

1. INTRODUCTION

- 1.1 This submission is a response to the recent call for submissions by the Expert Group on Resource Allocation and Financing in the Health Sector. The Expert Group has been asked by the Minister for Health and Children, to examine how the existing system of resource allocation within the Irish public health service can be improved to support better the aims of the health reform programme. Specifically, the Expert Group has asked that submissions should focus on suggestions for change in the resource allocation system to enhance delivery of the core objectives of health reform.
- 1.2 The Competition Authority has identified in this submission a number of issues relating to the efficient allocation of resources in four health care professions. These professions are:
- Optometry
 - Dental
 - Pharmacy
 - General Medical Practitioners (GPs)
- 1.3 This submission reiterates a number of specific recommendations previously made in the Authority's professions studies. The Competition Authority would be happy to discuss these issues further with the Group.

2. DENTISTS

Introduction

- 2.1 In a report examining competition in dental services, published in October 2007, the Competition Authority found that competition in the dental profession is not working in the best interests of consumers. A detailed examination of the restrictions limiting competition for dental services was undertaken and the features of the profession which discourage competition were highlighted. The Report contained 12 recommendations designed to maximise the benefits of competition for consumers of dental services. Two of these recommendations have been implemented to date.
- 2.2 The remaining recommendations are directed at the Department of Health and Children, the Higher Service Executive, the Department of Social Welfare and the Dental Council. Implementing these recommendations will lead to more efficient resource allocation and financing in the health sector, and provide equitable access to the care/treatment that people need as quickly as possible by ensuring;
- better use of the skills and very expensive training of dentists and orthodontists;
 - a sufficient supply of dentists, orthodontists and related professions;
 - value for money in dentists' services;
 - that consumers are more aware of their options and the prices for dental services;
 - more choice for consumers regarding when, where, and from whom, they get dental services;
 - more consumers availing of dental services and thus better oral health in the population.
- 2.3 In September 2007, the Minister for Health and Children announced the research and development of a new National Oral Health Policy. The Minister's announcement stated that the Competition Authority's recommendations in the report on the dental profession in Ireland would be addressed within the context of the development of the new policy. It was expected that the new National Oral Health Policy would be available in July 2008. The Competition Authority looks forward to the new National Oral Health Policy and expects that it will among other things, strive to improve the competitive environment for dental services in Ireland, and to achieve greater value for money for consumers, as the Minister announced at the time of the launch.

Regulatory and Commercial Environment

- 2.4 In the course of examining dental services, the Competition Authority found that it is unclear if dentists are allowed to offer their services under a corporate business structure. While the Dentists Act prohibits a body corporate engaging in the practice of dentistry, it appears permissible for bodies corporate to employ dentists for the purpose of

engaging in the practice of dentistry, similar to the situation which applies to optometrists and pharmacists. However, the situation is unclear and the Competition Authority is aware of differing legal interpretations of the relevant section of the Dentists Act. The legal uncertainty makes it highly unlikely that any corporate body will offer dental services in Ireland.

- 2.5 This uncertainty should be removed so that corporate dental bodies can be created in Ireland and consumers can reap the benefits.
- 2.6 Allowing dentists to develop new ways to offer their services will make it easier for them to invest in their businesses, become more efficient, and offer greater choice to consumers in terms of the convenience of the location where they access dental services and longer opening hours. Corporate dental groups will also be able to benefit from the economies and efficiencies deriving from shared costs and greater buying power.
- 2.7 Allowing corporate dental practices should also benefit the State financing of the health system as they will compete for the HSE's Dental Treatment Services Scheme (DTSS) and the Department of Social and Family Affairs Dental Treatment Benefit Scheme (DTBS). This has the potential to reduce the cost of treatment and in turn the public financing of these schemes.

