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How Will A Government Dental Health Scheme Affect Dentistry?

A Federal Government dental scheme has been announced as opposition policy leading up to the Federal Election. A similar, but limited scheme, operated about eight years ago.

The medical profession has had long experience of the Medicare scheme, and the dental profession has also had the experience of health funds endeavouring to exercise influence over dental practices.

A dental scheme is likely to have features of both Medicare and health fund preferred provider arrangements.

One of the problems which arose in the previous Federal Government dental scheme was that the eligibility rules were so broad that people were turning up to have government funded dental care prior to proceeding on expensive overseas holidays. I also recall a dentist describing a person who was buying a well known hotel in a resort area coming in with vouchers for “free” dental treatment. At the same time, dentists providing the treatment faced two sacrifices:

1. Their fees were restricted.

2. They had to wait for payment.

It is a matter of concern that health care professionals who provide treatments to clients of various government controlled schemes often have to wait two or three months for payment of a restricted fee. Examples are physiotherapists providing treatment for clients of Government Workcover authorities, the Victorian Transport Accident Commission or Department of Veterans Affairs etc.

These situations often arise because government departments are under pressure to provide benefits to as many clients as possible. When their budget limit is exceeded, they set out to satisfy demand by:

1. Slowing down payments to service providers;

2. Restricting fee increases to amounts below CPI so that gradually over time, the healthcare provider’s real income is slashed. This is what occurred to doctors under Medicare; and

3. Policing alleged over-servicing. The Medicare computer identifies doctors who provide too many treatments. It sends “please explains” and then investigates. Some hardworking doctors have been made to feel like criminals, and have wasted a lot of their time and the time of

their staff satisfying Medicare that they were providing the treatment required.

Who Are the Needy?

The normal criterion for providing benefits of this nature is to tie the benefit to a health care card. That begs the question as to how restrictive is the issue of health care cards. Unfortunately the answer is that even quite wealthy individuals can qualify for a part age pension and with it a health care card.

For example:

John and Mavis Smith own a capital city house worth $1.5 million. They also have $50,000 in the bank, drive a car worth $70,000 and have $1 million of joint superannuation assets. By arranging to have their superannuation fund pay "complying" income streams, they can in fact receive the aged pension less $4.00 per fortnight! They also qualify for a health care card. If the opposition dental health scheme becomes law, it is likely to be similarly tied to the health care card, and they would receive "free" dental care.

We wonder whether hard working dentists struggling to maintain home mortgage payments and school fees would be sympathetic to providing services to John and Mavis Smith at government rates if they knew their true financial situation. The existence of the health care card would seemingly indicate that the individuals are deprived and in need of free services.

Unfortunately, nothing can be further from the truth in many cases.

Middle Class Welfare

The issue is often referred to as "middle class welfare". Politicians appearing to be sympathetic to the needy have caused them to create circumstances whereby more and more individuals receive health care cards. In doing so, they create loopholes whereby wealthy individuals claim government benefits. The pool of welfare recipients has expanded far beyond the actual need. Inevitably, this leads to too much demand and often the deserving poor have difficulty getting the treatment that they need because less deserving, but better informed individuals have forced their way into the queue.

Sir Humphrey Appleby

Those who have watched the series "Yes Minister" may not realise that it is so close to how bureaucracy runs that individual programs have long been used as texts by students in public administration courses.

The underlying issue is that the public service always wins and that Sir Humphrey always perceives his primary duty as growing and maintaining the department which he heads.

When a public service manager is appointed to administer a dental healthcare program, that public servant immediately sets about creating a whole organisation specifically to administer the program. The head of the program and senior staff's public service classifications, pay rates and future career prospects are closely aligned to the success of the program. The more dental treatments they can extract out of dentists for the less cost, the greater the number of clients they can satisfy. That may enable them to put on more subordinate staff and increase their own classifications. Their own bureaucratic interests are likely to become directly opposed to those of the dentists who actually supply the service.

As with health funds, economic history suggests that departmental program managers will be concerned with the provision of service at lowest cost. This issue overrides qualitative care. Just as dentists cannot remember health funds checking their infection control standards, past history predicts that the managers of a dental health scheme will have primary concerns about cost rather than about the quality of service.

