**AUSTRALIAN DENTAL ASSOCIATION INC.**

# Submission to Productivity Commission

# On

# Review of National Competition Policy Reforms

## 17 December 2004

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## INTRODUCTION

The Australian Dental Association Inc. (ADA) thanks you for the invitation to comment on the Discussion draft prepared by the Productivity Commission in relation to its Review of National Competition Policy Reforms.

The ADA made a previous submission to the Commission ( Number 63) which was considered in the preparation of the Productivity Commission Discussion draft.

The submissions made by us in the previous document all centred on the proposition that whilst increased competition was a worthy objective, in the delivery of dental services, the paramount interest should be that of the patient and as such any reform must not interfere with that paramount objective, namely the delivery of comprehensive quality dental services to a patient.

## DRAFT PROPOSAL FOR A NATIONAL REFORM AGENDA – HEALTH CARE

It is noted that the Discussion Draft outlines a draft proposal for a National Reform agenda dealing with Health Care which states "*CoAG should initiate an independent public review of Australia's Health Care system as a whole.*"

It is noted that this proposal is made for a number of reasons, some of which were dealt with previously. This submission will focus on the second reason namely:

"Enable the Health Care system to perform to its potential. The Draft goes onto refer to the need to focus upon aspects such as:

a) *Health financing issues (including federal/state responsibilities and their implications).*

b) *Co-ordination of care.*

c) *The interaction between private and public services.*

d) *Information management."*

The ADA agrees that urgent attention needs to be given to these particular areas.

This section of this Submission will deal with the issues identified in paragraph 2 above. Noting what has been stated in the previous submission by the ADA, the following brief further observations are made.

**a)** ***Health financing issues (including federal/state responsibilities and their implications)***

It continues to be the long held view of the ADA that one of the major hurdles for the effective delivery of oral care to Australians is the diverse way in which it is delivered. Information obtained by the ADA suggests that expenditure in the Year 2001-2002 on oral care prevention and treatment was as follows:

**Commonwealth Government**:

| | |
|---|---|
| Department of Veterans Affairs - | $75 million |
| Medicare support for inpatients, oral surgical and radiology services - | $23 million |
| Private dental insurance rebate - | $262 million |
| Defence force treatment - | $67.5 million |
| State and Territory Governments, Community Dental Services, School dental services and others - | $365 million |

Enhanced leadership in administration of this expenditure would lead to better coordination of the expenditure. All too often money earmarked to dental health is not actually expended there. The current lack, by the Federal Government, of a demand and requirement for accountability for the States expenditure of Federal funds allocated to them results in less funds being expended on public oral health care then is acceptable or appropriate.

This can be exemplified by reviewing the expenditure of funds previously allocated federally for the Commonwealth Dental Health Plan. No accountability was sought by the Federal Government for the monies allocated under that Plan. It was never demonstrated to the satisfaction of the ADA that the additional Federal funding provided under the scheme continued to be supplemented by State funding of the degree previously provided by the States. The concern of the ADA, amongst others, is that the States may have utilised the additional funding but substantially reduced their own allocated budgeted provision for dental care.

A leadership role has to be taken by the Federal Government. The provision of this leadership role by the Federal Government would create efficiency. The Federal Health Minister, Mr Tony Abbott, MP, has described the coordination of health delivery between Federal and State Governments as a "dog's breakfast". This sentiment of increased coordination between Federal and State Governments has since been endorsed by Mr Bob Carr, Premier of New South Wales. Placement of the coordination of delivery of health care and responsibility under one government will avoid the current "buck passing and finger pointing" that occurs now. The avoidance of administrative duplication will enhance efficiency and the economic viability of the delivery of dental care.

The logical transfer of responsibility would be to the Federal Government.

**b*) Coordination of care (including with aged cared*)**

The improved coordination of the delivery of dental care necessitates the development of knowledge as to the current state of dental care of the nation. The ADA is pleased to see that in the last year the Federal Government has implemented the conduct of a National Oral Health Survey. Current coordination of the delivery of dental care is substantially hampered by the fact that no such survey had been conducted since 1988. Unfortunately the completion of the current survey is sometime away and will not be completed for 3 years.

The ADA has submitted to government the necessity for additional expenditure in progressing the earlier completion of the National Oral Health Survey.

It is now generally accepted that there is a clear connection between general health and dental health.[1] Coordination of delivery of general health and oral health messages by government to the public has to date been sadly overlooked. The ADA regularly conducts public educational programs addressing oral health.

