

## Version 1.6 3 March 2017

### This version

- i. Applies three possible outcomes for an individual policy when assessed by the Comparator:
  - a. <3 thumbs up: Time2Switch
  - b. 3 thumbs up: Review Your Policy
  - c. 4-5 thumbs up: High Performer

## Version 1.5 10 January 2017

### This version

- i. No longer considers a Private Health Insurer's not-for-profit/for profit status in allocating thumbs up/downs
- ii. Introduces two benchmarks in which to determine the red, amber and green rebate score thresholds for an individual service in a Dental Category for the particular policy holder type group instead of the method outlined in the "How are rebates for each individual service under each Dental Category scored" section in version 1.1;
- iii. Clarifies the item numbers assessed for Surgical Extractions (Item Number 322) and one root canal (Item Number 417); and
- iv. Clarifies how 65% of the average dental fee for orthodontics is applied to the First Benchmark when considering a policy's orthodontics rebates.

## Version 1.1 15 November 2016

This version provides further clarification for how the comparator determines red, amber and green rebate score thresholds for an individual service in a Dental Category for the particular policy holder type group where the average PHI rebate is higher than 65% of the average dental fee for that service.

The discussion under "How are rebates for each individual service under each Dental Category scored" and Figure 1 showing how score rebate thresholds are determined for individual services in a Dental category for specific policy holder types has had the algebra amended to reflect the intention of the methodology's commentary.

The item numbers for "Filling of one root canal" and "Surgical Extraction" have been amended to Item Number 415 and Item Number 322 respectively.

## Introduction

This document provides an overview of the methodology underpinning the Australian Dental Association (ADA)'s Time2Switch website's allocation of 'thumbs up'/thumbs down' ratings and its 'Time2Switch/Review Your Policy/High Performer' outcomes to the dental features of Australian private health insurance policies, as outlined by the policies' individual Standard Information Statements (SIS).

The document is structured as follows:

### Part A. Sources

This section outlines the sources used to assess the private health insurance policies that provide rebates for dental services.

### Part B. Overall Result - Time2Switch vs. Review Your Policy vs. High Performer

This section explains what underpins a "Time2Switch", "Review Your Policy" and "High Performer" outcome for a particular private health insurance policy, as well as the role of the 'thumbs up'/thumbs down' ratings allocated for each Dental Category of services covered by a private health insurance policy.

### Part C. Criteria

This section details how a Dental Category can earn a 'thumbs up' rating. It outlines the criteria used to assess the features or

services that are rebated under each Dental Category of a private health insurance policy that in turn determine whether a policy receives a 'thumbs up' or a 'thumbs down' rating.

It is recommended that this methodology be read in conjunction with the Appendix, which provides a series of flow charts that illustrate the Comparator process.

#### Acknowledgment

The ADA would like to thank Dr Erwin Lobo for his contribution towards refining and modelling the Australian Dental Association (ADA)'s Time2Switch Comparator (Comparator) and the methodology underpinning that Comparator.

## Part A. Sources

The SIS of private health insurers' (PHI) policies were extracted from the [www.privatehealth.gov.au](http://www.privatehealth.gov.au) website during September-October 2016 and appropriate details relating to dental were entered into the ADA Private Health Insurance-Dental Comparator (Comparator) via an Excel spreadsheet.

As of the time of publication of version 1 of the methodology, the Comparator assessed over 85% of the following types of SIS for the state of New South Wales (NSW) only, herein referred to as the 'surveyed sample'. The following scenarios of SIS were covered except for those highlighted in blue:

Policy Holder	Term used on T2S website	Standard Information Statement		
1 adult	No dependants	Single	General Treatment Only	Combined
2 adults	No dependants	Couple	General Treatment Only	Combined
1 adult	Children or Students	Single Parent Family	General Treatment Only	Combined
2 adults	Children or Students	Family	General Treatment Only	Combined
1 adult	Young adults (includes Children or Students)	-	General Treatment Only	Combined
2 adults	Young adults (includes Children or Students)	-	General Treatment Only	Combined

The last two categories of SIS, pertaining to families that have young adults above 18 and up to 24 years of age and are in full time study, have been excluded. As of September-October 2016, they comprise approximately 13% of all available SIS in NSW.

Data about the surveyed sample of SIS policy features concerning dental services were entered into the Comparator.

PHI policies that provide rebate amounts for dental services have been assessed according to the criteria outlined in this methodology (Part C). The criteria and this methodology were developed by the ADA.

The information in the column in the Comparator spreadsheet "% of rebates paid as percentage of premiums" is taken from the profiles of PHI outlined by the [www.privatehealth.gov.au](http://www.privatehealth.gov.au) website ([www.privatehealth.gov.au/dynamic/healthfundlist.aspx](http://www.privatehealth.gov.au/dynamic/healthfundlist.aspx) under the 'performance' tab of each PHI). The information in this column is reflective as of 22 September 2016.

## Part B. Overall Outcome: Time2Switch vs. Review Your Policy vs. High Performer

Each policy is given an overall rating, of either 'Time2Switch', 'Review Your Policy', or 'High Performer' based on the assessment of five components of the policy, which are given a 'thumbs up' if they are considered adequate:

- <3 thumbs up: Time2Switch
- 3 thumbs up: Review Your Policy
- 4-5 thumbs up: High Performer

The Comparator assesses:

- The general features of that private health insurer namely the use of contracted provider arrangements; and

<sup>1</sup> The ADA has undertaken its best efforts to input the appropriate details of all SIS extracted for NSW over September-October 2016. Where there are omissions and errors, please inform the ADA and it will endeavour to update the particular entry as soon as practicable.

<sup>2</sup> Please note the definition of dependants, children and students and young adults are outlined at [www.privatehealth.gov.au](http://www.privatehealth.gov.au).

