tr>
<tr>
<td>Hard contacts / gas permeable contacts</td>
<td>4%</td>
</tr>
</tbody>
</table>
None of the above 0%

Question S7
Which of the following best describes where you last purchased contact lenses for your personal use?

<table>
<thead>
<tr>
<th>Option</th>
<th>Total (Quota n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>An eye doctor such as an ophthalmologist or optometrist</td>
<td>40% (200)</td>
</tr>
<tr>
<td>A discount retailer such as Walmart or Target or wholesale club such as Sam’s or Costco</td>
<td>25% (125)</td>
</tr>
<tr>
<td>An internet, online or mail order retailer such as 1-800 CONTACTS</td>
<td>16% (80)</td>
</tr>
<tr>
<td>An optical retail chain such as LensCrafters or Pearle Vision</td>
<td>19% (95)</td>
</tr>
<tr>
<td>Somewhere else</td>
<td>Terminate</td>
</tr>
<tr>
<td>I don’t know / I don’t recall</td>
<td>Terminate</td>
</tr>
</tbody>
</table>

**Introduction:** For the first set of questions for this survey, we are interested in knowing some things about your general contact lens use.

Question 1
What type of contact lenses do you wear?

<table>
<thead>
<tr>
<th>Type of Lenses</th>
<th>Total (Quota n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dailies/one day</td>
<td>24%</td>
</tr>
<tr>
<td>1-2 week</td>
<td>26%</td>
</tr>
<tr>
<td>Monthly/one month</td>
<td>43%</td>
</tr>
<tr>
<td>Frequent replacement/2-3 months</td>
<td>4%</td>
</tr>
<tr>
<td>Conventional/non-disposable/6 months or longer</td>
<td>2%</td>
</tr>
</tbody>
</table>

Question 2
Select all of the places where you have purchased contact lenses for personal use over the last 3 years. (Check all that apply.)

<table>
<thead>
<tr>
<th>Place</th>
<th>Total (Quota n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>An eye doctor such as an ophthalmologist or optometrist</td>
<td>40% (200)</td>
</tr>
<tr>
<td>A discount retailer such as Walmart or Target or wholesale club such as Sam’s or Costco</td>
<td>25% (125)</td>
</tr>
<tr>
<td>An internet, online or mail order retailer such as 1-800 CONTACTS</td>
<td>16% (80)</td>
</tr>
<tr>
<td>An optical retail chain such as LensCrafters or Pearle Vision</td>
<td>19% (95)</td>
</tr>
<tr>
<td>Somewhere else</td>
<td>Terminate</td>
</tr>
<tr>
<td>I don’t know / I don’t recall</td>
<td>Terminate</td>
</tr>
</tbody>
</table>
An eye doctor such as an ophthalmologist or optometrist 54%
A discount retailer such as Walmart or Target or wholesale club such as Sam’s or Costco 37%
An internet, online or mail order retailer such as 1-800 CONTACTS 33%
An optical retail chain such as LensCrafters or Pearle Vision 28%
Somewhere else 2%

Question 3 (Top box summaries)
How important are the following factors to you when considering where to purchase contact lenses?

[5 point scale from “Not at all important” to “Extremely important”]

Total

Getting the best price 63%
Making sure my prescribed brand is available 60%
Seller has a good reputation 49%
Good customer service 47%
Seller is my eye doctor 19%
Getting my lenses quickly 46%
Convenience or speed of ordering my lenses 47%
Other 40%

Question 4
Do you ever wear your lenses longer than the manufacturer’s recommended duration (e.g., wearing a 2 week lens for 3 weeks)?

Total

Yes 56%
No 42%
I don’t know/don’t recall 2%

Question 5
If Q4=yes
n=282
Which of the following are reasons why you might wear your lenses longer than recommended?

Total
To save money 59%
I am low on lenses/ran out of lenses 43%
To save time 19%
I sometimes forget when I last replaced my lenses 51%
It's inconvenient to order more lenses 12%
Other [specify] 6%
None of the above 2%

For the next set of questions, we are interested in knowing some things about your eye exam experiences.

