PRIVATE DENTAL SERVICES MARKETING STUDY

A RESPONSE TO THE `STATEMENT OF SCOPE`

[✂]

SUMMARY

This response to the `Statement of Scope` is being made to justify why the CMA must investigate the financing of private dental care through the provision of so-called interest free loans. The case example provided suggests that dental practices lay off all the financial risks to a loan company who would not appear to be able to make a profit if their loan is truly interest free. This cannot be tenable for the loan company. The case study opens up how things may really work. And it suggests there is a financial relationship between dentist and the loan company whereby some of the patient payment to the dental practice for treatment is passed on to the loan company. This could be viewed as representing the interest amount within the loan arrangements. Transparency? There is little.

PREAMBLE

My response is that of a consumer for over 18 years of private dental services. This came about when the group where my NHS dentist practiced required that if my family wanted to continue with him we must join [✂]. We did, and he retired four months later! We were transferred without notice to a newly-recruited dentist, and after some years to another when our second dentist was terminated. Clinical care throughout has been generally good and appointments easy to make at our convenience.

1. **I am answering the call for responses in respect of paragraphs 27**

   (i and iii). Specifically, I will address why I think the rider to these sections should move from `May` to `*Will*` *"consider dental payment plans/financing of dental treatment to the extent they impact on the consumer journey and choice".*
2. The case study set out below also has a bearing on Q5 (Informed choices) and Q6 (`Consumer as patient` vulnerability).

CASE STUDY: DO INTEREST FREE LOANS FOR DENTAL CARE REALLY EXIST?

A. THE NARRATIVE

(i) In [✂], my wife aged [✂], was assessed by her dentist to require the following treatment:

[✂]

This quotation was sent to her by letter.

(ii) Acting on her behalf I asked the practice business office if there could be a discount for cash. It was indicated this might be possible if

the dentist agreed. The same day a letter was sent with the amount reduced to £[✂], a difference of £[✂]. A telephone query on the preciseness of the amount indicated it was the result of an office

calculation but no details could be given as to how it was arrived at. `It is a practice matter and very complicated but the practice does make a contribution`.

(iii) Looking at the Practice website I saw that interest free financing was accessible through the Practice; and that an application would be made by the Practice on my behalf. I would be asked to sign a loan application document. I assume this is what is referred to an in-house payment scheme.

Not wishing to go this route we did not follow through. However, having a professional interest in health care financing I pursued the following line of enquiry out of curiosity.

(iv) I got a quote for an interest free loan of £[✂]. There was no need to indicate what treatment was proposed. I was asked to fill in and sign a loan application form. [✂] indicate the payment is made to the customer who then pays the dentist. This avenue was not pursued further.

B. FOLLOWING THE MONEY

Dental Practice quote (x)	£[✂]
Practice quote for cash (y)	£[✂]
(x)-(y)	£ [✂]

Assumption: £[✂]is an amount calculated by the Practice that would not see any reduction in their profits <u>or</u> the £[✂] represents an amount that *would* add to their profits <u>or</u> it could be needed by the

Practice to make a payment set by a third party for making the loan facility available. The Practice would be able to do this without affecting the pricing involved in offering to accept a cash payment.

Conclusions.

If the last of these is the case the consumer would have ended up paying the amount of £[✂] via the Dental Practice to the loan company. This may well be the so-called `practice contribution` referred to during the conversation with the business office

This is a win-win situation for both the Practice - especially small Chambers-like practices - and the loan company. The former achieve a higher level of business with guaranteed payment, the latter a steady stream of profitable loans. The consumer finances both. Transparency is lacking.

It can be speculated that the loan company would set the amount to be paid by the Practice on each loan and the Practice would add this to the cash quote to arrive at the final figure quoted to the consumer.

With the arrival of large dental business conglomerates it may well be they have their own financial loan arm. But essentially the same business dynamics will likely be at play.

Had I blindly taken up Practice Quote (x) - which many if not most patients would do - it seems very possible that £[✂] of my payment

could have been passed on to the loan company. This would represent a compound interest rate of [✂]% concealed within the £[✂] loan.

Most consumers would regard [✂]% as wholly reasonable. It would also seem to be the case that dentists can get patients over the line and into treatment when they otherwise would not feel able to proceed. There`s nothing wrong with this *per se*, but it could be subject to abuse.

C. REQUEST TO THE CMA

Please give consideration that in your `Statement of Scope` you (*Will*, not *May*) consider dental payment plans/financing of treatment .... .

The key questions that must be addressed are:

- **Can it really be that Dental Loan companies do not make any money from giving a loan? And if they do, who pays?**
- **Are consumers given clear information on the financing arrangements for their treatment at a time when they will often be suffering physically and psychologically from dental ill health and can feel vulnerable? Do they have all the information they need to make a fully-informed choice?**