New Oral Healthcare Professions

- 2.8 Ireland is out of step with most other developed economies in not having a range of oral healthcare professions that can offer dental services directly to consumers.
- 2.9 The current system of regulation requires that consumers must go through a dentist before they can benefit from the services of a dental hygienist. In many other countries dental hygienists can work independently of dentists to offer a specific set of largely routine, preventive, dental services. This is the case in Sweden, Finland, Denmark, Norway, the USA, Canada, the Netherlands and Switzerland. The quality of dental care is protected in these countries, as dental hygienists are obliged to refer their patients to a dentist if they identify a problem that is beyond their scope of practice.
- 2.10 Dental hygienists in Ireland are not trained sufficiently to operate independently of dentists. The Competition Authority recommends the creation of a new oral healthcare profession of advanced dental hygienist, trained to offer services directly to the public independently of dentists. The creation of this new profession would give consumers more options for accessing dental hygiene services and promote competition in these services.
- 2.11 The Dental Council implemented the Authority's recommendation regarding the introduction of the new oral healthcare profession of clinical dental technician and established a Register of Clinical Dental Technicians in July 2008. For this new profession to have a real impact on the supply of dentures in Ireland it is imperative that registered clinical dental technicians should be able to make claims for denture-related treatments provided under the State schemes. Only then will dentists face full competition in the sale of dentures, as patients who

are entitled to free or subsidised dentures can choose between the services of a registered clinical dental technician or a dentist.

- 2.12 Having a range of oral healthcare professions that can offer dental services directly to consumers provides a level of competition that has not existed in Ireland. The State financing of the HSE's Dental Treatment Services Scheme (DTSS) and the Department of Social and Family Affairs Dental Treatment Benefit Scheme (DTBS) will benefit from this competition.

The Supply of Dentists and Orthodontists

- 2.13 Demand for general dental services has grown substantially over the past ten to fifteen years. Over this period, the number of training places for dentists has remained static. The limit on training places in Irish universities could lead to a serious shortage of dentists in the future and put further upward pressure on prices. While the introduction of new oral healthcare professions proposed by the Authority should minimise the effects of the shortage of dentists, by making better use of their skills and expertise, the number of training places should be reviewed by the Department of Health and Children to ensure a sufficient supply of dentists and other oral healthcare professionals in the long-term, so that consumers and the State get value for money in dental services.

Recommendations

Recommendation 1:	Introduce a new oral healthcare profession of advanced dental hygienist who can operate independently of dentists
The Minister for Health and Children should bring forward proposals to amend the Dentists Act 1985 to allow for the establishment of a new profession of advanced dental hygienist, who can operate independently of dentists.	Action by: Minister for Health and Children

Recommendation 2:	Allow clinical dental technicians to be eligible for reimbursement under the State dental schemes
<p>The Health Service Executive and the Department of Social and Family Affairs should allow clinical dental technicians who are on the Register of Clinical Dental Technicians to be eligible for reimbursement under the Dental Treatment Services Scheme and the Dental Treatment Benefit Scheme, for the sale of dentures and for denture repairs.</p>	<p>Action by :Health Service Executive</p> <p>Action by: Department of Social and Family Affairs</p>

Recommendation 3:	Explicitly permit corporate dental bodies
<p>The Minister for Health and Children should bring forward legislation amending the Dentists Act 1985 to:</p> <p>(a) explicitly allow corporate bodies to engage in the business of dentistry, and</p> <p>(b) require that all treatment carried out on patients is delivered by registered dentists or other appropriate registered oral healthcare professionals.</p>	<p>Action by: Minister for Health and Children</p>

<p>Recommendation 4:</p>	<p>Review the number of training places for dentists and other oral healthcare professionals</p>
<p>The Department of Health and Children should, in the context of the forthcoming National Oral Healthcare Policy:</p> <p>(a) assess the future manpower requirements for dentists and other oral healthcare professionals; and,</p> <p>(b) carry out a detailed review of the number of training places for dentists and other oral healthcare professionals</p>	<p>Action by: Department of Health and Children</p>

3. OPTOMETRISTS

Introduction

- 3.1 The Competition Authority published its report on the optometry profession in June 2006. The Report concluded that the optometry profession in Ireland is an example of a profession where competition is generally working well, as many of the unnecessary restrictions found in other professions are not present. However the Competition Authority did identify some rules and practices which may inhibit competition in the supply of optometry services, and made a number of recommendations.
- 3.2 The most important of these recommendations has still yet to be implemented by the Higher Service Executive and relates to state funded eye-examinations to children.