**Question 6**
Approximately how often do you have an eye exam?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than once every 6 months</td>
<td>4%</td>
</tr>
<tr>
<td>Once every 6 months to one year</td>
<td>18%</td>
</tr>
<tr>
<td>About once every year</td>
<td>55%</td>
</tr>
<tr>
<td>Once every year to 1 1/2 years</td>
<td>10%</td>
</tr>
<tr>
<td>Once every 1 1/2 to 2 years</td>
<td>6%</td>
</tr>
<tr>
<td>About once every 2 years</td>
<td>5%</td>
</tr>
<tr>
<td>Once every 2 to 3 years</td>
<td>2%</td>
</tr>
<tr>
<td>Less than once every 3 years</td>
<td>1%</td>
</tr>
</tbody>
</table>

**Question 7**
Approximately how long ago was your last eye exam?

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one month ago</td>
<td>8%</td>
</tr>
<tr>
<td>Between 1 and 3 months ago</td>
<td>22%</td>
</tr>
<tr>
<td>Between 3 and 6 months ago</td>
<td>27%</td>
</tr>
<tr>
<td>Between 6 months and 1 year ago</td>
<td>33%</td>
</tr>
<tr>
<td>Between 1 and 2 years ago</td>
<td>8%</td>
</tr>
<tr>
<td>Between 2 and 3 years ago</td>
<td>1%</td>
</tr>
<tr>
<td>3 or more years ago</td>
<td>0%</td>
</tr>
</tbody>
</table>
Question 8
Where did you go for your last eye exam? (Select the best option.)

<table>
<thead>
<tr>
<th>Option</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>An independent eye doctor's office</td>
<td>40%</td>
</tr>
<tr>
<td>The eye department of a multidisciplinary medical clinic or group eye care practice (optometrist or ophthalmologist)</td>
<td>12%</td>
</tr>
<tr>
<td>A local optical retailer that offers eye exams</td>
<td>9%</td>
</tr>
<tr>
<td>A national optical retailer that offers eye exams (like LensCrafters, Pearle Vision or America's Best)</td>
<td>20%</td>
</tr>
<tr>
<td>A large retailer that has an optical department (like Walmart, Costco, or Target)</td>
<td>19%</td>
</tr>
</tbody>
</table>

Question 9
Thinking about the last place where you had an eye exam, how long have you been visiting this place for your eye exam?

<table>
<thead>
<tr>
<th>Duration</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>That visit was the first time I had gone there</td>
<td>14%</td>
</tr>
<tr>
<td>1 year or less</td>
<td>13%</td>
</tr>
<tr>
<td>Between 1 and 2 years</td>
<td>20%</td>
</tr>
<tr>
<td>Between 2 and 5 years</td>
<td>27%</td>
</tr>
<tr>
<td>5 years or more</td>
<td>27%</td>
</tr>
</tbody>
</table>

The next few questions are hypothetical regarding some possible scenarios of what may occur when you have an eye exam.

Question 10_1
How interested would you be in having a copy of your prescription for the following reasons?

TO KEEP FOR MY RECORDS

<table>
<thead>
<tr>
<th>Interest Level</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(5) - Extremely Interested</td>
<td>46%</td>
</tr>
<tr>
<td>(4) - 4</td>
<td>31%</td>
</tr>
<tr>
<td>(3) - 3</td>
<td>16%</td>
</tr>
<tr>
<td>(2) - 2</td>
<td>4%</td>
</tr>
</tbody>
</table>
### Question 10_2
How interested would you be in having a copy of your prescription for the following reasons?

**TO KNOW IF MY CONTACT LENS PRESCRIPTION HAS CHANGED**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Interest Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Extremely Interested 41%</td>
</tr>
<tr>
<td>4</td>
<td>34%</td>
</tr>
<tr>
<td>3</td>
<td>17%</td>
</tr>
<tr>
<td>2</td>
<td>4%</td>
</tr>
<tr>
<td>1</td>
<td>Not at All Interested 4%</td>
</tr>
</tbody>
</table>

### Question 10_3
How interested would you be in having a copy of your prescription for the following reasons?

**TO UNDERSTAND THE INFORMATION REGARDING MY CONTACT LENSES**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Interest Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Extremely Interested 34%</td>
</tr>
<tr>
<td>4</td>
<td>32%</td>
</tr>
<tr>
<td>3</td>
<td>25%</td>
</tr>
<tr>
<td>2</td>
<td>5%</td>
</tr>
<tr>
<td>1</td>
<td>Not at All Interested 4%</td>
</tr>
</tbody>
</table>

### Question 10_4
How interested would you be in having a copy of your prescription for the following reasons?

**TO USE IF I WANT TO BUY MY LENSES FROM SOMEWHERE OTHER THAN MY CURRENT EYE DOCTOR**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Interest Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Extremely Interested 56%</td>
</tr>
<tr>
<td>4</td>
<td>29%</td>
</tr>
<tr>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td>2</td>
<td>3%</td>
</tr>
<tr>
<td>1</td>
<td>Not at All Interested 1%</td>
</tr>
</tbody>
</table>
Question 10_5
How interested would you be in having a copy of your prescription for the following reasons?

