

22 November 2012

Dr Richard Chadwick
General Manager
Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

Dear Dr Chadwick

Australian Dental Association applications for authorisation (A91340 – A91341)

The Consumers Health Forum of Australia (CHF) welcomes the opportunity to provide a submission to the Australian Competition and Consumer Commission's (ACCC) consultation on the Australian Dental Association (ADA) applications for authorisation A91340 and A91341.

CHF is the national peak body representing the interests of Australian healthcare consumers. CHF works to achieve safe, quality, timely healthcare for all Australians, supported by accessible health information and systems.

The ADA has applied for authorisation from the ACCC which would enable individual dental practitioners working in a shared practice to agree on common fees to be charged for dental services provided in the practice, without having to enter into formal partnership arrangements.

CHF recognises the benefits of consistent pricing for services within a dental practice, regardless of its legal structure. We agree with the ACCC's assessments in its previous authorisation, that 'consumers may experience some benefit from consistent, predictable pricing among dentists operating in a shared practice', and that 'the ability of a patient to see another dentist in the same practice is important to ensure continuity of care is maintained'. We also note that the application only applies to intra-practice price setting, and that there should therefore be no impact on competition based on price between dental practices. CHF is therefore not opposed, in principle, to the concept of intra-practice price setting by dental practitioners.

CHF does however, have some concerns with the evidence presented by the ADA in support of its applications for authorisation by the ACCC. We note the ACCC's expectation in its previous consideration in 2008, that future applications by the ADA to renew the authorisation be accompanied by proof to enable the ACCC to consider the impact of the authorisation on 'the availability and cost of dental services generally, and particularly in rural and regional areas'.

In its submission to the ACCC, the ADA argues that the shared practice structure has improved the efficiency of dental services due to shared costs and the ability to take advantage of economies of scale. The ADA argues that the rate of fee increases for all dental services has decreased since 2008. However, it is not clear from the data provided in the submission¹ whether the decline in the rate of fee increases can be attributed to factors other than the 2008 ACCC authorisation. CHF considers that further information is required on the other factors that were taken into account by the ADA in reaching this conclusion. We also note that the data supplied does not provide a break-down according to geographic location, making it difficult to measure the impact of the authorisation on the cost of dental services in rural and regional areas.

According to the ADA, shared practices have also improved the availability of dental services for consumers by providing increased flexibility to the dental workforce, thus attracting more dentists to the profession and improving workforce retention. CHF notes that the ADA has only provided workforce data up to 2009, which is only one year after the original authorisation was granted. This makes it difficult to comment on the impact of the ACCC's authorisation on the availability and supply of dental practitioners, and is disappointing given the ADA had a timeframe of four years to collect this data. We also note the lack of data to prove that flexible work arrangements (e.g. being able to work part-time) as a result of the ACCC authorisation has translated into better outcomes for consumers in the form of expanded opening hours or greater consumer satisfaction.

Finally, CHF seeks clarification on whether the applications for authorisation are limited to members of the ADA only, as it would appear illogical that the ADA would argue the benefits to consumers of intra-practice price setting, and then seek to limit intra-practice price setting to its members alone. CHF would be unable to support the authorisation if it is limited to ADA members only.

CHF appreciates the opportunity to provide a submission to this consultation. If you would like to discuss these comments in more detail, please contact CHF Project and Policy Officer, Dewi-Inala Zulkefli.

Yours sincerely



Carol Bennett
CHIEF EXECUTIVE OFFICER

¹ At the time of writing, the survey cited by the ADA was not easily accessible on the ADA website.