

Department of Veterans' Affairs

Review of DVA dental and allied health arrangements

Background paper

Introduction

The review of the Department of Veterans' Affairs (DVA) dental and allied health arrangements (the Review) was announced as part of the 2015-16 Budget measure that extended the pause on the indexation for these items until 1 July 2018.

DVA's review will occur at the same time as the review of the Medicare Benefits Schedule (MBS) which is being undertaken by the Department of Health's Medicare Benefits Schedule Review Taskforce.

DVA clients access health services under both the MBS and DVA's dental and allied health schedules.

In 2014-15, over 155,000 DVA clients received almost 3.95 million dental and allied health services at a cost of approximately \$318 million. This equates to an average of 25 services and a cost of approximately \$2,041 per client.

Purpose

The purpose of the Review is to ensure that the items on the DVA dental and allied schedules continue to provide quality, effective, appropriate services to meet the current and future needs of the veteran community.

Scope and process

The review of DVA's dental and allied health schedules will:

- consider current DVA fees, business rules, service utilisation and trends (including prior approval arrangements);
- consider the quality, effectiveness and appropriateness of the current range of DVA funded dental and allied health services;
- consider contemporary trends in the delivery of dental and allied health services in Australia;
- consider opportunities to streamline provider interaction with DVA and identify options to reduce red-tape for health care providers;
- seek to remain cost-neutral to government – i.e. any additions to the schedules will need to be offset by reductions in other areas of the schedules;
- complement, and not duplicate, the review of the MBS being undertaken by the MBS Review Taskforce; and
- be undertaken in consultation with representatives of the veteran community and dental and allied health care providers.

Dental and allied health provider representation will be managed through five working groups based on treatment types as detailed in the table below.

Table 1 – Provider working groups

Dental	general dental specialist dental dental prosthetists
Musculoskeletal	chiropractic exercise physiology osteopathy physiotherapy podiatry occupational therapy
Mental health	clinical psychology neuropsychology psychology occupational therapy (mental health) social work (mental health)
Other clinical	diabetes educator dietetics social work speech pathology
Optical	optometry optical dispensing orthoptics

DVA arrangements

DVA health care arrangements

The Australian Government provides more than \$5 billion in funding for health treatment, services and support to veterans and their families every year. DVA utilises a health card system as the basis for enabling convenient access to health and other care services for veterans, war widows and eligible dependents¹.

The DVA health card allows card holders a streamlined administrative process, whereby the card holder only has to present their card when receiving treatment without the need to seek reimbursement or obtain receipts and invoices for payment.

¹ DVA health care cards are provided to identify the eligibility of veterans, former ADF members and their dependants for a range of benefits. The gold card entitles the holder to clinically needed treatment and care through DVA arrangements for all conditions, regardless of whether they are service related. The white card entitles the holder to clinically needed treatment through DVA arrangements only for the conditions that have been accepted as service-related.

DVA health cards also provide access to a broader range of treatments and services than is available to the general population through Medicare. Services include private or public hospital treatment, theatre fees, intensive care, GP services, referred specialist services, allied health services, dental services, optical services and ambulance cover. DVA health card holders are also covered for a wide range of rehabilitation devices and appliances, pharmaceutical needs and travel for treatment.

DVA's scheduled fees (or payments) to doctors and other medical providers for medical services are generally higher than the Medicare fee. Importantly, the DVA fee represents the full payment for service, and there is no scope for the provider to charge a co-payment to veteran patients, except for pharmaceuticals and some dental items.

In 2007 statutory registration was introduced to most categories of medical and allied health care providers in order to simplify the registration process and avoid the need for providers to enter into individual contracts with DVA. This allowed any provider who was registered with the Department of Human Services to treat veterans as per their eligibility.

DVA fee schedules

The last major review of DVA's fees was carried out in 2006. This package, known as '*Maintaining the Integrity of the Gold Card*' took effect from 1 November 2006 and established a new basis for DVA fees as follows.

- DVA Local Medical Officer (GP) fees were set at 115% of the MBS fee;
- DVA fees paid to medical specialists in hospital were aligned with average fees paid by private health funds;
- DVA allied health provider fees were aligned with the MBS (where they were lower);
- DVA fees paid to dental practitioners increased to a discount of 10% of average fees paid (based on data provided by the Department of Health);
- DVA pathology fees were standardised at 100% of the MBS; and
- DVA optometry fees were increased from 85% to 100% of the MBS.

From 1 November 2010 the DVA allied health fee structure for mental health providers aligned to the MBS mental health items under a better access MBS initiative for psychiatrists, clinical psychologist, psychologists, social workers (mental health) and occupational therapists (mental health).

