

## Application for Authorisation (AA1000671) from St. Luke’s Medical and Hospital Benefits Association

### St Lukes response to Public Consultation

In response to submissions raised by interested parties to its Application for Authorisation for the establishment of St Lukes Gap Free Network, St Lukes offers the following commentary on the key points as determined by the ACCC.

#### 1. Concerns regarding the ‘Gap Free’ naming of the program ([25 June](#) and [27 June](#) submissions)

St Lukes remains of the view that the name 'St Lukes Gap Free Network' is appropriate and the explanatory material which will be published regarding the Network would mean consumers would not be confused or misled. However, having regard to the issues raised by the ACCC and members of the community, St Lukes intends to change the title of its network to “St Lukes Dental Network” and omit the words “Gap Free” from the title.

Clarity and transparency are critical to the ethos of St Lukes. This decision has been made to allay any concerns which might arise and ensure we put our members at the heart of everything we do.

#### 2. Loss of consumer autonomy ([21 June](#) and [16 July](#) submissions)

Loss of consumer autonomy per the linked submissions is based on an assumption that St Lukes will pay higher benefits to providers who participate in the St Lukes Dental Network, or to its own St Lukes Dental practices (Applicant Practices), than those who choose not to.

The assumptions made in the relevant submissions are incorrect. St Lukes is not seeking authorisation for tiered rebates. Rather, if authorised, St Lukes will have a single schedule of benefits, which will be paid identically to all providers regardless of where a member chooses to access services (i.e. the same benefits will be paid to those providers who participate in St Lukes Dental Network, those providers who do not participate in St Lukes Dental Network and its own St Lukes Dental practices (Applicant Practices)<sup>1</sup>.

#### 3. Impact on patient care ([25 June](#), [25 June](#) and [28 June](#) submissions)

These submissions infer that imposing a Maximum Fee creates a risk that patient care would be sacrificed, or providers would lose patients, because providers would be limited in making a profit. St Lukes consider that these concerns are misplaced in circumstances where:

1. cost is a known barrier to accessing dental care - particularly in Tasmania where median household income is below the national average, but where dental costs are among the highest in Australia<sup>2</sup>. By delivering price clarity and reduction for members, the establishment of St Lukes Dental Network intends to promote increased utility of preventative dental care

<sup>1</sup> Application, [1.15]

<sup>2</sup> Australian Dental Association Tasmanian Branch [[ohf.1.5\\_adatb\\_ohf\\_sub\\_20210217\\_0.pdf \(health.tas.gov.au\)](#)] – Accessed 5 August 2024.

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and more regular interventions, which improves patient oral and overall health outcomes by reducing the need for more extensive oral health interventions;<sup>3</sup>

2. the St Lukes Dental Network allows dental providers in the same area to become part of the Network. Competition between dental providers may lead to non-monetary improvements, such as improving the consumer's experience;<sup>4</sup>
3. Participating Dental Partner Providers in the St Lukes Dental Network retain autonomy and can be part of other dental networks on the terms agreed between the dental provider and the operator of that other network and can also continue to provide services to other patients of the practice on the terms (including price) set by the dental provider;
4. Participating Dental Partner Providers are free to terminate agreements with St Lukes at any time without cause on 60 days' notice;
5. the profitability of participating providers would not be impacted because:
  - a) under the terms and conditions of their agreement with St Lukes, Participating Dental Partner Providers in the St Lukes Dental Network would be permitted to provide additional services which attract an out-of-pocket expense should it be deemed clinically appropriate, provided they have the informed financial consent of the member;<sup>5</sup> and
  - b) rather than resulting in a loss of patients, the proposed conduct will assist Participating Dental Provider Practices to attract or retain patients by advertising that they have lower out of pocket costs on the basis of the known gap arrangement with St Lukes. St Lukes' expectation is that this will assist with the viability of dental practices in Tasmania.<sup>6</sup>

#### 4. Loss of dental practitioners' autonomy ([25 June](#) and [25 June](#) submissions)

As per above, should a Participating Dental Provider determine additional services which are not included in the gap-free schedule are clinically appropriate, and attract a gap, they can be delivered with the member's informed financial consent and billed accordingly.<sup>7</sup>

Also as per above, Participating Dental Partner Providers in the St Lukes Dental Network retain a significant degree of autonomy and can be part of other dental networks on the terms agreed between the dental provider and the operator of that other network and can also continue to provide services to other patients of the practice on the terms (including price) set by the dental provider.

#### 5. Impact on competition in dental services ([25 June](#), [28 June](#) and [16 July](#) submissions)

Costs for dental care in Tasmania are amongst the highest in Australia, while simultaneously having amongst Australia's lowest earning households The intent of St Lukes' entry into the dental market

<sup>3</sup> Application, [8.10]; Australian Institute of Health and Wellbeing (2024) [[Oral health and dental care in Australia, Costs - Australian Institute of Health and Welfare](#) (aihw.gov.au)] Accessed 5 August 2024

<sup>4</sup> Application, [8.13(d)].