- The four dental components of that private health insurer's individual policy, grouped by categories (general dental, major dental, endodontic and orthodontic). These dental components can be seen in the following area of the SIS (the four dot points below):

## Guide to the Private Health Insurance Standard Information Statement – General Policy

*This line provides a reminder that the Standard Information Statement (SIS) is a summary document only. This line will include the insurer's phone number and website link (if available).*

HEALTH INSURER:	<b>Registered health insurer name</b> <i>Restricted membership insurers are noted here</i>	<a href="#">WHO IS COVERED:</a>	<b>No. of adults/dependents covered. Check with insurer for requirements.</b>
PRODUCT NAME:	<b>Insurer's name for this policy</b>	<a href="#">MONTHLY PREMIUM:</a> #	<b>Indicative monthly fee for general policy.</b>
AVAILABLE FOR:	<b>This policy is suitable for people living in these states</b> <i>Organisation name (corporate policies only)</i> <i>Policies closed to new members are noted here</i>	<a href="#">MEDICARE LEVY SURCHARGE:</a>	<b>Whether the policy exempts you from the surcharge.</b>
		<a href="#">AVAILABLE FROM:</a>	<b>Date you can purchase policy (new policies only)</b>

# You may be entitled to an Australian Government rebate on this premium. Your premium may include an insurer discount. Check with your insurer for more details.

**PREFERRED SERVICE PROVIDER ARRANGEMENTS:** *Describes the insurer's arrangements with specific allied health service providers (eg physiotherapy, dental services) to provide services to members at reduced rates.*

SERVICES	COVER	WAITING PERIOD (MONTHS)	BENEFIT LIMITS (PER 12 MONTHS)	EXAMPLES OF MAXIMUM BENEFITS
<b>DENTAL</b>				
• <a href="#">General dental</a>				<b>Services</b> – The SIS shows a standard list of services, for comparison purposes only. Insurers may offer benefits for other services not listed, such as preventative dental, periodontics, oral surgery, osteopathy, speech therapy, speech pathology, eye therapy, audiology, dietetics, and other natural therapies. Some of these services may be listed in the Health Care Programs and other features box below - contact the insurer for full details.  <b>Cover</b> – "✓" in the Cover column means the policy pays benefits for at least one of the
• <a href="#">Major dental</a>				
• <a href="#">Endodontic services</a>				
• <a href="#">Orthodontic</a>				

These dental components will herein be referred to as "Dental Categories".

Note that the Comparator spreadsheet strives to detail any further special conditions that particularly apply to dental although these have not been included in the Comparator assessment. These 'special conditions' are typically detailed at the bottom of the SIS:

\* Fund's explanation of the special conditions that apply to the services in the table above that are marked with an asterisk.

**OTHER FEATURES:** *The insurer's own description of the other features of this policy (e.g. [loyalty incentive schemes](#) or health management programs). There may also be other features of this policy that are not listed on this SIS - it is important to contact the health insurer for full information about the policy.*

Please visit the [SIS page](#) on the [privatehealth.gov.au](#) website for further information about Standard Information Statements (SIS)

Product code plus **Date this Statement was last updated.**

[www.PrivateHealth.gov.au](#)

## PHI General Features

- Contracted Provider Arrangements (CPAs): A PHI could, via contracted provider arrangements, impose differential rebates depending on whether a policy holder attends one of their contracted dentists. Contracted provider arrangements receive a 'thumbs down' because the ADA's believes that differential rebate regimes compromise the quality of care provided, potentially interfering with patient's continuity of care. The ADA notes that not all CPAs impose differential rebates.

## Dental Categories

- General Dental: To be explained further below.

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2. Major Dental: To be explained further below.
  3. Endodontics: To be explained further below.
  4. Orthodontics: To be explained further below.

## The features/services that are assessed under each Dental Category

The Comparator assesses individual rebates for services and features within each Dental Category of an SIS. These services or features are:

### General Dental

1. Waiting period: How long must a policy holder wait from the time they purchase the policy and/or identify the need for the service in question until the policy allows them to claim a rebate for that service?
2. Periodic Examination: Does the policy provide rebates for Periodic Exams (Item Number 012 in the ADA's Australian Schedule of Dental Services and Glossary)? If so, what is the amount of that rebate?
3. Scale & Cleans: Does the policy provide rebates for Scale & Cleans (Item Number 114 in the ADA's Australian Schedule of Dental Services and Glossary)? If so, what is the amount of that rebate?
4. Fluoride Treatment: Does the policy provide rebates for Fluoride Treatments (Item Number 121 in the ADA's Australian Schedule of Dental Services and Glossary)? If so, what is the amount of that rebate?
5. Surgical Extractions: Does the policy provide rebates for Surgical Extractions (Item Number 322 in the ADA's Australian Schedule of Dental Services and Glossary)? If so, what is the amount of that rebate?
6. Annual Limit: Is there a maximum total rebate that a policy holder can claim within a year<sup>3</sup> for individual services under this Dental Category? If so, what is the maximum total rebate amount?

### Major Dental

1. Waiting period: How long must a policy holder wait from the time they purchase the policy and/or identify the need for the service in question until the policy allows the policy holder to claim a rebate for that service?
2. Surgical Extractions: Does the policy provide rebates for Surgical Extractions (Item Number 322 in the ADA's Australian Schedule of Dental Services and Glossary)? If so, what is the maximum total rebate amount?
3. Crowns: Does the policy provide rebates for Crowns (Item Number 615 in the ADA's Australian Schedule of Dental Services and Glossary)? If so, what is the amount of that rebate?
4. Annual Limit: Is there a maximum total rebate that a policy holder can claim within a year<sup>4</sup> for individual services under this Dental Category? If so, what is the maximum total rebate amount?

### Endodontics

1. Waiting period: How long must a policy holder wait from the time they purchase the policy and/or identify the need for the service in question until the policy allows the policy holder to claim a rebate for that service?
2. Filling of one root canal: Does the policy provide rebates for the filling of one root canal (Item Numbers 417 in the ADA's Australian Schedule of Dental Services and Glossary)? If so, what is the amount of that rebate?
3. Annual Limit: Is there a maximum total rebate that a policy holder can claim within a year<sup>5</sup> for individual services under this Dental Category? If so, what is the maximum total rebate amount?

### Orthodontics

1. Waiting period: How long must a policy holder wait from the time they purchase the policy and/or identify the need for the service in question until the policy allows the policy holder to claim a rebate for that service?
2. Orthodontics: Does the policy provide rebates for Orthodontics (Item number 881 in the ADA's Australian Schedule of Dental Services and Glossary)? If so, what is the amount of that rebate?
3. Annual Limit: Is there a maximum total rebate that a policy holder can claim within a year<sup>6</sup> for individual services under this Dental Category? If so, what is the maximum total rebate amount?
4. Lifetime Limit: Is there maximum total rebate that a policy holder can claim within that policy holder's lifetime under this Dental Category? If so, what is the maximum total rebate amount?

