



February 12, 2024

The Honorable Jerome H. Powell
Chairman
Board of Governors
Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, D.C. 20551

RE: R-1818, RIN 7100-AG67

Dear Chairman Powell:

The American Optometric Association (AOA) welcomes the opportunity to provide feedback on *Debit Card Interchange Fees and Routing*. The AOA represents more than 49,000 doctors of optometry, optometric professionals, and optometry students. Doctors of optometry take a leading role in patient care with respect to eye health and vision care, as well as general health and wellbeing, throughout the entire life of the patient. As primary health care providers, doctors of optometry have extensive, ongoing training to examine, diagnose, treat, and manage ocular disorders, diseases, and injuries. Many are also small business owners who play a vital role in the healthcare and economy of the communities they serve. We have the following comments that we strongly encourage the Federal Reserve Board to consider.

The proposed rule would lower the cap on interchange fees that debit-card-issuing banks may charge a merchant's bank for processing debit card transactions. More specifically, the FRB is proposing to lower the cap's base component from 21 cents to 14.4 cents and the ad valorem component from 5.0 points to 4.0 points per transaction for large debit card issuers. While we commend the FRB for taking this highly necessary step, the AOA cautions that it doesn't go far enough toward adequately easing the burden of conducting business on health care practice owners. The AOA strongly recommends that the FRB extend this regulation to all debit card issuers and to partner with the AOA and other members of the health care community to identify ways to create viable exemptions for interchange fees within the healthcare sector. This is important for the following reasons.

First, the landscape of healthcare payments is changing, which has led to an increased demand for contact-less payment options in healthcare settings. Most patients now prefer online or mobile platforms for their healthcare transactions.¹ In the post-COVID-19 environment, these platforms have made the use of debit cards easier, safer, and more ubiquitous for such transactions. Specifically, recent research has shown that nearly 40% of consumers now prefer using a credit card for their healthcare transactions and nearly a third prefer using a debit card.² This is buttressed by the fact that the volume of patients with health savings accounts (which can be accessed via a debit card) is increasing.³

¹ <https://www.usbank.com/dam/documents/pdf/corporate-and-commercial-banking/2021-Healthcare-Payments-Insight-Report.pdf>

² <https://www.grandviewresearch.com/industry-analysis/healthcare-digital-payment-market-report#:~:text=For%20instance%2C%20in%20July%202022,preferred%20debit%20card%20payment%20methods.>

³ <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2768350>

Second, because merchants are prohibited from implementing surcharges on debit card transactions, practice owners are forced to absorb debit card interchange fees. This has implications that are particular to running a healthcare practice. Notably, the economic burden of running a practice is skyrocketing and optometry practices are not immune, especially those that are small businesses. Over 90% of doctor of optometry practices are categorized as small businesses.⁴ The overhead required to run a private practice has increased by 40% in the last two decades and by 12% since 2020, with rises in office rent, utilities, and office staff salaries due to inflation. 90% of medical practices reported that their costs rose faster in 2022 than revenues.^{5,6} Of additional concern is stagnant or decreasing reimbursement rates by Medicare and vision plan payers which puts an additional strain on practices across the country.⁷

Thank you for the opportunity to provide these comments. Please contact Kara Webb, at kcwebb@aoa.org with any questions.

Sincerely,

A handwritten signature in black ink that reads "Ron Benner O.D." in a cursive style.

Ronald Benner, OD
President, American Optometric Association

⁴ https://www.ferris.edu/optometry/pdfs-docs/2022_AOA_Income.pdf

⁵ <https://www.medicaleconomics.com/view/where-do-you-want-to-be-in-2023->

⁶ <https://www.aoa.org/AOA/Documents/Advocacy/HPI/Nationwide%20Pandemic%20Impact%20on%20Optometry%20Practices%20HPI%203rd%20Survey%20Report.pdf>

⁷ https://www.aoa.org/AOA/Documents/Advocacy/HPI/HPI_Stagnation_in_Vision_Plan_Fee_Schedules.pdf