



Senate Community Affairs References Committee
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Bupa Australia (BA) is pleased to provide the following responses to the *Questions on Notice* tabled on 31 October 2017.

Response to Senator Di Natale

Extract from transcript:

What was tabled earlier was that the non-contracted provider, the independent provider, was charging less than you guys, or someone who is contracted with one of the insurance companies, and was getting a lower rebate.

I don't understand why if a dentist is charging a lower fee, you would give a lower rebate—substantially lower than you would a contracted provider—meaning that the dentist has been punished for charging a lower fee.

Response

Despite being described as ‘evidence’ of dental charging practices, the tabled document provided to Senator Di Natale from the Australian Dental Association (ADA) contains no verifiable information. With regard to the purported services and charges (which we understand were claimed to be from South Australia), there are no copies of any accounts, no dates of service, no details of the dental provider/s, no detail of the state/s, and no customer/membership information.

Further, the ‘Contracted/Bupa Clinic’ fees set out in the tabled document are incorrect. BA does not currently have any Members First Dental Network (MFN) agreements with these fees, and can only source one of the fees (item 613 for porcelain crowns) to a MFN schedule which applied in South Australia in 2015. None of the fees quoted relate to current network fees.

For the committee’s reference, we provide below the current MFN fee’s that apply in each state for both item numbers tabled. The fee’s quoted as evidence by the ADA were listed as (a) 613-\$1,480.00 and (b) 012- \$53.00

Item	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
012	\$56.00	\$50.00	\$55.50	\$49.50	\$51.00	\$50.00	\$52.50	\$63.00

Item	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
613	\$1,700.00	\$1,600.00	\$1,650.00	\$1,600.00	\$1,482.00	\$1,650.00	\$1,550.00	\$1,650.00



While the claims made by the ADA are completely unsubstantiated, BA is happy to provide the following information on our dental benefits for MFN and non-MFN dentists, and the rationale for our arrangements.

MFN dentists

BA firmly believes in informed financial consent and transparency something the committee also expressed as important for consumers. BA's networks whether dental, physiotherapy, chiropractic or podiatry are designed with this principle in mind and are there to support benefit and cost transparency. Our MFN arrangements are key to ensuring BA delivers a high quality value for money product to our customers. BA contracts with MFN dentists to provide this certainty of out of pocket costs for BA customers. The MFN arrangements in place cover over 300 dental items.

BA considers itself to be a "purchaser" or "arranger" of health services on behalf of its customers. In the fields of dental, physiotherapy, chiropractic and podiatry services, BA acts as a notional purchaser or arranger of health services for its customers by entering into agreements with health providers under which those providers agree to maximum fees for BA Insurance customers. BA promotes to its customers a network of dentists who have entered into these arrangements being MFN.

Through MFN BA is able to provide additional benefits to its customers, including price certainty in relation to out-of-pocket expenses for dental treatment. Dentists who participate in the MFN agree that they:

- Will participate as individual dentists at specific practice locations. Participation is not transferrable to other providers or practice locations;
- Will use electronic claiming systems to enable BA customers to process their insurance claims; and
- Will not charge BA customers more than a specified amount (but they may choose to charge less if they wish). The dentist agrees not to charge more than the maximum fee for all services. In return for providing this certainty of cost to consumers; BA agrees to pay a rebate that represents 60%-100% of that cost depending on a customer's level of cover including no gap dentistry for children for eligible customers.

The arrangements provide customers with clear informed financial consent prior to undertaking any treatment.

The arrangements are making access to quality and regular dental care more affordable for Australians and customers of BA. The agreements are entered into freely and can be terminated at any time by either party with 60 days written notice.

It is important to also highlight that these arrangements play an important role in providing transparency, consistency of charges, and better value for money for our customers. This is particularly important for dental claims, where customers rarely know what treatment(s) they may receive when undertaking a visit to the dentist – for example, whether it will simply be a scale & clean, or whether there will be x-rays, fluoride treatments or fillings.

Whilst BA and all the dentists participating in BA MFN arrangements are committed to transparency and informed consent, it would appear the ADA, on the other hand, is more concerned about maximising revenue for dentists than maximising value for customers.

BA notes that the ACCC has previously examined the ADA's concerns with preferred provider arrangements such as BA's MFN and has expressed the view that they are unlikely to raise competition issues under Australian consumer law.