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<sup>3</sup> This can be by calendar or financial year depending on the particular policy.

<sup>4</sup> This can be by calendar or financial year depending on the particular policy.

<sup>5</sup> This can be by calendar or financial year depending on the particular policy.

<sup>6</sup> This can be by calendar or financial year depending on the particular policy.

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Each Dental Category receives an overall ‘thumbs up’ or ‘thumbs down’ rating depending on whether the sum of the points assigned to the individual rebate service/features of that Dental Category is higher than half of the possible available points they can potentially earn in that Dental Category.

The ADA assigns points in line with a ‘traffic light’ system which represents the assessment of each individual service rebate/feature within that policy’s Dental Category according to the following scheme:

**Green:** 3 points

**Amber:** 1.5 points

**Red:** 0 points

Where a particular individual service rebate/feature in a Dental Category is noted as “N/A”, it will be assigned a “Red” colour code. “N/A” occurs where a particular policy has exclusions and/or does not provide a rebate or coverage for that particular service/feature.

The traffic light system has been assigned according to thresholds which are outlined later in this document.

Based on this points system, the maximum possible available points that a policy can earn within each Dental Category could be:

- General Dental:  $6 \times 3 = 18$  points;
- Major Dental:  $4 \times 3 = 12$  points;
- Endodontics:  $3 \times 3 = 9$  points; and
- Orthodontics:  $3 \times 4 = 12$  points.

For a Dental Category to earn a ‘thumbs up’, it must earn more than 50% of the maximum available points. Based on the possible maximum points obtainable, this would be:

- General Dental: > 9 points
- Major Dental: > 6 points
- Endodontics: > 4.5 points
- Orthodontics: > 6 points

## The variability of the maximum number of points available for a Dental Category

Each policy’s Dental Categories may have a different maximum number of points available and therefore the pass threshold may change. This can occur depending on whether or not the policy provides a rebate for Surgical Extractions – this could either be provided within the “General Dental” or “Major Dental” Dental Categories.

More detail about this follows below.

## Waiting period point scoring

Waiting periods are a standard feature of PHI policies. Each Dental Category within a PHI policy can have different waiting periods. The Comparator assigns colour scores to waiting periods that it considers to be acceptable (green), unacceptable (red), and those that are not adequate but are not considered to be clearly unacceptable (amber). The ADA assigns the following colour codes where the waiting period under each Dental Category is:

### General Dental

**Green:** No waiting period

**Red:** 6 months or more

### Endodontics

**Green:** Less than 6 months

**Red:** 12 or more months

### Major Dental

**Green:** Less than 12 months

**Red:** 12 months or more

### Orthodontics

**Green:** Less than 12 months

**Red:** 12 or more months

## How are rebates for each individual service under each Dental Category scored?

The majority of PHI policies state a dollar amount for the rebate each policy holder receives for an individual service. For example, a scale and clean (Item Number 114) is an individual service that typically falls into the “General Dental” Dental Category of a

PHI's policy. (NB. The ADA does NOT determine which item numbers/individual services fall into which Dental Categories – this is entirely a matter for the PHI. For example, some private health insurance policies classify surgical extractions [Item Number 322 as “Major Dental” whereas others classify them as “General Dental”].

For many years, the ADA has been advocating to the Australian Government about how rebates under general treatment policies for dental services have not increased to reflect the operational costs of dental services or the annual increases in premiums. Annual private health insurance premium increases have been consistently higher than the health cost of living index (CPI) and the average dental fee increase.

## Evaluating the efficacy of PHI rebates

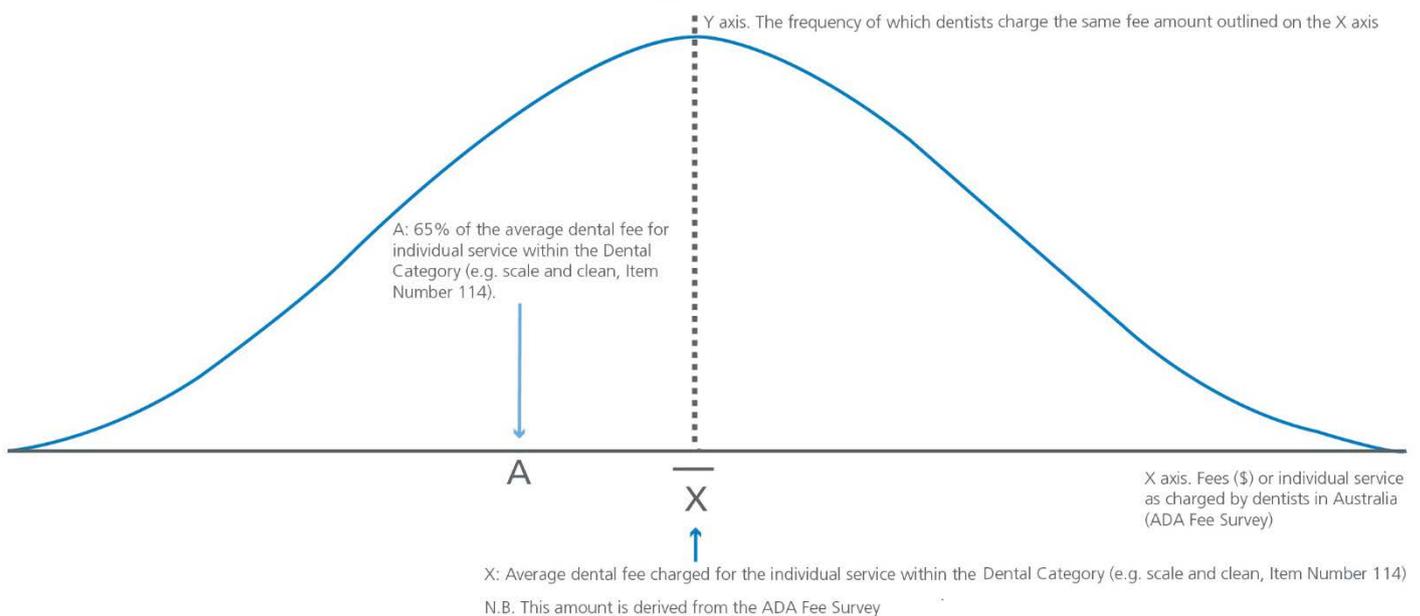
In this section we outline the method used to compare PHIs across the industry in the surveyed sample.