Indexation of DVA fees

Prior to 2014, DVA specific medical, dental and allied health fees were indexed on an annual basis, consistent with Medicare Benefits Schedule (MBS) indexation. DVA has since maintained consistency with the MBS, aligning indexation pauses under the recent Government Budget measures.

A 2013-14 Budget measure changed the timing of the indexation of the MBS and DVA specific medical items from 1 November 2013 to 1 July 2014 and set future indexation annually from this point. DVA dental and allied health service fees were not affected by this measure and were indexed on 1 November 2013.

A 2014-15 Budget measure paused indexation for MBS items from 1 July 2014 to 1 July 2016, except for GP services. To maintain consistency DVA aligned its specific medical, dental and allied health fees indexation to this Budget measure, pausing fee indexation from 1 July 2014.

As part of the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO) the indexation pause for MBS, including GP services, was extended until 1 July 2018. To continue consistency, DVA also extended the pause on indexation of its specific medical, dental and allied health fees until 1 July 2018.

Prior approval arrangements

Under DVA arrangements, providers can submit a request to DVA to obtain approval to provide treatment for DVA clients for items not listed on the MBS or DVA's dental and allied health schedules. These requests are assessed by DVA medical advisers to determine whether the procedure aligns with the DVA treatment principles as well as if it is clinically appropriate for treatment.

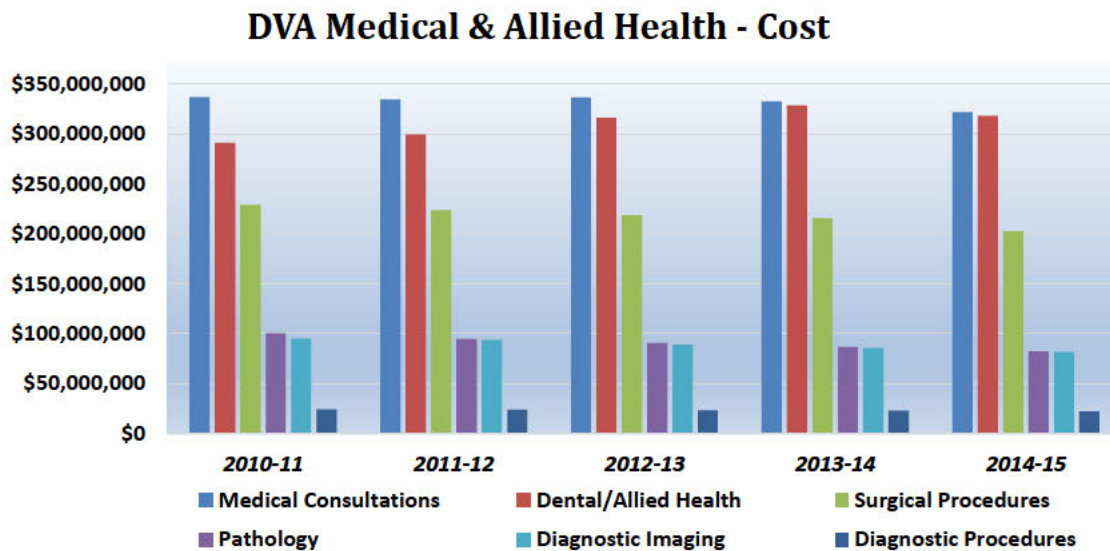
Trend expenditure and utilisation of DVA medical and allied health services²

In 2014-15, DVA clients received over 13 million medical and allied health services at a cost of over one billion dollars. The following graphs show, for the last five financial years, the number and cost of:

- the five most common medical service groupings (i.e., medical services available to veterans under the MBS, but paid at DVA rates); and
- combined DVA dental and allied health services.

