



AUSTRALIAN DENTAL ASSOCIATION INC.

# NATIONAL DENTAL UPDATE

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### HEALTH EXPENDITURE AUSTRALIA

Recent figures published by the Australian Institute of Health and Welfare (AIHW) have highlighted the growth in health and dental services expenditure over the past decade.

The AIHW report, *Health Expenditure Australia 2003-04*, shows that total health expenditure in Australia has more than doubled over the past decade, rising from \$36 billion in 1993-94 to \$78 billion in 2003-04. The health sector's share of the economy also expanded during this period, growing from 8.3% to 9.7% of GDP.

#### Dental services expenditure

During the past decade, expenditure on dental services rose from \$1.8 billion to almost \$4.7 billion. As a share of total health expenditure, dental expenditure grew from 4.95% to 5.99%.

The rate of growth in dental expenditure has been consistent with, or lower than, other areas of health expenditure. In the period from 1993-94 to 2002-03, the real growth in recurrent expenditure on dental services was 5.3%. By contrast, real growth in recurrent expenditure on hospitals was 28.1%, pharmaceuticals 24.5%, and medical services 12.3%.

#### Dental expenditure by source of funds

One of the significant trends reported by the AIHW was the rise in individuals' share of total health expenditure. This was also reflected in expenditure on dental services. Although the table below shows that expenditure on dental services by all sources grew over the past decade, a different story emerges when we examine expenditure on dental services by each source as a proportion of total dental expenditure.

Taking this into account, the period from 1993-94 to 2003-04 shows:

- Direct Commonwealth Government outlays fell from 3.2% to 1.6%.
- The Commonwealth Government's contribution through the 30% rebate for private health insurance grew from 1.2% to 6.8%.
- Expenditure by State and Local Governments fell from 7.6% to 6.9%.
- Expenditure by private health insurance funds almost halved, falling from 29.4% to 15.1%.
- Expenditure by individuals grew from 59.5% to 69.3%.

#### Conclusion

*Health Expenditure Australia 2003-04* confirms that rising health expenditure is a long-term trend. The ADA believes that dentists have done well to contain their costs in the wake of considerable external pressures driven by advances in medical and dental technology, increasing compliance costs, occupational health and safety requirements and rising community demands.

Despite this, the ADA is concerned by the lack of a coordinated approach by governments to improve the delivery of dental care in Australia. As the table below highlights, there is no unified plan to ensure the consistent delivery of dental care to those in need of government assistance. The ADA believes it is the role of the Commonwealth to provide leadership in planning and coordinating dental care, an important first step if Australia is to lift itself from its current status of having the second worst adult dental health in the OECD.

#### Dental Expenditure by Source of Funds, millions (\$): 1993-94 to 2003-04

	GOVERNMENT Australian Government			NON-GOVERNMENT SOURCES			
	Commonwealth – Direct Outlays	30% rebate	State and Local	Health Funds	Individuals	Other	Total
1993-94	58	-	139	539	1,089	6	1,831
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	78	298	342	680	2,963	14	4,375
2003-04	77	319	326	708	3,251	12	4,693

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

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