



### Bringing Dental into Medicare

Party:

Australian Greens

Summary of proposal:

The proposal would expand access to dental care to all Australians that are eligible for Medicare and it would allow for a significant number of clinically relevant services to be bulk-billed.

In particular it would:

- expand the Child Dental Benefits Scheme (CDBS) to provide all Australians under 18 years of age who are eligible for Medicare with unlimited routine and therapeutic dental care, including Orthodontics (items 811-881<sup>1</sup>).
- establish a Health Care Card Holders Dental Benefits scheme to allow all Australians eligible for Medicare to be bulk-billed for a clinically relevant service within the following categories:
  - Diagnostic services (items 011–091)
  - Preventive, Prophylactic and Bleaching services (items 111–171)
  - Periodontics (items 213–251)
  - Oral surgery (items 311–399)
  - Endodontics (items 411–458)
  - Restorative services (items 511–597)
  - Prosthodontics (items 611–779)
  - Orthodontics (items 811–881)
  - General services (items 911–972)
  - Miscellaneous (items 981 - 999).

The policy would take effect from 1 July 2023.

### Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances over the 2022-23 Budget forward estimates period by around \$23,890 million. In fiscal balance terms, this reflects an increase in administered expenses of \$23,600 million and departmental expenses of \$291 million.

The underlying cash balance impact differs from the fiscal balance impact due to differences between when appointments are held and subsidies are paid to health care providers. Departmental expenses

<sup>1</sup> [https://www.ada.org.au/Dental-Professionals/Publications/Schedule-and-Glossary/The-Australian-Schedule-of-Dental-Services-and-\(1\)/Australian\\_Schedule\\_and\\_Dental\\_Glossary\\_2015\\_FA2\\_W.aspx](https://www.ada.org.au/Dental-Professionals/Publications/Schedule-and-Glossary/The-Australian-Schedule-of-Dental-Services-and-(1)/Australian_Schedule_and_Dental_Glossary_2015_FA2_W.aspx)

reflect the cost of delivering the proposal and processing subsidies for the new dental scheme, which increase as the number of eligible recipients increase.

The proposal would have an ongoing impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including public separate public debt interest (PDI) tables) over the period to 2032-33 is provided at Attachment A.

The financial implications of this proposal are sensitive to the projected number of eligible patients and assumptions in relation to take-up rate, and changes in service demand and cost of dental care in response to this proposal. These become more uncertain over the medium term. The Parliamentary Budget Office (PBO) has not assessed:

- whether the supply of qualified dentists including associated health care workers is sufficient for the significantly increased demand of dental care services
- the impact to private health care premiums and consequently insurance rebates provided by the Australian Government
- the profitability and financial viability of private dental care providers, who would be required to provide bulk-billed dental care services (we have also not included any impact on tax collections for these impacts)
- any broader implications for the hospital and aged care systems under the proposal.

**Table 1: Financial implications (\$m)<sup>(a)(b)</sup>**

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	-	-7,731.0	-7,980.0	-8,180.0	<b>-23,891.0</b>
Underlying cash balance	-	-7,631.0	-7,980.0	-8,180.0	<b>-23,791.0</b>

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

- Indicates nil.

## Key assumptions

The PBO has made the following assumptions in costing this proposal.

- The cost of dental care services would be in line with current Medicare schedule fee indexation arrangements.
- Eighty per cent of dental care services would be routine dental care which consists of low to medium cost dental care services.
- There would be sufficient qualified dentists and dental care workers for the significantly increased demand for dental care services.
- All proposed dental care services would be bulk-billed through Medicare.
- The take-up of the expanded dental coverage to all Australians eligible for Medicare would be 65% of those eligible for Medicare, based on current dental attendance rates for the Australian population and data for the CDBS.
  - The eligible recipients under the Department of Veterans' Affairs are assumed to be covered within the natural variance of the up-take parameter and are not considered separately.