The ADA's model incorporates two benchmarks which are a combination of assessing the particular policy's rebate in relation to 65% of the average dental fee, and also in relation to how the rebate amount compares to all policies provided by PHIs for that individual service (for that policy holder type).

### i. First Benchmark: individual PHI policy's rebate compared to 65% average dental fee for individual service

The chart below shows a theoretical distribution of dental fees for a given individual service, the x-axis represents the dental fees charged for an individual service within the Dental Category (e.g. scale and clean, Item Number 114) and the y-axis represents the number of dentists who apply the corresponding fee. Thus, the peak of the bell curve represents the average dollar amount charged by dentists for that service.

#### First Benchmark - 65% average dental fee for individual service



#### Benchmark 1 Question:

Is the individual private health insurance policy's rebate for the individual service in the Dental Category (e.g. scale and clean, Item Number 114) equal to or greater than A?

NB: Rebate information for a particular policy is taken from the Standard Information Statement.

The Comparator therefore considers whether or not the individual private health insurance policy's rebate for the individual service within that Dental Category is higher than or equal to 65% of the average dental fee for the same individual service. Note that the ADA has drawn the average dentist fee for the same individual service from its annual fee survey<sup>8</sup> marked in X on the chart above.

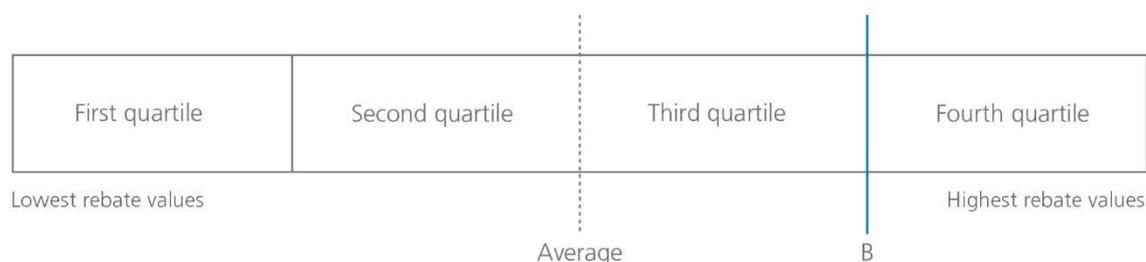
N.B Orthodontics: The average dental fee for orthodontics (Item Number 881) as collected by the ADA fee survey represents a whole course of treatment amount which typically is longer than a year, contrasting with the annual basis on which PHI policies' rebates apply. Accordingly, for the case of Orthodontics, Benchmark 1 uses 65% of half of the average dental fee for orthodontics (Item Number 881) – representing a notional two-year period over which a particular orthodontic treatment is performed.

<sup>7</sup> Please note that the ADA will, from time to time, where practicable, update the SIS surveyed in the Comparator.

<sup>8</sup> The ADA will update its Comparator to reflect the average dental fees where more current fee surveys are completed. Note that the ADA fee survey reports average fees for services and does not distinguish fees provided to particular policy holder types.

ii. Second Benchmark: Assess the quartile of the individual PHI policy's rebate for that individual service within that policy holder type

Second Benchmark - Assessing the quartile of the individual private health insurance policy rebate for the individual service within the policy holder group



**Benchmark 2 Question:**

Is the individual private health insurance policy amount higher than or equal to the upper quartile threshold?

NB: Quartiles are derived with respect to rebates of private health insurance policies for the individual service in the Dental Category (e.g. scale and clean, Item Number 114) for the specific policy holder category; e.g. 1 adult and no dependants.

This second benchmark assesses quartiles of policies' rebates for individual services within a particular policy holder type and considers whether the particular policy in question falls within the upper quartile, or top 25% of policies rebates for that individual service and policy holder type.

The second benchmark assesses quartiles not only for individual services but of those services within the policy holder types to recognise the possibility that rebate amounts for an individual service may vary between different policy holder types.

Applying the above diagram then, in the example for scale and clean, (Item Number 114), the Comparator stratifies all PHI policies' rebates for that service (drawing from for all SIS) in ascending order for the "1 adult & no dependants" scenario.

According to the table below, for the "1 adult & no dependants" scenario, the Comparator has performed this assessment and stratification of quartiles for (205+292) 497 policies in NSW.

Table 1: Surveyed range of SIS (excluding blue) over September-October 2016<sup>7</sup>

Private Health Insurance Standard Information Statements					
State	Policy Holder Type		General Treatment Only	Combined	Total
NSW only	1 adult	No dependants	205	292	497
	2 adults	No dependants	203	311	514
	1 adult	Children or Students	178	225	403
	2 adults	Children or Students	203	268	471
	1 adult	Young adults (includes Children or Students)	45	71	116
	2 adults	Young adults (includes Children or Students)	72	96	168
	Total		906	1263	2169

The Comparator assesses whether the particular individual policy's rebate for scale and clean for the "1 adult & no dependants" policy holder type, are equal to or higher than the upper quartile of policy rebates for that same individual service type for the policy holder type. In other words, the Comparator asks whether or not the particular policy's rebate is within the top 25% of policy rebates for that individual service for that policy holder type.

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### Applying the two benchmarks to determine the traffic light thresholds

PHI policies' rebates for individual services for their respective policy holder type are therefore evaluated through 'traffic light thresholds', given by:

- Green light – the rebate given is above both Benchmark 1 and 2;
- Amber light – the rebate given is above Benchmark 1 or above Benchmark 2, but not both; and
- Red light – the rebate given is below both Benchmarks.

Benchmark 1 (>=65% average dental fee)	Benchmark 2 (>= Upper quartile of PHI rebates)	Traffic light colour
Higher than or equal to Benchmark 1	Higher than or equal to Benchmark 2	Green
Less than Benchmark 1	Less than Benchmark 2	Red
Higher than or equal to Benchmark 1	Less than Benchmark 2	Amber
Less than Benchmark 1	Higher than or equal to Benchmark 2	Amber

While desirable, the ADA recognises that it is highly unlikely that PHI policies can rebate 100% of the cost of treatment for all dental services. Accordingly, this model provides a considerably lower reference point (65% of the average dental fee) as the First Benchmark and, in turn, provides an amber light if the rebate is higher than 65% of the average fee for the service but nonetheless is not in the upper quartile of rebates compared to other like policies. The Second Benchmark also encourages PHI's to offer better value for money to consumers, by scoring an amber light if the rebates provided are in the top quartile of rebates for that service while still being lower compared to 65% of the average dental fee. Rebates that are both at an adequate level, and are in the upper quartile of rebates compared to other like policies for that policy holder type are accordingly acknowledged by being given a green light.

