



ORAL HEALTH EXPENDITURE

The Australian Institute of Health and Welfare's recently published *Health Expenditure Australia 2004-05* confirms the trend of rising health expenditure in Australia. The report shows that total health expenditure grew by \$4.7 billion over the past 12 months to \$83.8 billion,² representing the equivalent of \$4,146 per person and 9.8% of GDP. A decade ago, total health expenditure accounted for \$2,797 per person and 8.1% of GDP.

What drives health expenditure?

Over the past decade the growth in health expenditure has largely been driven by rises in inflation (37%), population growth (14%) and real expenditure per person (48.7%).

Over the past year, expenditure on hospitals grew by 31%, medical services rose by 22.8%, aids and appliances increased by 10.3%, medications by 8% and high-level residential care by 6.9%, while expenditure on dental services only grew by 3.5%.

Expenditure on dental care

As the table below shows, expenditure on dental care has risen from \$1.9 billion in 1994-95 to over \$4.7 billion in 2004-05. During this period, dental expenditure's share of total health expenditure grew from 3.8% to 5.7%.

Expenditure by individuals continues to account for the majority share of total dental expenditure, rising from 58.8% in 1994-95 to 67.3% in 2004-05. During the same period, the following trends have been observed

for other sources of funds:

- Direct outlays by the Commonwealth Government fell from 5.4% to 1.6% of total dental expenditure.
- Since its introduction in 1997-98, the 30% rebate for private health insurance, which provides subsidies for dental ancillary cover, has grown to account for 7.2% of total dental expenditure.
- Recent years have seen State, Territory and Local Governments increase spending on dental care. After peaking at 13% of total expenditure in 1999-00, State, Territory and Local Government expenditure fell to 8.1% in 2001-02 before rising to 9.9% in 2004-05.
- Rebates returned to patients by private health insurance funds continue to fall, an issue that has been explored previously by the ADA.^{3,4} In 1994-95 expenditure by private health insurance funds accounted for 28.1% of total dental expenditure. By 2004-05 this figure fell to 13.8%.

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ADA comment

With the Federal Government providing leadership and coordination, the ADA believes there is an urgent need for all levels of government to work together to improve the delivery of dental care throughout Australia. While the ADA does not believe that dentistry should be provided under Medicare, additional funding should be provided to ensure that people most disadvantaged by financial circumstances are able to access appropriate, timely and affordable dental care.

Expenditure on dental services by source of funds: 1994-95 to 2004-05 (\$ millions)

	GOVERNMENT			NON-GOVERNMENT			
	Commonwealth Government		State, Territory and Local	Health Funds	Individuals	Other	Total
	Direct Commonwealth Outlays	30% Rebate					
1994-95	105		141	546	1,143	8	1,943
1995-96	152		205	564	1,149	10	2,080
1996-97	97		297	596	1,551	9	2,550
1997-98	44	32	328	600	1,611	8	2,623
1998-99	6	97	305	603	1,640	11	2,662
1999-00	69	193	373	442	1,794	11	2,882
2000-01	68	254	341	520	2,255	10	3,448
2001-02	71	280	329	666	2,727	12	4,085
2002-03	82	316	441	721	3,140	12	4,712
2003-04	77	321	445	706	3,054	9	4,612
2004-05	77	347	472	661	3,221	9	4,787

Source: Australian Institute of Health and Welfare, 'Health Expenditure Australia', Various Years.

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AUSTRALIAN DENTAL ASSOCIATION INC.

References

1. Australian Institute of Health and Welfare (2006) *Health Expenditure Australia 2004-05*, AIHW Cat. No. HWE 35, Health and Welfare Expenditure Series No. 28, Canberra.
2. This figure is based on constant prices.
3. Australian Dental Association (2005) 'Private health insurance and dental cover', *National Dental Update*, April.
4. Australian Dental Association (2006) 'Is ancillary cover worth it for dentistry?', *National Dental Update*, April.