## Methodology

Administered expenses were calculated by multiplying the projected number of Australians eligible for Medicare by the assumed take-up rate and cost of dental services, and subtracting the current Medicare expenses on dental services.

Small start-up departmental costs were factored in, comparable to similar previous budget measures.

Ongoing departmental expenses for administering the program were grown by the appropriate wage cost index (net of the efficiency dividend) and were based on the costs of administering the dental scheme. Departmental expenses in the first year of the proposal include additional funding for Services Australia to expand the dental scheme.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.<sup>2</sup>

## Data sources

The Department of Finance and the Treasury provided the consumer price index and population projections as at the *Budget 2022-23*.

The Department of Health and Services Australia provided details on the Child Dental Benefits Schedule.

Australian Institute of Health and Welfare, 2021. [Oral health and dental care in Australia](#), accessed 11 April 2022.

Australian Dental Association, 2020. *Dental Fee Survey 2019*.

Grattan Institute, 2019. [Filling the gap – A universal dental scheme for Australia](#), accessed 11 April 2022.

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<sup>2</sup> [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Budget\\_Office/Costings\\_and\\_budget\\_information](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information)

## Attachment A – Bringing Dental into Medicare – financial implications

**Table A1: Bringing Dental into Medicare – Fiscal balance (\$m)<sup>(a)</sup>**

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<b>Expenses</b>													
<i>Administered</i>	-	-7,600.0	-7,900.0	-8,100.0	-8,500.0	-8,800.0	-9,200.0	-9,500.0	-9,900.0	-10,300.0	-10,700.0	-23,600.0	-90,500.0
<i>Departmental</i>	-	-131.0	-80.0	-80.0	-80.0	-81.0	-82.0	-83.0	-84.0	-85.0	-86.0	-291.0	-872.0
<b>Total (excluding PDI)</b>	-	<b>-7,731.0</b>	<b>-7,980.0</b>	<b>-8,180.0</b>	<b>-8,580.0</b>	<b>-8,881.0</b>	<b>-9,282.0</b>	<b>-9,583.0</b>	<b>-9,984.0</b>	<b>-10,385.0</b>	<b>-10,786.0</b>	<b>-23,891.0</b>	<b>-91,372.0</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

- Indicates nil.

**Table A2: Bringing Dental into Medicare – Underlying cash balance (\$m)<sup>(a)</sup>**

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<b>Payments</b>													
<i>Administered</i>	-	-7,500.0	-7,900.0	-8,100.0	-8,400.0	-8,800.0	-9,200.0	-9,500.0	-9,900.0	-10,300.0	-10,700.0	-23,500.0	-90,300.0
<i>Departmental</i>	-	-131.0	-80.0	-80.0	-80.0	-81.0	-82.0	-83.0	-84.0	-85.0	-86.0	-291.0	-872.0
<b>Total (excluding PDI)</b>	-	<b>-7,631.0</b>	<b>-7,980.0</b>	<b>-8,180.0</b>	<b>-8,480.0</b>	<b>-8,881.0</b>	<b>-9,282.0</b>	<b>-9,583.0</b>	<b>-9,984.0</b>	<b>-10,385.0</b>	<b>-10,786.0</b>	<b>-23,791.0</b>	<b>-91,172.0</b>

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

**Table A3: Bringing Dental into Medicare – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<b>Fiscal balance</b>	-	-90.0	-270.0	-450.0	-660.0	-900.0	-1,180.0	-1,500.0	-1,850.0	-2,260.0	-2,720.0	<b>-810.0</b>	<b>-11,880.0</b>
<b>Underlying cash balance</b>	-	-80.0	-240.0	-430.0	-640.0	-880.0	-1,150.0	-1,460.0	-1,810.0	-2,210.0	-2,660.0	<b>-750.0</b>	<b>-11,560.0</b>

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the tables above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary<sup>3</sup>.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- Indicates nil.

<sup>3</sup> [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)