<sup>5</sup> Application, [2.10].

<sup>6</sup> Application, [8.13(d)].

<sup>7</sup> Application, [2.10].

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is to therefore address access and affordability for all Tasmanians (including St Lukes' members and the general public).

The St Lukes Dental Network will not reduce competition for the provision of dental services in Tasmania. Rather, as set out in the Application and associated documents,<sup>8</sup> St Lukes will continue to face competitive market pressures from other health insurance providers and dental practices in circumstances where:

1. the voluntary and non-exclusive nature of the arrangements limit the impact on competition, as dentists are not required to enter into agreements with St Lukes and remain free to enter into agreements with other health insurers, as well as continue to provide services to non-members;
2. St Lukes' members would remain free to choose whether to obtain guaranteed gap-free preventative dental services from an Applicant Practice or Participating Dental Partner Providers, or receive services from another provider, where gap-free preventative care may be available, but cannot be guaranteed by St Lukes
3. Participating Dental Partner Providers are free to terminate agreements with St Lukes without cause on 60 days' notice; and
4. St Lukes already competes with other health insurance providers in Tasmania. In this respect, the St Lukes Dental Network providing Gap Free Preventative Dental Services will form a key part of ensuring that the Applicant is able to remain highly competitive with those other providers, and is likely to result in additional competition in this market; and
5. St Lukes intends to establish Applicant Dental Practices that are of a scale that will supplement the existing market and ease access pressures without causing significant disruption to existing providers.

## 6. Substantiation of the public benefits ([27 June submission](#))

As per its Application ([section 8](#)), St Lukes seeks authorisation for the Proposed Conduct to reduce cost (a known barrier to dental care) and deliver greater access to preventative dental care and more regular interventions. Through previous initiatives, St Lukes has seen a direct correlation between delivering price clarity and reduction, and the uptake of preventative oral health care.<sup>9</sup> By guaranteeing gap-free experience on select services, providers have the opportunity to contribute to that vision. By being *part* of the St Lukes' commitment, providers ensure they are a desirable option to our members, particularly those members with whom they have an existing therapeutic relationship.

Ultimately, improved utility of preventative care leads to better oral and overall health, reducing major dental episodes.

The inverse correlation is also true. Without a mechanism to managing costs, St Lukes cannot play its role in addressing a significant contributor to chronic disease and avoidable emergency

<sup>8</sup> Application, [7.7].

<sup>9</sup> [Response to Request for Information](#), point 10.

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department presentations.

Further, as competition in respect of non-monetary elements will increase under the Proposed Model, St Lukes considers that dental providers will seek to develop and deliver other value propositions to both St Lukes members, and the Tasmanian population more broadly (including public dental patients). Such initiatives may include, but are not limited to:

- innovative service delivery models including workforce dynamics;
- the introduction of a wider variety of services;
- the implementation of new technologies and
- alternative hours of operations including after hours.<sup>10</sup>

## 7. Concerns regarding the proposed Metrics Reports ([25 June](#) and [28 June](#) submissions)

Concerns around metric reports appear to have two bases, ie, that metrics will become targets for Participating Dental Partner Providers, and that metrics will influence patient treatment.

St Lukes would offer the following points around metrics (in addition to the matters raised in its Application and its [response](#) to the first Request for Information issued by the ACCC);

- excepting that Participating Dental Partner Providers are required to adhere to Maximum Chargeable Fee schedules, the terms and conditions of the St Lukes Dental Network do not, in any way, require Participating Dental Partner Providers to agree to satisfy certain targets or thresholds for the commercial benefit of St Lukes;
- data which informs the Metrics Reports will be historical and de-identified to protect providers (both those who do participate in the St Lukes' Dental Network and those who do not) as well as members and St Lukes.
- Metrics Reports may include breakdown of services delivered to St Lukes' members by item number, billing behaviours and patterns and comparison to other providers (as a de-identified cohort), and member demographics data (again, as a de-identified cohort, typical age of members, or most common suburb of residence for members serviced for example);
- the intent of metrics is to allow providers and business owners to understand their own patient cohort better. Half of the Tasmanian population hold extras cover, a quarter of insured persons are with St Lukes<sup>11</sup>. Metrics reports are intended to provide detailed insight into the behaviours of one in eight Tasmanians, which we hope can be valuable to providers in delivering better care;
- metric reports will be offered on a by-request arrangement in consultation with St Lukes Provider Network Manager. We intend for this to create mutually beneficial relationships which support our members.

<sup>10</sup> Application, [12].

<sup>11</sup> [Quarterly private health insurance statistics | APRA](#) Accessed 5 August 2024

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