

ADA NSW POSITION ON PRIVATE HEALTH INSURANCE

Private Health Insurance (PHI) funds offer benefits to members to offset the cost of private healthcare¹. Benefits for dentistry are one of the key reasons PHI fund members take out extras (also known as general treatment or ancillary) cover. Research indicates that PHI fund members with extras cover visit the dentist more regularly.² The value and appropriateness of extras cover should be considered by individuals and families, taking into account their own personal and financial situation.

Preferred provider (PP) schemes have created a market distortion between dental providers that may disadvantage dentists both within and outside the PP scheme. PP schemes may provide the PHI funds with opportunities to exercise an unacceptable level of control via dictation of fees and active influence by PHI funds on their members to move to a PP practice. Despite some fund members preferring to access and dentists choosing to provide dental services via these PP schemes, there is no evidence that they result in better patient outcomes, in fact they have the potential to disrupt continuity of care.

Differential benefit schedules are used by some PHI funds to alter the benefit payable to fund members, dependent on the provider's relationship with the fund. This is unfair to PHI fund members, as identical PHI policies should provide identical benefits regardless of choice of dental practitioner. Payment of differential benefits based on the PP schemes is inequitable, discriminatory, and anticompetitive. ADA NSW's position is "the same benefit for the same service for the same insurance policy".

Dual provision of dental services and insurance by PHIs creates a potential conflict of interest via intrusion of the dentist/patient relationship by commercial influences and should not be encouraged or supported.

Audits to protect the integrity of the PHI fund's payment of benefits are acceptable where there is evidence of spurious claiming and to ensure transparency and good governance. Where accidental misuse of item numbers is uncovered by audits an educational approach to inform the provider is supported. Legitimate requests for patient records by PHI funds are supported provided the requests are consistent with the PHI fund member's wishes. Analysis of patient records by non-qualified PHI staff is not supported. Dental providers are generally not bound by the PHI fund's 'Terms and Conditions' document despite assertions of PHIs to the contrary.

Use of member data should be in accordance with the stated purpose at the time of collection and not for commercial gain by PHI funds.

Benefits for provider family members should be at the same level as for any other PHI fund member.

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Facts:

- There are 37 PHI funds currently operating in Australia¹
- Approximately half the Australian population use some level of private health insurance. Of these, 55% take out extras (also known as general treatment or ancillary) cover
- Extras cover is the component of health insurance that covers out-of-hospital medical care. It covers non-Medicare services like dental treatment, optometry and physiotherapy and represents around 25% of the total benefits paid out by PHIs.
- People with PHI extras cover are more likely to visit the dentist regularly than those without²
- PHI funds offer a benefit towards the fee of most dental services depending on the level of cover and the benefit formula applied by the PHI fund.
- PHI rebate is a government tax incentive available for consumers who choose PHI.
- The benefit paid for dental services is generally below 50% of the cost
- Preferred providers are dentists who form an agreement with one or more PHI fund. PHI funds who conduct a PP program offer more advantageous benefits to members who attend PPs compared to those who attend non-PPs
- Differential benefits occur where members from the same PHI fund receive different benefits depending on whether the dental services are provided by a PP or non-PP.
- The provision of clinical and billing records to a PHI fund on request does not breach Australian Privacy Principles because PHI members provide consent both when joining a PHI fund and again at the time of making a claim for a benefit.

References

1. https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1718/Quick_Guides/PrivateHealthInsurance Accessed 15/06/18
2. A John Spencer and Jane Harford. Dental care. *In*: Slade GD, Spencer AJ, Roberts-Thomson KF (Editors). Australia's dental generations: the National Survey of Adult Oral Health 2004-06.

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