**TO GIVE IT TO A PREFERRED CONTACT LENS RETAILER TO KEEP ON FILE TO MAKE ORDERING EASIER.**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Extremely Interested</td>
<td>41%</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>30%</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>21%</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>4%</td>
</tr>
<tr>
<td>1</td>
<td>Not at All Interested</td>
<td>3%</td>
</tr>
</tbody>
</table>

Question 10_6
How interested would you be in having a copy of your prescription for the following reasons?

**TO BRING TO ANOTHER EYE DOCTOR IF I WANTED TO SWITCH PROVIDERS**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Extremely Interested</td>
<td>34%</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>27%</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>24%</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>8%</td>
</tr>
<tr>
<td>1</td>
<td>Not at All Interested</td>
<td>7%</td>
</tr>
</tbody>
</table>

Question 10_7
How interested would you be in having a copy of your prescription for the following reasons?

**TO HAVE SO I CAN MORE EASILY COMPARISON SHOP AMONG SELLERS**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Extremely Interested</td>
<td>42%</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>31%</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>20%</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>5%</td>
</tr>
<tr>
<td>1</td>
<td>Not at All Interested</td>
<td>3%</td>
</tr>
</tbody>
</table>
Question 10_8
How interested would you be in having a copy of your prescription for the following reasons?

TO KNOW WHEN I NEED TO GO BACK TO THE EYE DOCTOR FOR MY NEXT EYE EXAM

(5) - Extremely Interested 28%
(4) - 4 27%
(3) - 3 26%
(2) - 2 10%
(1) - Not at All Interested 8%

Question 10_9
How interested would you be in having a copy of your prescription for the following reasons?

OTHER

(5) - Extremely Interested 100%
(4) - 4 -
(3) - 3 -
(2) - 2 -
(1) - Not at All Interested -

For the next set of questions, you will be shown a statement and asked questions about how you would respond if presented with that statement during a visit to your eye care provider.

Question 11
My eye care professional provided me with a copy of my contact lens prescription at the completion of my contact lens fitting. I understand that I am free to purchase contact lenses from the seller of my choice.

Mean time to read statement = 12 Seconds
Median time to read statement = 11 Seconds

Question 12
Which of the following describes the main purpose of the statement you just read?

(selection frequency)

Total
To acknowledge that I received a copy of my contact lens prescription and understand that I can purchase lenses from someone other than my eye doctor if I wish to do so 90%
To tell me that my contact lenses are ready for pickup 3%
To make me aware that there are health risks associated with contact lens wear 4%
To agree to substitute a private label contact lens if my preferred brand is not in stock 1%
I don’t know 1%
None of the above 1%

Question 13
Would you need to ask any questions about the meaning of the statement (see below) before signing the form?

Total

Yes 25%
No 73%
I don’t know 2%

Question 14
n=128
What questions do you have about the meaning of this statement?

[Open-ended anchored response]

Total

I do not have any questions about the meaning of the statement 84%

Question 15
Which type of notice would you be more likely to pay attention to?

Total

I would be more likely to pay attention to a document that I am given and asked to sign 74%
I would be about as likely to pay attention to a posted sign as a document that I am given and asked to sign 22%
I would be more likely to pay attention to a posted sign 5%
Transition: Finally, just a few more questions for classification purposes only.

Question D1
What is the last grade of school you completed? (CHECK ONE ANSWER.)

<table>
<thead>
<tr>
<th>Grade of School</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than high school degree</td>
<td>0%</td>
</tr>
<tr>
<td>High school graduate</td>
<td>8%</td>
</tr>
<tr>
<td>Some college</td>
<td>18%</td>
</tr>
<tr>
<td>Completed 2-year college</td>
<td>11%</td>
</tr>
<tr>
<td>Completed 4-year college</td>
<td>40%</td>
</tr>
<tr>
<td>Some post-graduate</td>
<td>4%</td>
</tr>
<tr>
<td>Post-graduate degree</td>
<td>18%</td>
</tr>
<tr>
<td>Other technical school beyond high school</td>
<td>2%</td>
</tr>
</tbody>
</table>

Question D2
Which of the following best describes you? (CHECK ONE ANSWER.)

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work full-time (more than 30 hours per week)</td>
<td>60%</td>
</tr>
<tr>
<td>Work part-time (30 hours or less per week)</td>
<td>13%</td>
</tr>
<tr>
<td>Homemaker</td>
<td>8%</td>
</tr>
<tr>
<td>Full-time student</td>
<td>7%</td>
</tr>
<tr>
<td>Part-time student</td>
<td>1%</td>
</tr>
<tr>
<td>Retired</td>
<td>6%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>5%</td>
</tr>
<tr>
<td>Prefer not to answer</td>
<td>0%</td>
</tr>
</tbody>
</table>

Question D3
Are you of Hispanic origin or descent? (CHECK ONE ANSWER.)