Restriction on Providing Eye Examinations to Children

- 3.3 The State provides free follow up eye testing for children identified at child health and school health examinations. However, optometrists, although they supply spectacles where these are found to be necessary, are excluded from providing these services. Instead a small number of specialist medical practitioners (ophthalmologists) carry out children's eye examinations. Where, following an eye examination, it is considered that spectacles are necessary, standard prescription spectacles are provided free of charge from optometrists or dispensing opticians. If parents decide to avoid the waiting time for an appointment with an ophthalmologist, by having their children tested by an optometrist, they must pay the full cost of the examination.
- 3.4 The exclusion of optometrists from providing services that they are qualified to offer has had the following effects:
- Children must generally wait for an appointment with an ophthalmologist, instead of getting their standard eye examination straightaway from an optometrist;
 - To avoid such delays many parents opt for private testing by an optometrist, thereby paying for a service that their child is entitled to receive free of charge; and
 - The resources of the State are going to pay specialist medical practitioners to provide standard eye examinations, which could be provided by appropriately qualified optometrists.
- 3.5 The Competition Authority notes that the causes of visual problems in children at different ages tend to differ and that it is appropriate that younger children should continue to be referred to medical eye clinics at pre-school and school entry age. From evidence presented in submissions to the Authority it became clear that all medical/healthcare professionals agreed that it is appropriate for children being examined on leaving national school to be examined by optometrists, not ophthalmologists, as the majority of visual problems at this age are due to refractive errors. Allowing optometrists to offer

free eye examinations to children at national school exit stage (11-12 year olds) would:

- Eliminate waiting times for eye examinations for these children and reduce waiting times for younger children who need to be seen by an ophthalmologist, thereby ensuring earlier identification and treatment of problems for both age groups; and
- Enable ophthalmologists to focus on the services which only they are qualified to provide, resulting in more efficient use of State resources.

3.6 In 2007 a project group was established to address the extended waiting list for children requiring eye tests in North West Dublin, North Central Dublin and North Dublin. Funding was approved for an initiative which diverted 6th class children to community optometrists post Public Health Nurse Screening. This initiative proved to be successful and was repeated in 2008. In the Local Health Office in Mayo, 353 children were also approved to attend an optometrist in 2007. These initiatives have not, however, been rolled out nationwide.

Recommendation

<p>Recommendation 5:</p>	<p>Allow optometrists to provide State-funded eye examinations to children identified at national school exit screening.</p>
<p>The Health Service Executive should allow optometrists to provide State-funded eye examinations for qualifying children identified as requiring such examinations at national school exit screening examinations.</p>	<p>Action by: Health Service Executive</p>

4. PHARMACY

Introduction

- 4.1 The Pharmacy Act 2007 brought about a major modernisation of the law relating to the Irish pharmacy sector. The Competition Authority was at the forefront of those calling for pro-competition and pro-consumer change to sector which had seen relatively little regulatory reform since the principal legislation governing retail pharmacy was introduced.
- 4.2 During this time the Authority built up an extensive level of in-house knowledge on the profession.

