

CORPORATE OWNERSHIP

1 Introduction

- 1.1 The Australian Dental Association [ADA] recognises the increase in corporate delivered dental services.
- 1.2 Changes to Australian State and Territory Dental Acts made compulsory by National Competition Policy provide opportunities for the ownership of dental practices by non-dentist and/or corporate entities.
- 1.3 The ownership of dental practices by entities other than dentists raises significant issues.
- 1.4 **Definitions**
 - 1.4.1 BOARD is a Federal, State or Territory Dental Registration Board.

2 Principles

- 2.1 The oral health needs of the community are best met by a clinically efficient and ethically conducted dentist-owned practice. This model provides community-based care with adequate opportunity for continuity of service and patient records [single patient record].
- 2.2 It is possible to facilitate quality and efficiency gains within the existing framework of dentist-owned practices, without the need for equity investment by non-dentists or corporate owners.
- 2.3 Whilst it has been claimed that corporatisation will deliver improved economies of scale, improved patient focus and increased competition, there is no evidence to support such economic largesse.
- 2.4 The introduction of an additional managerial layer and the need to provide financial returns to the shareholder or owner may potentially:
 - compromise the individual dentist's ability to practise patient-centred dentistry, including the formulation of treatment plans and referral of patients;
 - compromise the ethical standards of an individual dentist and patient treatment outcomes by requiring an agreed turnover, thus affecting the quality and time needed to be spent with patients;
 - see the achievement of a return on shareholders' funds or owners' equity being placed above the interests and needs of the patient; and
 - result in the development of vertical and horizontal integration structures and the resultant tendency to inappropriately refer patients and thus increase the cost base to patients.
- 2.5 Rural and remote areas with lower population densities are disadvantaged by corporate philosophy of providing services in only larger population centres. This is of particular concern where patients, because of age, access or equity reasons, would find difficulty utilising dental services.

3 **Policy**

- 3.1 The ADA strongly recommends that any dentist considering the sale of a dental practice to a corporate entity should seek independent legal and accounting advice.
- 3.2 The ADA insists that statutory bodies [Boards] have sufficient legislative power and resources to:
- prosecute unethical and unscrupulous corporate behaviour;
 - limit, restrict or cancel the registration of corporations that are found guilty of such behaviour;
 - ensure that investigative and procedural mechanisms are expedient and performed in such a manner as to protect the community at large.

Policy Statement 4.3

Adopted by ADA Federal Council, November 21/22, 2002.
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