<table>
<thead>
<tr>
<th>Hispanic Origin or Descent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>8%</td>
</tr>
<tr>
<td>No</td>
<td>7%</td>
</tr>
<tr>
<td>Not sure</td>
<td>1%</td>
</tr>
<tr>
<td>No response</td>
<td>6%</td>
</tr>
<tr>
<td>Prefer not to answer</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>11%</td>
</tr>
</tbody>
</table>
No 88%
Yes 12%
Prefer not to answer 0%

Question D4
Do you consider yourself… (CHECK ONE ANSWER.)

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>African-American</td>
<td>7%</td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
<td>11%</td>
</tr>
<tr>
<td>Caucasian</td>
<td>77%</td>
</tr>
<tr>
<td>Native American</td>
<td>2%</td>
</tr>
<tr>
<td>Mixed ethnic background (Specify)</td>
<td>1%</td>
</tr>
<tr>
<td>Other (Specify)</td>
<td>1%</td>
</tr>
<tr>
<td>Prefer not to answer</td>
<td>2%</td>
</tr>
</tbody>
</table>
Figure 1
Potential Savings with Verification Reductions


Note: The FTC offset value of $10,844,495 is the FTC's annual estimated labor cost of maintaining records of the proposed acknowledgement, updated for 2016 wage increases. The FTC cost estimate of $10,475,495 uses the 2015 BLS wage for office clerk, general of $15.33. The 2016 BLS wage for office clerk, general is $15.87, which is a 3.5225% increase. Therefore the 2016 wage labor cost is 10,475,495 * 1.035225 = $10,844,494. BLS 2016 optometrist wage of $56.53 is used.
## Table 1
Description of Break-even Calculation Assuming Optometrist Performs Verification

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>[I] 0.50</td>
<td>Average supply of an online order (years)</td>
</tr>
<tr>
<td>[K] 21,310,160</td>
<td>Number of verifications per year</td>
</tr>
<tr>
<td>[L] 4.7108</td>
<td>Cost per verification for prescribers ($)</td>
</tr>
<tr>
<td>[M] 1.0580</td>
<td>Incremental cost per verification for sellers ($)(^{[2]})</td>
</tr>
<tr>
<td>[N] 5.7688</td>
<td>Total incremental cost per verification ($)</td>
</tr>
<tr>
<td>[O] 1,879,842</td>
<td>Number of avoided verifications required to offset the FTC estimated cost of the Proposed Amendment</td>
</tr>
<tr>
<td>[P] 0.088</td>
<td>Avoided verifications as fraction of the number of verifications per year</td>
</tr>
</tbody>
</table>

**Note:**

\(^{[1]}\) FTC cost estimate of 10,475,495 uses the 2015 BLS wage for office clerk, general of $15.33. The 2016 BLS wage for office clerk, general is $15.87, which is a 3.5225% increase. This labor cost is calculated as (10,475,495 * 1.035225).

\(^{[2]}\) Assumes salary for seller staff is equivalent to office clerk, general.
### Table 2
Description of Alternate Break-even Calculation
Assuming Office Staff at Prescriber Performs Verification

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>[H] 0.50</td>
<td>Average supply of an online order (years)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Estimate</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>[J] 21,310,160</td>
<td>Number of verifications per year</td>
</tr>
<tr>
<td>[K] 1.3225</td>
<td>Cost per verification for prescribers ($)</td>
</tr>
<tr>
<td>[L] 1.0580</td>
<td>Incremental cost per verification for sellers ($)</td>
</tr>
<tr>
<td>[M] 2.3805</td>
<td>Total incremental cost per verification ($)</td>
</tr>
<tr>
<td>[N] 4,555,553</td>
<td>Number of avoided verifications required to offset the FTC estimated cost of the Proposed Amendment</td>
</tr>
<tr>
<td>[O] 0.214</td>
<td>Avoided verifications as fraction of the number of verifications per year</td>
</tr>
</tbody>
</table>

Note:
[1] FTC cost estimate of 10,475,495 uses the 2015 BLS wage for office clerk, general of $15.33. The 2016 BLS wage for office clerk, general is $15.87, which is a 3.5225% increase. This labor cost is calculated as (10,475,495 * 1.035225).
[2] Assumes salary for seller staff is equivalent to office clerk, general.