### How are PHI policies that provide rebates according to a fixed percentage scored?

One of the concerns the ADA has raised with government and media over the years is the inordinate range of PHI policies that are available to consumers and the multitude of ways in which a service can be rebated, complicating comparison efforts by consumers.

This comparator has taken into account the multiplicity of PHI policies that provide rebates according to a percentage.

For the purposes of providing an approximation of the ADA's best estimate of the experience of those policy holders who have policies that rebate by percentage, the Comparator has developed an 'estimated average effective rebate', which is an estimated average dollar amount of the rebate a policy holder would receive for that particular individual service within that Dental Category under that particular policy.

Accordingly, the Comparator has determined this estimated average effective rebate amount by the following formula:

$$(\text{Rebate \% stated by policy for individual service}) \times (100\% \text{ Average dental fee for individual service})$$

It is the dollar amount from this formula that is assessed against the traffic light thresholds.

For this scenario of percentage based rebates for individual services, the calculation of the 'equivalent' dollar rebate amount is applied with reference to the full 100% amount of the average dental fee for that individual service.

### The Annual Limit / Lifetime Limits

Each Dental Category within a PHI policy can have different Annual Limit or Lifetime Limit amounts that act as a cap on the overall amount that can be rebated for services in that specific Dental Category.

The ADA has devised an outline of the range of Annual Limits that it views as acceptable (green), unacceptable (red), and ones that are not ideal but are not considered totally inadequate (amber).

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<sup>9</sup> Policies also use Combined Limits. This is discussed later.

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Annual Limit thresholds for each Dental Category are:

General Dental

Green: \$2,000 and above or “No limit”

Red: \$500 or less

Major Dental

Green: \$2,000 and above or “No limit”

Red: \$1,000 or less

Endodontics

Green: \$2,000 and above or “No limit”

Red: \$500 or less

Orthodontics

Green: \$2,000 and above or “No limit”

Red: \$500 or less

Some orthodontics policies have Lifetime Limits. The Comparator’s thresholds are:

Green: \$3,000 and above or “No limit”

Red: Less than \$3,000

## The Annual Limit / Lifetime Limit ‘Thumbs up’/‘Thumbs down’ determination penalties

The ADA objects to annual and lifetime limits on the basis that policy holders should not be discouraged from having as much treatment as their clinical needs require. Lifetime limits are particularly inequitable as a policy holder could potentially exhaust that limit for the rest of their life yet still be required to pay the same level of premium for that policy.

Annual limits mask the purported benefit of the amounts of rebates payable for dental treatment under a PHI policy. For example, a policy may purport to rebate 100% for General Dental, but have an overall Annual Limit of \$300, which means in reality that the amount of rebate the policy holder can get is \$300/year.

It is important to note that PHI policies’ SIS refer to annual limits for most Dental Categories. However, a number of SIS also state that ‘other sub limits apply’ but these are not specified any further due to space constraints in SIS.

Additionally, some policies have combined annual limits. For example, one policy has a \$1,000 annual limit that ‘includes General and Major Dental, and Endodontics’. This means that if a policy holder receives \$1,000 in rebates for services within one Dental Category or across two categories, the policy holder is no longer entitled to receive a rebate for treatment done within the other stated combined Dental Categories.

For the above reasons and because the ADA’s analysis of SIS show innumerable permutations in which annual limits, combined and sub limits that have been applied by PHI policies, the Comparator has integrated an overall Annual Limit and Lifetime Limit penalty when it comes to determining whether or not a policy for a particular Dental Category has sufficient points to warrant being awarded a ‘thumbs up’ for that Dental Category.

Any policy that has an annual limit will incur a deduction of one point when it comes to determining whether the total number of points for individual service rebates/features within that Dental Category passes the over 50% threshold required to earn a ‘thumbs up’ rating for that Dental Category. Policies that have a lifetime limit will receive an additional deduction of 1.5 points.

For example, in the Orthodontics Dental Category, PHI “A” ’s policy received the following scores:

- Waiting Period: Amber = 1.5 points
- Orthodontics (Item Number 881): Green = 3 points
- Annual Limit: “No limit” = Green = 3 points
- Lifetime Limit: Red = zero points + minus 1.5 points = -1.5 points

Total: 6 points

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Since this Dental Category comprises of 4 individual services/features, the highest potential number of points the policy can be awarded is  $4 \times 3 = 12$  and the threshold to pass is therefore above 6 points.

However, because this policy has a low lifetime limit, it gets zero points as well as incurs an additional 1.5-point deduction which makes it only receive 6 points – not above the threshold to be awarded a thumbs up for the Orthodontics Dental Category.

## Exception to the Annual Limit / Lifetime Limit penalty: Where a policy does not impose an annual/lifetime limit at all (i.e. N/A or “No limit”)

Some policies do not refer to annual limits or lifetime limits at all.

This occurs in one of two scenarios:

1. **Where Annual Limits / Lifetime limits are ‘not applicable’/ ‘N/A’:** Policies in the surveyed sample that do not refer to Annual Limits/Lifetime Limits also do not provide a rebate for all other individual services within that Dental Category. Note that this will be coloured red only in the background but will not count in the total number of individual rebated services assessed in calculating the number of points available and the threshold point for the ‘thumbs up’ score. The Comparator codes this as ‘N/A’ and is coloured red.
2. **Where Annual Limits / Lifetime limits state “No limit”:** Where the policy does not state an Annual Limit/Lifetime Limit but there are rebates provided for individual services within that Dental Category, the Comparator has categorised this scenario as meaning that there is “No limit” for the relevant Annual Limit/Lifetime Limit.

In this scenario, when it comes to assigning a colour code and points, the Annual Limit/Lifetime Limit feature of that policy would be awarded a green rating which is three points (because ‘No limit’ is higher than the monetary green threshold value). While the Annual Limit/Lifetime Limit policy feature in this policy has a ‘stated’ limit, in this specific case the policy would not incur a one-point penalty when it comes to assessing whether or not their total points are enough to earn the policy a ‘thumbs up’ for that Dental Category; because the limit here is not prohibitive (i.e. it is not an actual limit). This avoidance of a 1.5-point penalty will also apply where a policy’s Lifetime Limit states “No limit”.