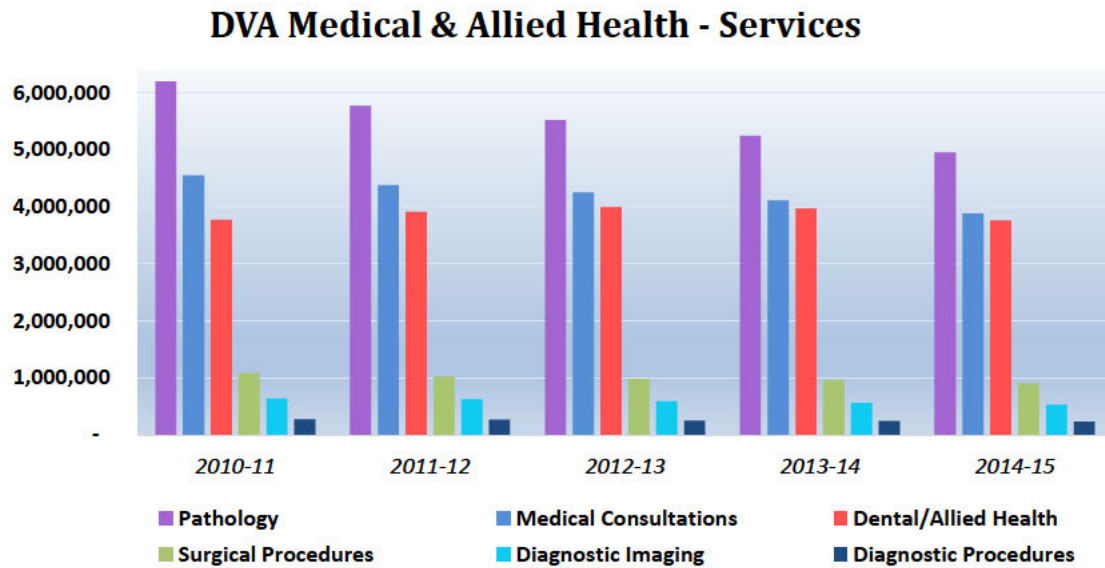
Note that the graphs exclude non-MBS prior approval items (approximately 67,000 services at a cost of \$11.4M in 2014-15).

Graph 1



² All data in this document has been sourced from the DVA Management Information System as at early October 2015. Due to inconsistencies in the date of transmission of data to DVA, this data may vary from other DVA publications such as the Annual Report.

Graph 2



Trend expenditure and utilisation of DVA allied health services (no medical)

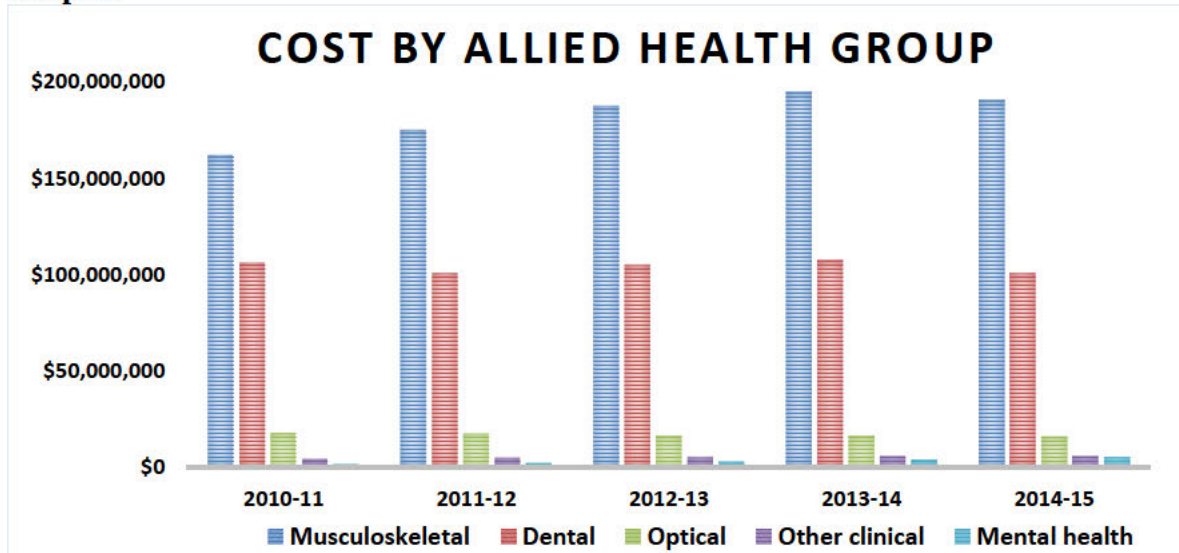
Dental and allied health service utilisation, cost and the number of clients treated for the five service groups identified by the Review is detailed in Table 2 below.

Table 2 – Service utilisation 2014-15

Service Group	Cost	Services	Clients
Dental	\$100,566,594	736,812	78,478
Mental Health	\$5,325,123	42,640	4989
Musculoskeletal	\$190,609,804	2,863,428	125,896
Optical	\$16,132,423	240,094	57,333
Other clinical	\$5,561,985	64,521	11,619
Total	\$318,195,929	3,947,495	155,740

Graphs 3 and 4 show cost and service trends for the five service groups for the period 2010-11 to 2014-15.

Graph 3



Graph 4