The campaign in 2004 was entitled "Beyond Teeth". This program was designed to educate the public about issues such as Oral Cancer. This program 'dovetailed' with the recent announcements of the Parliamentary Secretary to the Federal Minister for Health and Ageing relating to the introduction of graphic health warnings on cigarette packaging pointing out the risks of oral cancer from use of tobacco products. A coordinated general health and oral health message could easily have been delivered here. Government support for such campaigns would represent a sound investment in health care delivery. Education in prevention has to be the key to achieving the long-term savings sought.

The oral health needs of the aged are increasing. One of the fastest growing age groups within the community is the over 80 year olds. Because of this, additional focus to the delivery of care to this sector is essential and for this reason the ADA supports the Discussion paper's proposal.

**c) *The interaction between private and public services***

The ADA is supportive of an increased interaction between private and public services in the delivery of dental care.

It is clear that the percentage of adults rating their oral health as average, poor or very poor decreases markedly in households with a pre-tax income of more than $50,000 when compared to households with a pre-tax income of less than $20,000. Lower oral health is clearly associated with social and economic disadvantage. Such disadvantage may extend to not only economic disadvantage but also geographic or those with special needs. It feels that particularly for these members of the community there is a need for government to utilise the private dental sector in the delivery of oral care to these persons.

Initial attention must however be given to an increase in funding to public oral health services but this is not within the scope of the National Competition Policy's (NCP's) considerations.

[1] NACOH-Australia's National Oral Health Plan 2004-2013.

What the NCP can direct its attention to is better coordination between Federal, State and Territory Governments to ensure that an agreed adequate quantum of money is spent on oral health care services. Clearly existing demands placed on public dental care facilities necessitates the utilisation of private dentists to assist in the delivery of dental care to this disadvantaged sector of the population. The ADA has advocated the introduction of a scheme akin to that, but an improvement upon the previous CDHP Scheme.

**d) *Information management***

As indicated above, the Federal Government's decision to fund a National Oral Health Survey will enable effective information to be collated upon which development of further policy upon delivery of dental care can be founded.

## GENERAL

The ADA and other health bodies in their previous submissions to the Productivity Commission on National Competition Policy Reforms have all consistently pointed out that increased competition may give rise to better performance but that in the area of health care extreme caution has to be exercised in ensuring that resultant increased competitiveness does not result in sectors of the community receiving other than proper health care.

The ADA believes this to be a very important message and one that competition policy reform must take account.

The ADA notes that in Chapter 8 of the Discussion Draft, there was some concern expressed relating to the progress of reform in relation to the delivery of dental services. It made this comment in the context of corporate ownership of dental practices. The ADA would like to summarise the points that it made to the Commission in its earlier submission in this context and they were:

- Creation of a corporation in the delivery of dental care creates a statutory obligation on the officers of the company to act in the best interests of the corporation and thus the patient is of secondary interest. The primary relationship in the delivery of any health care service must be that between the dentist and patient and "corporatisation" of dentistry will not allow this to occur. The focus on profit that "corporatisation" of dental treatment will have, will cause needy sectors of the community to find that dental care is not available to them. The example given in the original submission was that of the Department of Veteran's Affairs (DVA) dental services. A differential of almost 40% now exists between the average fee charged by a dental practitioner and that paid under the DVA scheme. Any "corporate" would not participate in such a scheme and therefore delivery of dental care to veterans will suffer.

*Measures introduced in the pursuit of increased productivity and competition must not encourage sectors of the dental community to provide only dental service that provides advantageous remuneration.*

- Corporatisation will cause a lessening of focus in a patient's oral health and the creation of a focus on provision of lucrative facets of dentistry only. Whilst competition in those areas might increase, those areas are perhaps the areas least likely to be in need of the benefits that commonly are associated with increased competition i.e. a lowering of prices. Dental services in many of those areas are required by those sectors of the community most able to meet the cost of such treatment. Competition in relation to delivery of dental care in those arenas may in fact lessen competition for dental service in more needy areas of delivery of dental care. If the supply of dentists able to perform such work is decreased, so will the competition. No resultant financial saving will occur in the very area of dental delivery that most needs it.

*The ADA therefore opposes the continuation of any move to allow corporate ownership of dental practices as it would not be in the interests of the community as a whole and in particular those sectors of the community that encounter the greatest difficulty in obtaining access to dentistry.*

- The ADA considers that the Draft Discussion paper glosses over the significance of the difference between the delivery of dental care and that of other service or product delivery. There is an important differentiation that arises in the delivery of health care services and the pursuit of competition reform must not be with the result that service quality to those in need deteriorates.

*Significant caution has to be exercised that any measures introduced to improve competition or productivity do not do so to the detriment of those sectors of the community in need. Any measures introduced must not compromise the quality of dental care provided.*

Thank you for the opportunity to again present our views.

Dr WJ (Bill) O'Reilly
Federal President
Australian Dental Association Inc.