



Health funds must be part of dental care solution

Private Healthcare Australia (PHA) has warned a universal dental scheme will cost taxpayers more than \$10 billion a year, and will grow rapidly. Currently we spend \$10.2 billion in Australia on essential dental services and there is still unmet need.

PHA is proposing a more affordable and accessible dental health system by recommending Federal Governments tender out Commonwealth dental health programs for low income earners, working together with the private sector to deliver affordable dental care.

“Health funds have a proven track record in delivering affordable and efficient dental care to Australians. Allowing health funds to tender as service providers would be much more cost effective, as they already have the infrastructure to deliver low cost oral healthcare in place,” said PHA CEO Dr Rachel David.

Health funds are the major funder of dental care in this country. Health funds pay out over \$2.7 billion per annum in dental benefits, which is more than Federal Government dental programs. One-in-two Australians claim for dental services through a health fund. A ‘Denticare’ scheme that threatens this contribution yet promises affordable dental care is not feasible.

PHA warns the only way to fund a universal dental scheme would be to introduce additional taxation and require individuals to fork out substantial co-payments. This would limit eligibility or cap the scope or fees of services available under the scheme.

“Traditionally, dental care has been a cottage industry, with large variability in costs for the same service. Approximately 85 percent of dentists’ work in the private sector in their main practice. Unlike medical treatments that are covered by Medicare, which have prescribed fees, dental care has no standard fees associated with the services provided by dental professionals. This can lead to a patient receiving different treatment plans from different dental professionals.

“PHA has submitted its alternate proposal to the Government and Opposition to improve the efficiency of public dental care programs, reduce costs and improve access to high quality dental care for all Australians. Extending the efficiencies of private funders of dental care to the public sector could deliver further savings to the government,” said Dr David.

Dr David said the lack of access to affordable dental care remains a major problem in Australia’s health system and that reform of the dental health sector should be the next major project for policy makers.

“Decision makers need to focus on access, quality, affordability and tackling waste in the dental industry. Australia’s health funds have the experience to deliver this.

“PHA is not proposing a new or radical concept. Increasingly, health funds are contracting with dentists and vertically integrating with dental practices, thereby consolidating and creating economies of scale. Health funds have also been able to negotiate harder for dental related equipment and products.

“By contracting dentists, health funds have been able to reduce uncertainty about out-of-pocket costs, and at the same time been able to provide preventive dental services, often with no gaps.

“In addition, the Australian Competition and Consumer Commission has noted, in its annual reports on PHI, that preferred provider arrangements can deliver benefits to health fund members, most commonly in the form of a greater rebate, when they choose to have treatment at one of their health fund’s preferred providers.

“When it comes to dental care, the evidence is clear. Preferred provider arrangements have cut the out-of-pocket costs and increased access to dental services, which has resulted in public benefits.

“Private Healthcare Australia is proposing that these efficiencies be extended to the public system, that private funders of dental care be able to compete to provide public programs. This is a sensible policy adjustment with a proven track record of success,” said Dr David.

ENDS

Notes to the Editor: Facts

- One in two Australians claim for dental services through a health fund.
- 52% of extras claims are for dental care.
- Health funds pay for more than 41.5 million dental services annually, which is \$2.6 billion per annum in dental benefits.
- Health funds pay more for dental services (\$2.6 billion) than Federal Government dental programs.
- 90 per cent of dental services provided to low and middle income earners get some level of reimbursement from a health fund and 60 per cent of dental treatments/services in hospitals are also funded by health funds.
- Government expenditure on dental services (by Federal and State Governments) represents only a small proportion of the total: \$2.4 billion including the PHI rebate for dental services (which is \$701 million).

Media Contact: Jen Eddy, 0439 240 755

About Private Healthcare Australia

Private Healthcare Australia is the peak representative body for Australia’s private health insurance industry. PHA represents 22 Australian health funds with a combined membership of 13 million Australians, or 97% of the sector on membership. Promoting the value of private health insurance to consumers in the Australian economy and keeping premiums affordable for our members is the number one priority of PHA members.