Medical Frustration

General practitioner doctors suffered years of frustration under Medicare, experiencing a gradual erosion of their income coupled with rising intrusion into their right to provide treatment. Frequently their incomes were misstated in the press and clearly this information was leaked by health care bureaucrats or political staffers. This led to shortages of doctors entering general practice and eventually to a revolt. Whole medical groups now refuse to bulk bill. Much misinformation has been printed about doctor's incomes in the press. Those who have bothered to check out Australian Bureau of statistics figures with respect to dental incomes etc, quickly realise that information produced by government bodies can be wildly inaccurate.

Supply and Demand

The economist, Adam Smith, defined the hidden hand which matched demand and supply. When a service is made to appear free to a user, demand for that service will explode. This occurred dramatically in the health field. Many patients who were able to afford medical treatment and elected not to spend money going to the doctor for lesser ailments but began attending when medical services were made free to the user. Having created this surge in demand, the health care bureaucracy then accused doctors of over-servicing.

If dental care is made "free" to a large group which includes many well to do people who are able to rearrange their assets to qualify for a health care card, then the outcome is predictable. Dental surgeries will be swamped with demand for "free" treatment. Much of this will be from persons who have the resources to pay for their own treatment and who were previously happy to do so. Dentists will be paid less for treating some of their own regular patients!

No Bulk Billing

Clearly it would be a serious error for well conducted dental practices to become bulk billers of dental services. As the medical general practitioners have learned, it is vital to collect the fee off the patient and let the patient in turn claim back the Medicare rebate. Only by paying for the service and bearing the cost of a gap payment does the patient receive a price signal which makes them value their treatment.

Corporatisation by Stealth

At present, dentists enjoy significant autonomy in conducting their own practices. What medical practitioners underwent with Medicare was in fact corporatisation of their profession by stealth, with the government health bureaucracy being the corporatiser.

No Voucher System

It would be wise of the ADA to insist that dentists have the same rights as doctors who have withdrawn from bulk billing. A system of government vouchers would be a disastrous outcome as it would put the onus on the dentist to carry the debt to the government as well as justifying the gap fee to the patient. Rather the dentist's best outcome is to insist on payment for service upfront to allow the recipient to claim back any government rebate at a Medicare office.

Goodwill Value

Medicare ruined the goodwill value of medical practices. Most dentists are wary about purchasing a practice which is a preferred provider to a health fund because if they elect to opt out, the health fund will redirect its patients elsewhere. Dentists who have seen health funds patients supplant their own and then experienced the type of letter that health funds write to the patients of a dentist who withdraws, realise the extreme risk to their practice autonomy and the reduced goodwill value that becoming a preferred provider leads to. It is therefore likely that dentists who joined a government dental scheme on a bulk billing arrangement will experience a similar fate.

Gresham's Law

Gresham's law indicates that bad money drives out good money. In marketing terms opening a practice to a government dental scheme on a bulk billing basis will see that particular practice swamped with government patients. Full fee paying patients will inevitably be displaced. Over time, the practices that have elected to remain independent will retain a quality client list and be more attractive to a future practice buyer. They are more likely to be able to afford proper re-equipment programs and to maintain suitable premises and good standards of treatment.

Those dentists who seek to protect their autonomy in their practice are likely to elect to treat patients solely on the basis of cash payment. If some patients are able to reclaim some element of a bill from either a health fund or a

government dental scheme, that is that patient's responsibility. This ensures that dentists retain their ability to conduct their practice book in a way which best suits the provision of services they elect to have strong interest in. It also minimises the risk of external interference in their practice.

Most high standard dental practitioners have elected not to become preferred providers to health funds. A dental health scheme run by the government is far more threatening in its capacity to intrude into dental practices and control the lives of dentists than are health funds.

Kerry Packer or Rupert Murdoch wouldn't voluntarily give up control of their businesses, but this is likely to be the impact of a government dental health scheme on dentists.

We wonder what the attitude of dentists at large will be, and how they will express this to their Australian Dental Association leadership.

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