## How the “Surgical Extraction” service that features in either ‘General Dental’ or ‘Major Dental’ Dental Categories is scored

PHI policies vary on whether they provide rebates for Surgical Extractions (Item Number 322) in the ‘General Dental’ or ‘Major Dental’ Dental Category. This means that whether or not Surgical Extractions are rebated within ‘General Dental’ or ‘Major Dental’ influences the number of individual rebated services/features within that Dental Category, flowing on to determine the maximum number of points that can be awarded as well as the threshold point in which that policy can receive a ‘thumbs up’ for that Dental Category. In other words, the total number of available points when scoring for a ‘thumbs up’ in that Dental Category will vary depending on whether the total number of categories include Surgical Extractions or not.

Accordingly, where a PHI policy provides a rebate for Surgical Extractions within the ‘Major Dental’ Dental Category, the comparator will show ‘N/A’ in the Surgical Extraction field within the ‘General Dental’ Dental Category and will be coloured red and vice versa.<sup>9</sup> Naturally, the Surgical Extraction rebate, whichever Dental Category it is in, will be colour coded and have points assigned to it accordingly.

## Other fields of the Comparator spreadsheet

There are some additional fields that are not viewable on the website but are on the Comparator spreadsheet. They do not influence the calculation of points nor the awarding of thumbs ups/thumbs downs for each Dental Category.

These include:

- **Open or restricted:** Whether the PHI allows for anyone to join as policy holders or whether membership is restricted to certain groups; for e.g. Teacher’s Health.
- **The percentage of rebates paid as premiums:** As outlined in the introduction, this column details the average amount of this column details the average amount of premium that are paid back via rebates for policies with this PHI. This information is drawn from the [www.privatehealth.gov.au](http://www.privatehealth.gov.au) website.

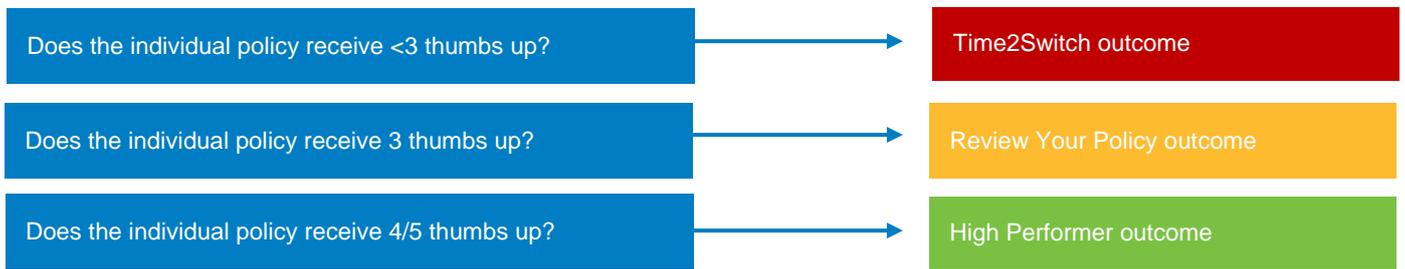
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<sup>9</sup> Note that this will be coloured red only in the background but will not count in the total number of individual rebated services assessed in calculating the number of points available and the threshold point for the ‘thumbs up’ score.

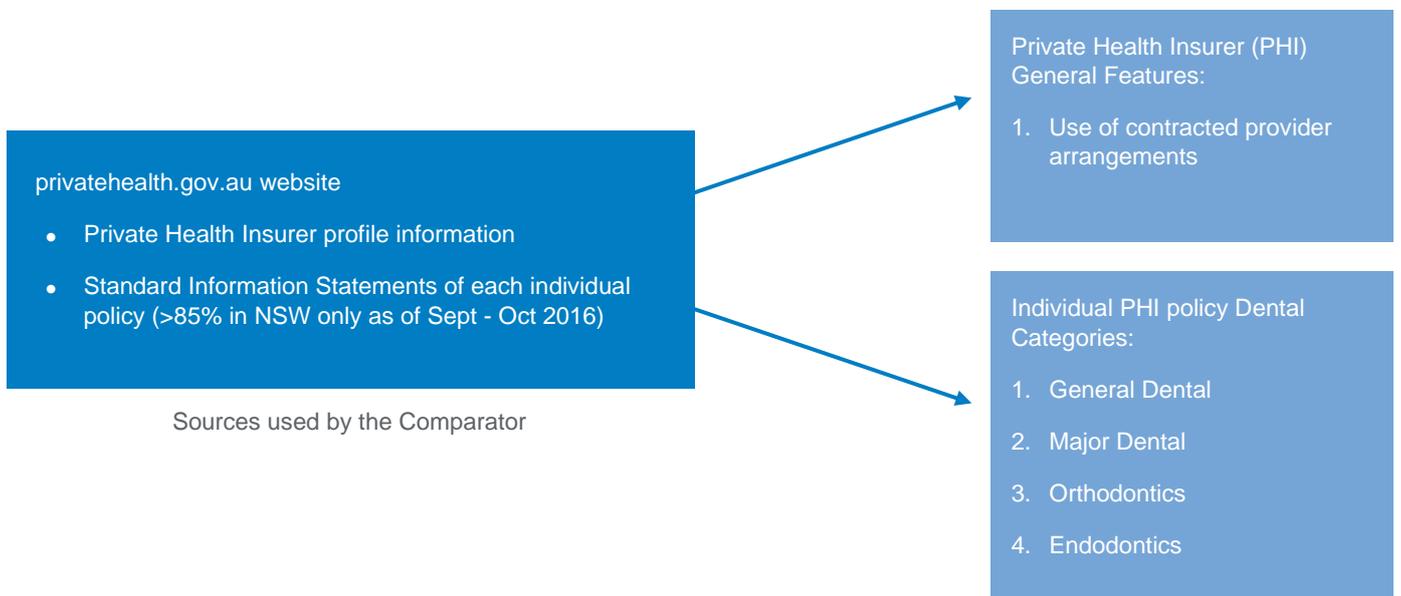
## Appendix:

What follows are a series of flow charts that illustrate the Comparator methodology process.