Regulation

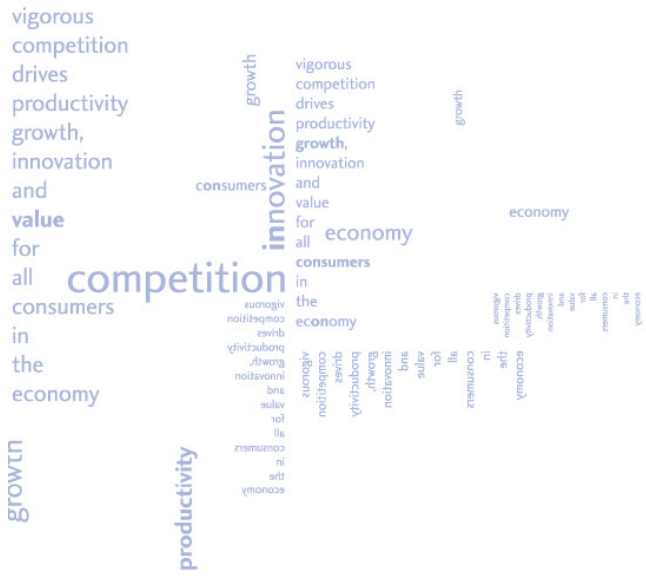
- 4.3 Retailing of pharmaceuticals is highly regulated in Ireland, as in many other countries. Every medicine sold at retail level in the Ireland must have a licence from the IMB.
- 4.4 Prices of prescription-only medicines and some non-prescription medicine are also highly regulated. The cost or "trade price" of prescription medicines is set by the State under an agreement with the Irish Pharmaceutical Healthcare Association (the "IPHA" agreement), which represents manufacturers of pharmaceutical products.
- 4.5 Medical card holders and persons on the Long Term Illness scheme (LTI) pay nothing for medicines obtained on prescription. For medical card holders, the State reimburses the pharmacy in full for the trade price of the prescription medicine and pays a dispensing fee currently set at €3.59 upwards per item. The dispensing fee for patients aged 70 or over is €4.54. Under the LTI scheme, the State reimburses the pharmacy in full for the trade price of the medicine plus a 50% mark-up on that price and a dispensing fee of €3.16 upwards per item.
- 4.6 Residents in the ROI who do not have a medical card can register for the Drugs Payment Scheme (DPS) and they benefit if their expenditure on approved drugs, medicines and appliances for themselves or their families exceeds a monthly threshold (currently €100).
- 4.7 Under the current DPS reimbursement arrangements, the State reimburses the pharmacy in full for the trade price plus a 50% mark-up on that price and a dispensing fee of €3.16 upwards per item, less the monthly DPS patient's payment of €100. This is similar to the arrangement for the LTI scheme. Approximately 80% of the value of all prescription and pharmacy-only non-prescription sales is recouped from the State, making it the single largest buyer of these products in the ROI.
- 4.8 Charges to private patients (i.e., patients who do not have a medical card, do not qualify for the LTI scheme or do not spend more than €100 per month) are not regulated by the State and so pharmacies are free to charge whatever they like. However, it appears to be customary to charge private patients the trade price plus a 50% mark-up and a dispensing fee similar to the LTI and DPS pricing systems. Pharmacies

often explain this by pointing out that it is not known at dispensing time whether the patient might reach the €100 monthly threshold and thus qualify for the DPS scheme. However it is also likely that every pharmacy knows that to deviate from this will encourage prices to fall. The margin on private prescriptions in the ROI is regarded as being one of the highest in the EU.

- 4.9 Furthermore, it has been suggested that ROI pharmacies rarely stray from the recommended retail price (RRP) for non-prescription medicines. It is for the sale of unrestricted medicines and CTS products that pharmacies face the greatest level of competition - from convenience stores, supermarkets and department stores.
- 4.10 The Minister has asked the Expert Group on Resource Allocation and Financing in the Health Sector to consider whether changes in the existing arrangements for financing of public health services may be required for improved resource allocation. The 50% mark-up paid to pharmacies for medicines dispensed under the DPS and LTI schemes is among the highest in the EU. While pharmacies, like all retailers in the ROI, face higher costs of doing business here, a 50% mark-up is not justifiable. It is perhaps not surprising that the ROI has so many pharmacies compared to its small population.
- 4.11 A side-effect of the 50% mark-up is that pharmacies whose customers are mainly medical card holders earn a lot less than other pharmacies (as no mark-up is paid).
- 4.12 In addition, it is not clear why the State should reimburse pharmacies on a percentage basis at all. Apart from certain hi-tech or special storage medicines, dispensing a medicine and providing advice is not directly related to the cost of the medicine. The Authority has recommended that a flat dispensing fee only should be paid; at the very least, the 50% mark up should be reduced.
- 4.13 The Competition Authority very much welcomes the Minister's recent announcement that under new measures the Government is to reduce from 50% to 20% the retail mark-up payable under the community drugs schemes. The Competition Authority sees this measure as an important step in ensuring value for money in dispensing of medicines.

5. MEDICAL PRACTITIONERS

- 5.1 The Competition Authority is currently working on the final part of the professions study. This focuses on competition in the Medical Profession (General Practitioners).
- 5.2 The purpose of the study is to:
- Identify any regulations or practices that may restrict competition within the general practitioner profession;
 - Evaluate any consumer benefits claimed to exist from any of these restrictions; and
 - Consider whether the restrictions are proportionate to any benefits.
- 5.3 In summer 2009, a consultation document will be published which will pose questions about potential changes to regulations and practices to enhance competition for the benefit of buyers of GP services. The Competition Authority will be seeking submissions on the document and will be happy to meet with the Expert Group on Resource Allocation and Financing in the Health Sector to discuss our findings, or indeed to discuss any of the issues raised in this submission.



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