Non-MFN dentists

Non-MFN dentists are free to charge a differing fee they deem appropriate each time they provide the service, and therefore BA cannot guarantee what fee may be charged for the over 300 items. While some dentists may charge a lower fee for "a" or "some items" some of the time, our analytics shows that their other charges frequently sit above the maximum charges that go along with BA's MFN arrangements. Similarly, while some may charge a lower fee for some patients some of the time, they are free to charge higher fees for other patients. There is no certainty or consistency of charges for BA or our customers, and therefore we cannot provide informed consent on what any out-of-pocket or co-payment costs may be required.

Despite being unable to verify any details tabled by the ADA, BA have analysed our data in South Australia from 1 April 2017 to 31 October 2017; where our most recent MFN Schedule of maximum chargeable amounts has been in place.

For the committee's noting, there is no non-MFN dentist that had all charges that were equal to or less than BA's current MFN schedule of maximum chargeable amounts 100 per cent of the time. Based on the above we call to your attention the following for item 613 listed on the document provided by the ADA:

- 75% of fees charged by non-MFN dentists were above the BA MFN maximum chargeable amount.
- Whilst the example provided by the ADA can't be verified, it is important to note the average charge by non-MFN dentists for the crown item as an example in South Australia was \$1,563 (5.5% above) with a maximum fee charged in that state of \$2,400 (62% above). This highlights the range of charges that are unknown to consumers without price transparency and certainty.

Additional information

As well as responding to specific matters in the Questions on Notice provide, BA would like to take the opportunity to correct the record on two other claims made during the Senate Inquiry.

1. The ADA stated: "*Bupa has introduced a three-tier system of paying differential rebates to patients*". This is incorrect. BA only has two arrangements in place in ALL states (a) MFN and (b) set benefits at all other dentists as per product entitlements. It is also important to note regardless of the dentist a customer elects to visit they ALL have access to the same annual limit as per their product entitlement.

Secondly all dental practices owned by BA that are part of BA's MFN are bound by the same contractual arrangements, fees and benefits that all MFN non-owned practices operate under.

2. The ADA implied it was correct to assume that "*...there would surely be in some cases, again not illegal, kick-back arrangements or repayment arrangement or rebate arrangements between those different kinds of facilities and the health funds themselves*". This is incorrect. There are no kickback arrangements between BA as a health fund and BA's MFN or MFN providers and



we believe this totally inappropriate and inflammatory comment should be retracted by the ADA as it is solely aimed to mislead the committee.

Response to Senator Griff

Extract from transcript

Does BUPA sell public hospital only PHI policies?

If so why do you want to place conditions (only for elective and fill in a form 24 hours prior to admission) on when consumers can use them in a public hospital?

Tell us about your proposal for a regulated base level extras product of dental, physio, podiatry and optical with no gap rates for children. Why not have no gap rates for all in the base level product?

Response

1. BA does not currently sell any public hospital only policies. However, we do have some customers on old legacy product 'closed policies' for public only hospital cover which were sold in previous years – while still in effect for customers who purchased the policies before they were closed, they are no longer offered for sale. BA is looking into migrating these customers onto more appropriate products that suit their specific needs.
2. BA has proposed that public hospitals should not charge private patients for emergency admissions, and should only charge if a patient has submitted a form 24 hours prior to admission, as this will ensure patients are only charged as private patients where they have made a personal choice to be admitted as a private patient and will receive the corresponding experience aligning to the extra benefits being paid by BA, such as choice of doctor as a minimum.

BA supports patient choice to elect for private treatment in a public setting if they genuinely can choose their doctor. However, if there is no meaningful ability to have a choice of doctor in ongoing treatment, such as emergency room treatment, it should not be a requirement on health insurers to pay benefits towards that treatment which only adds costs to the system.

BA believes that placing a requirement for a signed statement prior to admission, outlining any additional benefits they may receive as a private patient (i.e. choice of doctor), would greatly improve transparency, ensure customers are provided with a genuine and informed choice, and ensure the customer receives an experience that aligns to the extra benefits being paid by their insurer.

We are concerned about current behaviour by many public hospitals which sees many BA customers receiving a bedside visit after a procedure or letters two or three months after an event pressuring them to declare their private cover and we believe this is unquestionably inappropriate and contrary to the intent of private patient declaration.

3. BA offers MFN no-gap dental, physiotherapy, podiatry and optical for children as part of improving value for families with private health insurance cover. It has the added benefit of being a preventative health measure, improving the wellbeing of future generations of Australians and ultimately helping reduce the impact of chronic disease. To extend the 'no gap' rate to all customers



with base level extras products would be prohibitively expensive, so BA has instead focused on making access to high quality care for children available.