### ADA Private Health Insurance (Dental) Comparator Methodology - Overview



### What the Comparator assesses in assigning its 'thumbs up/thumbs down' ratings for an individual private health insurance policy



### Private Health Insurer General Features that are assessed



Features/individual service rebates of each Dental Category that the Comparator assesses for each PHI policy

**General Dental**

- Waiting period
- Periodic Examination (Item Number 012) rebate
- Scale & Clean (Item Number 114) rebate
- Fluoride Treatment (Item Number 121)
- Surgical Extraction (Item Number 322) rebate - if applicable
- Annual Limit

“Thumbs up or down”  
rating

**Major Dental**

- Waiting period
- Surgical Extraction (Item Number 322) rebate - if applicable
- Crown (Item Number 615) rebate
- Annual Limit

“Thumbs up or down”  
rating

**Orthodontics**

- Waiting period
- Orthodontics (Item Number 881) rebate
- Annual Limit
- Lifetime Limit

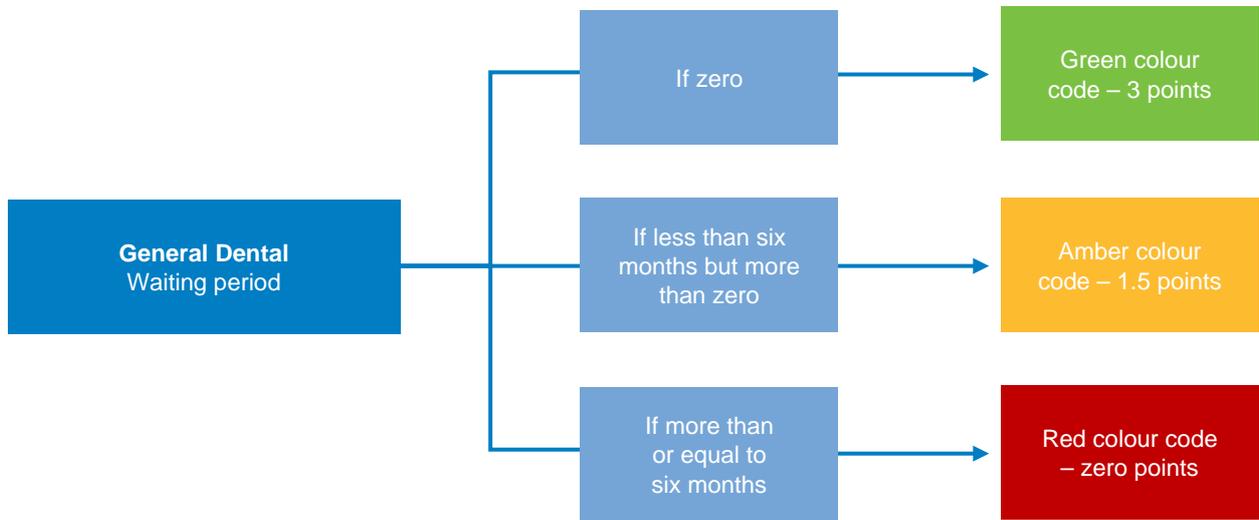
“Thumbs up or down”  
rating

**Endodontics**

- Waiting period
- One root canal (Item Number 417) rebate
- Annual Limit

“Thumbs up or down”  
rating

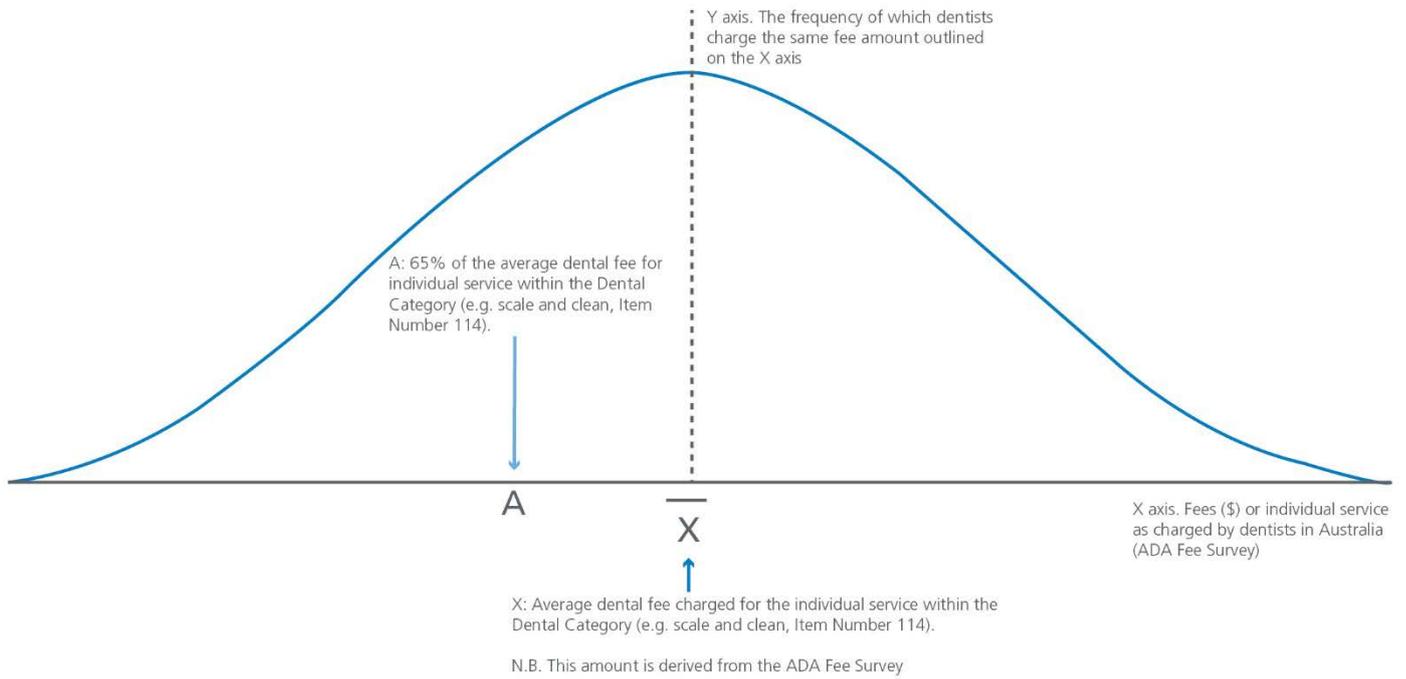
How each individual feature/service rebates of each Dental Category is assessed by the Comparator – Waiting period example



