

Policy Statement 5.3 – Practice Ownership

1. Introduction

- 1.1 The Australian Dental Association (ADA) recognises the increase in corporate delivered dental services.
- 1.2 The establishment of national registration on 1 July 2010 provides opportunities for the ownership of dental practices by non-dentists and/or corporate entities Australia wide.
- 1.3 The Board has no power to regulate non-dental practice ownership.
- 1.4 Private Health Insurers (PHI's) supply dental services as corporate owners. PHI's hold extensive detailed records of competitor dental practices that are not available to all stakeholders giving them an unfair competitive advantage.
- 1.5 Dental care may be compromised if practice ownership unduly affords restriction, control over delivery or any impediment to the dentist-patient relationship.
- 1.6 The primary responsibility of a corporation is to maximise the return to shareholders.
- 1.7 The primary responsibility of a dentist is the duty of care to a patient.

Definitions

- 1.8 **BOARD** is the Dental Board of Australia.
- 1.9 **CORPORATION** is a legal entity that is separate and distinct from its owners.
- 1.10 **DENTIST** is an appropriately qualified dental practitioner, registered by the Board to practise all areas of dentistry.
- 1.11 **DENTAL PRACTITIONER** is a person registered by the Board to provide dental care.

2. Principles

- 2.1 There is a potential conflict of interest between the responsibilities of an employed dentist and corporate owners of dental practices.
- 2.2 No owners of dental practices should have an unfair market advantage.
- 2.3 The oral health needs of the community are best met by local community based clinically efficient and ethically conducted practices. This model provides community-based care with adequate opportunity for continuity of service and patient records (single patient record).
- 2.4 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.
- 2.5 The introduction of an additional managerial layer and the need to provide financial returns to the shareholder or owner may:
 - 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 available 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 refer patients inappropriately and thus increase the cost base to patients.

3. Policy

- 3.1 That dental practices should be owned and, or at least, effectively controlled by dentists.
- 3.2 Any dentist considering the sale of a dental practice should seek independent legal and accounting advice.

- 3.3 A dentist must not be impeded by any practice owner that in any way is detrimental or unduly influential to the dentist – patient relationship or to the delivery of dental services.
- 3.4 There must be sufficient legislative power and resources to:
- prosecute unethical and unscrupulous practice owner behaviour;
 - limit, restrict or constrain corporations that are found guilty of such behaviour; and
 - ensure that investigative and procedural mechanisms are expedient and performed in such a manner as to protect the community.

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