

Mr Bruce Cooper
General Manager
Strategy, Intelligence, International and Advocacy Branch
Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601

30th August 2013



The Dental
Hygienists'
Association of
Australia Inc.

Dear Sir,

Re: ACCC Report to the Senate on Private Health Insurance

The Dental Hygienists' Association of Australia Inc. (DHAA) is pleased to provide feedback to the ACCC on the impact of end of financial year advertising on consumers to inform its report to the Senate.

General Comments on End of Financial Year Advertising

End of financial year advertising certainly presents a risk to consumers, though this is hard to quantify. It exploits an imminent deadline to entice people to sign up or transfer membership in a hurry to gain a perceived tax benefit.

Since urgency is a very effective advertising tool, health funds create an artificial haste to take up their policies at other times during the financial year too. Most have special offers (no waiting times, special discounts, additional coverage etc.) that are time-limited, designed to put pressure on consumers so that they sign up quickly feeling that they got a good deal, without looking too closely at the small print.

Sometimes, these deals benefit consumers' dental health. For example, when Tasmanian local health fund, St Luke's, included gap-free preventative dental care for the whole family as an end of financial year promotion, certain dental practices saw an influx of clients. However, it is more common for practices to report that, in the course of the year, consumers are often surprised to discover that they must still pay substantial out of pocket expenses for basic dental care items.

Many health funds now offer incentives to use their preferred providers or their own clinics, such as a commitment that the consumer will have little or no out of pocket expenses for certain items. As consumers build up relationships with their health care team, it is not always in their best interests to be sent across town to a preferred provider clinic, simply because the health fund has a financial stake in it.

The intricacies of health insurance can be both tedious and confusing, meaning many consumers take the health funds' claims at face value. It is easy to envisage someone signing up to a policy such as BUPA's, which offers no out of pocket expenses for children's dental check-ups, cleaning and x-rays, without realising that these treatments can only be provided by a BUPA Members' First dentist; if the consumer wishes to continue seeing their current provider, they will still have to pay a gap fee.

Consumers should have the right to full disclosure of any agreements that health funds make with health providers, whether hospitals or individual practitioners, that prohibit them from accessing all possible levels of treatment and medications. Health funds such as BUPA and Medibank have substantial market power, causing concerns about the risk of predatory pricing and misuse of market power.

Poor Coverage for Preventive Dental Care – Items 131 and 141

For some time now, DHAA Inc. has raised concerns about poor insurance coverage for preventive dental care, specifically items 131 (dietary advice) and 141 (oral hygiene instruction). Most insurance companies fail to cover these items, leaving consumers with unexpected out of pocket expenses.

Dietary analysis and advice and oral hygiene instruction are vital services that educate individuals and communities in skills necessary to maintain oral health. These should be acknowledged as priority services. Omitting coverage for dietary advice and oral hygiene instruction can be likened to providing poolside lifeguards without teaching children and parents water safety and swimming skills. It implies these services are a token add-on, not worthy of financial remuneration. This frustrates our efforts to deliver the invaluable message that the vast majority of oral diseases are preventable when patients or parents make the appropriate behaviour changes.

Behavioural determinants of oral health include tooth brushing; use of fluoride toothpastes; diet (frequency of sugars, volume and hidden sugar); soft drink intake; water intake; flossing; and smoking. A recent study published in the *American Journal of Public Health* revealed that of 16,800 Australian children studied, over 56% consumed sugary drinks daily; 13% consumed more than three daily; and children from lower income families consumed almost 60% more sugary drinks than other children (Armfield et al. 2013).

Failing to insure consumers for item 131 represents a missed opportunity not only to improve the oral health of the population but also to tackle juvenile diabetes and obesity, both of which cause significant health and financial costs to the individual and the public purse.

Similarly, oral hygiene instruction is fundamental to oral health care. Services provided under item number 141 include individual tooth brushing instruction for plaque control, appropriate information on the use of fluorides, and flossing instruction to care for the gums.

Further ACCC investigation should be made into the impact of health funds' scheduled rebates on longer term health outcomes for patients. It seems likely that the lack of coverage for preventive dental services would translate into lower uptake of these services.

Out of Pocket Expenses – Items 281 and 282

DHAA Inc. would like to see increased rebates for items 281 and 282, which cover non-surgical periodontal treatment. We are concerned that consumers face substantial out of pocket expenses for a course of treatment and its maintenance, which, in our experience, deters some from accessing the care they need.

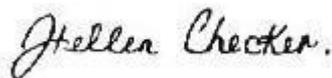
Costs seem to be rising. For example, BUPA's Members' First price guide for 2013 states that no benefit is payable for these items; the 2011 guide did not make this statement suggesting there used to be a rebate.

No consumer should ever be 100% out of pocket for such services when performed by a dental hygienist operating within scope of practice.

Conclusion

DHAA Inc. believes that end of financial year advertising encourages consumers to sign up in haste and repent at leisure. Similar practices are followed throughout the year. The main impact DHAA Inc. sees on consumers is the lack of coverage for preventive dental care, resulting in unexpected out of pocket expenses for basic oral health care services. High out of pocket costs for other services also causes concern. DHAA Inc. maintains that health insurance policies need to offer extensive coverage for preventive care in order to encourage uptake of services and thus reduce the burden of dental disease.

Yours sincerely,



Hellen Checker
DHAA Inc. National President