The outlined thresholds for green/amber/red are specific depending on what the waiting period relates to:

- General dental
- Major dental
- Orthodontics
- Endodontics

First Benchmark – 65% average dental fee for individual service for the individual service within the policy holder group

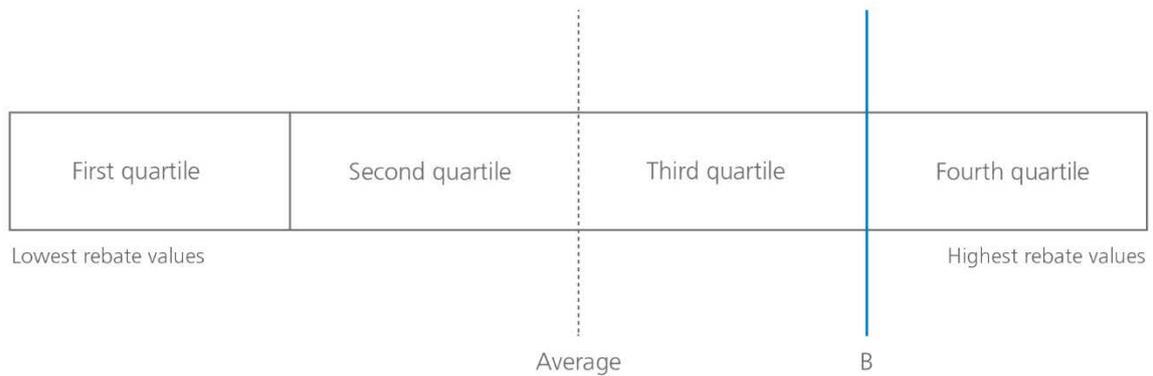


Benchmark 1 Question:

Is the individual private health insurance policy holder's rebate for the individual service in the Dental Category (e.g. scale and clean, Item Number 114) equal to or greater than A?

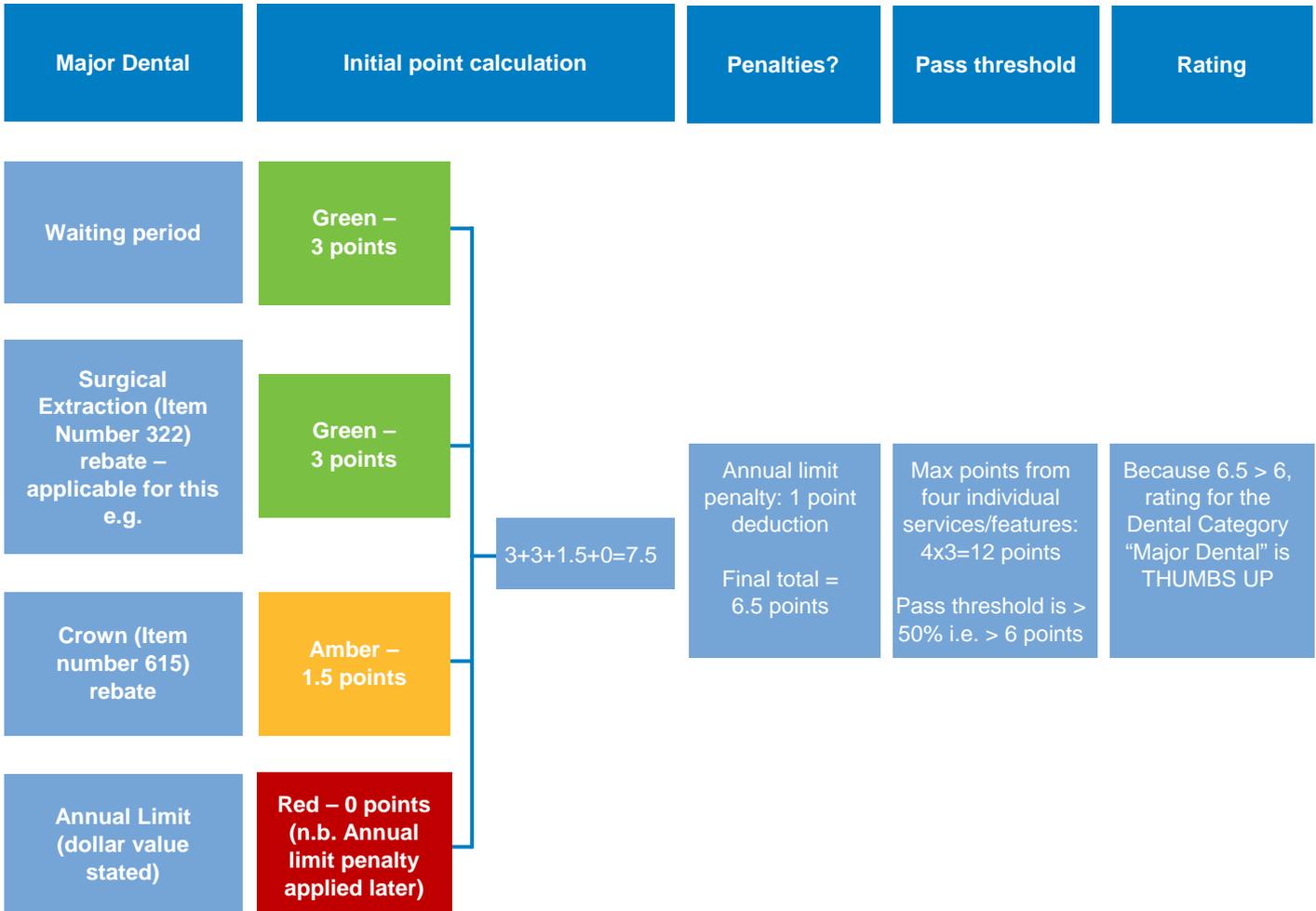
NB: Rebate information for a particular policy is taken from hr Standard Information statement.

Second Benchmark - Assessing the quartile of the individual private health insurance policy rebate for the individual service within the policy holder group



How scores are collated and 'thumbs up'/'thumbs down' rating assigned to each Dental Category

Major Dental example



How scores are collated and 'thumbs up'/'thumbs down' rating assigned to each Dental Category

- Orthodontics example

