PO Box 520 St Leonards NSW 1590
14-16 Chandos Street St Leonards NSW 2065 Australia
Tel 02 9906 4412 Fax 02 9906 4676

AUSTRALIAN DENTAL ASSOCIATION

29 July 2016

Human Services Inquiry
Productivity Commission
Locked Bag 2, Collins Street East
Melbourne VIC 8003

Dear Commissioners,

Re: Human Services - Identifying sectors for reform

The Australian Dental Association (ADA) welcomes the opportunity to be involved in the Productivity Commission's Inquiry into Human Services (the Inquiry). As the peak national body representing dentistry in Australia, our members provide dental care in the public and private sector. The ADA is well placed to advise and work with the Commission on recommendations which support access to timely, affordable, high quality and appropriate human services.

The objective of the Inquiry, namely the development of policy which emphasises competition, contestability and user choice, is supported by the ADA. However, the nature of the health sector calls for a cautious implementation of competition principles. Competition principles are not always compatible with the best interests of patients; quality of care and safety of patients should be paramount.

The ADA is concerned that the pursuit of competitiveness is placing far too much emphasis on the cost of service delivery rather than looking at the safety and quality of the service being provided. Too great a focus on cost compromises quality of care, resulting in poorer long term health outcomes and additional costs long term. A false economy eventuates.

With this in mind, the ADA submits the following guiding principles for the application of competition in the health sector.

Competition in the health sector – guiding principles

When considering the competitive framework, the Inquiry should prioritise the:

1. Best interests of patients;
2. Clinical independence of the treating practitioner; and
3. Independence of the patient/practitioner relationship.

The ADA maintains that a competitive framework in the dental health sector should be underpinned by a commitment to:

a) the long term health interests of patients;
b) continuity of care for patients;
c) patients' independent choice of provider in seeking health care;
d) clinical independence of the treating health practitioner;
e) the retention of the structured professional relationship in the dental team;
f) a level playing field amongst health practitioners; and
g) avoiding monopolies and market concentration.

In addition, a competitive dental health care sector should also be supported by:

h) a funding model which provides certainty for public dental care;
i) the efficient delivery of public dental services, including the imposition of productivity measures;
j) transparency in the allocation of funding and the allocation of dental care contracts from the public to the private sector; and
k) neutrality in the pricing and delivery of commercial health services.

A more competitive dental health sector

The ADA submits that a more competitive framework within the dental health sector can be achieved through a cooperative approach between public and private sector dentists. This would enable patients to make a choice between private and public sector dentists in accessing dental care that is publicly funded.

Support for the ADA's view is evidenced by the success of programmes which enable patients to be treated by private dentists and/or public dentists. These programmes, which are good models for the Inquiry, include the Child Dental Benefits Schedule, the National Partnership Agreement on treating more public dental patients and dental schemes operating in Western Australia which subsidise dental care from private dentists. The principles of competition, contestability and user choice are applied and patients are able to access timely, affordable, high quality and appropriate dental care. A brief summary of these programmes follows

1) Child Dental Benefits Schedule

Since January 2014, the Child Dental Benefits Schedule (CDBS) has provided families in receipt of government payments including Family Tax Benefit A, a $1000 allowance per child every two years for basic dental services for children aged two to 17 years. Available for patients receiving care in the private and public dental sector, families receive financial assistance to enable their children to undergo a limited but reasonably comprehensive schedule of dental treatments.

The CDBS has had a significant impact on the oral health of Australia's children, providing in excess of 9.7

million dental services in its first two years of operation (January 2014-January 2016). While 80% of CDBS dental services delivered to children under this framework have been in the private sector, public sector dentists in Tasmania and South Australia have provided the bulk of the CDBS services in those states. The CDBS has provided dental care to many of the most disadvantaged children in Australia with 97% being bulk billed, meaning no out of pocket cost to families.

The CDBS represents an excellent model for both the funding and provision of dental care albeit with a restricted number of services. The CDBS provides timely, affordable, high quality and appropriate dental care through both public and private dental practitioners which enables competition among the public and private sector dentists and supports user choice. Had the CDBS confined services to the public sector, the lack of resources there would have resulted in substantial delay in delivery of services.

Child and Adult Public Dental Scheme

The CDBS remains in operation, though it has been marked for closure and replacement by the Child and Adult Public Dental Scheme (caPDS) by the Federal Government. The implementation of the caPDS represents a backward step for the provision of dental care to Australia's most disadvantaged. Not only will it result in an overall reduction of funding, transferring care to the already overcrowded public dental sector of the states and territories, it increases the likelihood that many people will face significant delays in receiving necessary dental treatments. While it has been suggested that caPDS will retain the capacity to refer patients to private dentists, this is not guaranteed and will be at the whim of state and territory governments. Patient choice will be removed, particularly impacting upon Australians in outer regional and remote areas who do not have easy access to a public dental clinic.

Some examples of towns that do not have a public dental clinic within a reasonable travelling distance are:

- Casterton (Victoria)
- Chinchilla and Moranbah (Queensland)
- Cleve, Wudinna, and Kingston (South Australia).

Providing populations in these areas with the ability to readily access the private sector will enhance both delivery and the overall effectiveness of the caPDS.

In an environment where the Federal Government is seeking to open up the public sector to the principles of competition, the policy underpinning the caPDS represents a closing off of competition, loss of contestability and the elimination of user choice.

2) National partnership agreements on treating more public dental patients

The National Partnership Agreements on treating more public dental patients (NPAs) between the Federal and State Governments have provided for the treatment of public dental patients in New South Wales, Queensland, Victoria and Western Australia by private sector dentists. The voucher schemes created enable public dental patients to access dental treatment from private dentists in a primary health care setting. The utilisation of private dentists and private infrastructure makes economic sense and has proven very

successful in reducing the number of patients on public dental waiting lists.

The voucher schemes represent an excellent model for the Inquiry. Co-operation between public and private sector dentists has enabled timely, affordable, high quality and appropriate dental care to be delivered which has supported user choice.

3) Western Australian Schemes which provide subsidised dental care

There are a number of schemes in Western Australia which provide financial assistance towards the cost of dental care for the financially disadvantaged who live in metropolitan and rural areas. These include the Metropolitan Patients' Dental Subsidy Scheme which provides assistance to public sector patients to access dental care from the private sector. These schemes are an illustration of a cooperative approach to dental care between the private and public sector and they are recommended to the Inquiry.

The ADA looks forward to continued involvement in this Inquiry. We would welcome the opportunity to meet with the Inquiry to further discuss competition in the human services sector and expand on the issues raised in this letter and the programmes we have referred to. Please direct all inquiries to Mr Robert Boyd Boland

Yours faithfully,

Dr Rick Olive AM RFD
President
Australian Dental Association