Responses to the CMA's Private Dental Services Market Study Statement of Scope (the "Scope") prepared by [].

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<u>Response to Q3 posed by in the Scope</u>:

In point 20 of the CMA Scope, the characteristics of a "well-functioning private dentistry market" are given:

- ***Consumers have a choice between dental practices***
  Local choice of dental practices in extensive. Most major towns and suburbs have multiple private practices, chains, and independents within the same catchment. There are typically 8-10 competing dental practices within a 3 km radius of a dental practice on the UK mainland, increasing to 12-15 practices with a 5 km radius, with on average 3 of those being a competing dental corporate or chain with more than 20 sites.[1] This level of provider density indicates that most local dental markets contain multiple competing practices within typical travel distances. In competition analysis terms, this suggests that most patients face a choice set of several providers rather than a highly concentrated local market.

- ***Consumers have a choice between treatments***
  It is good practice to offer patients a choice of three treatment options where possible. These options will frequently be at a low, medium and higher price point, reflecting a range of complexity in the required intervention. The dentist will discuss the merits of each approach and ensure that the patient understands each before making an informed decision.

  The following demonstrate that regulators do not observe a growing problem of over treatment:
  - General Dental Council (the "GDC") regulatory reports show no industry-wide increase in enforcement actions relating to overtreatment.[2]
  - CQC inspection themes show no rise in cases of overtreatment.[3]

  What's more, private care patients typically report high levels of trust in their clinician (GDC 2024 survey), with no indication of widespread upselling problems.[4]

  As regards frequency of check-ups, regular examinations should be understood as clinical risk management rather than volume-driven care. NICE guidance requires recall intervals to be tailored to the individual patient on the basis of current disease levels and risk of future disease. Evidence reviews similarly conclude that recall intervals should be determined according to patient-specific risk rather than fixed schedules.[5]

The approach taken on regular check-ups is clinically-justified because common oral diseases may be asymptomatic in their early stages, while a patient's risk profile may change over time due to factors including age, medical history, medication use, smoking, alcohol consumption and other behavioural changes. Routine review therefore enables reassessment of risk, reinforcement of prevention, and earlier identification of disease that may otherwise present late. Early diagnosis may enable more minor, preventative treatment, at a lower cost to the patient than complex treatment following later diagnosis.

An example of this is that studies of tumour growth rates for oral squamous cell carcinoma suggest some lesions can grow relatively quickly (reported averages roughly 1–6 months). In practice this means that, although many oral cancers develop over longer periods, it is biologically plausible for a lesion not evident at a previous exam to present as a stage III cancer within around 6–12 months in more aggressive cases.[6] This variability is one reason routine soft-tissue examination at regular dental check-ups is recommended.

- ***Consumers have a choice of payment options***
  Most practices offering private treatment will have different ways for patients to pay for their treatment:
  - Cash payment including by credit card
  - Staged payment for treatments where this is delivered over a number of appointments
  - Treatment plans which allow patients to spread the cost of treatment over a year and give them more certainty and ability to plan these payments. These plans may cover check-ups and hygiene visits (with a discount on other treatments) or all non-specialist treatment
  - Some practices will also offer patient finance options to spread the cost of treatment over longer periods

- ***Information that patients receive is transparent and trustworthy*** **and**
- ***Effective regulatory frameworks support adequate information provision needed for effective consumer decision-making***

  Transparent pricing is a regulatory requirement and common practice.
  Private practices must provide written treatment plans, itemised cost breakdowns, and informed consent options as a regulatory requirement under GDC Standards.[7] Care Quality Commission ("CQC") inspections explicitly evaluate the clarity of treatment plans and communication of pricing, reinforcing transparency as a core compliance requirement.[8]

  Patients are generally very happy with the care that they receive within private dental practices, [], a group with [] practices in England, [] with 95% of its revenue coming from private dentistry, has an average NPS score for its practices of 92, which is considered "World-Class" by Bain & Company, the creators of this gold-standard customer loyalty metric.

- ***Information that patients receive provides clarity about publicly-funded and private dentistry option***
  Where a patient is seeing a dentist under the NHS, the dentist will clearly explain to the patient the options that can be provided under the NHS and those which would need to be delivered privately.

  Private dentistry allows for elective choices on materials, treatment options and timescales which are not available under the NHS contract. These options reflect the broader scope of treatment available privately, rather than inappropriate upselling.

- ***Dentistry businesses compete to win and compete customers***
  The dental sector is comparatively unconsolidated. The four largest firms, by number of practices, represent approximately 12% of the UK private dental market.[9] By comparison the top 4 veterinary groups have a market share of 47%,[10] the top 4 supermarkets have a combined share of around 60%.[11]

  Based on national private practice counts, this gives an HHI of 40 on the 0-10,000 scale. This is very low and well below the usual CMA threshold of 1,000 for moderately concentrated, or >2,000 for highly concentrated and is consistent with an extremely unconcentrated market under standard CMA definitions.

- ***Dentistry businesses are incentivised/disciplined (including by effective regulation) to meet customers' preferences and needs as effectively and efficiently as possible***
  Most patients are able to change to another private dental practice at will. What's more, the best way to attract new patients to a dental practice is by word-of-mouth from existing patients. Ensuring that patients are happy with their treatment is the best way of ensuring patient satisfaction, to retaining them as patients and to having them recommend the practice to others.

- ***Dentistry businesses are not inhibited by unnecessary regulatory barriers that restrict competition***
  New private dentistry entrants continue to emerge: Between 2018–2023, one region analysed saw 56 NHS providers close but 77 new private providers open (Royal College of Surgeons data). Competitive entry remains strong.[12]

In terms of market outcomes, the Scope included consideration of:

- ***Price changes compared to inflation***
  We acknowledge that the myTribe Insurance report on private dental treatment costs in the UK between August 2022 and October 2024[13] suggests that, across selected treatments, median national prices increased between 14.0% and 32.4%, though there were significant regional variances in the data.

We recognise concerns about affordability, but the implication that fee increases are driven by weak competition or excessive margins does not reflect the structure of the sector and ignores the economic context of the last 3 years.

- Inflation has been significant over the reference period
  Price increases must be considered in their inflationary context, and the reference period used for this price data coincides with a period of unusually high inflation. Cumulative CPI inflation between August 2022 and October 2024 was approximately 9.7% and between August 2021 and October 2023 was 17.8%.[14]

- Dental input costs have materially increased
  Specific costs for dentistry, however, have increased significantly beyond the broad base of inflation during this period. Wages, lab fees, consumables, compliance protocols and energy costs have all risen sharply since 2021:
    - National Living Wage increased by 20.4% from 2022 to 2024, directly driving up practice wage costs and costs for key suppliers like dental laboratories.[15] This had an especially large impact on the cost of nurses many of whom are young and at the beginning of their career, so on or slightly above NLW. Salaries for those paid slightly above NLW were expected to increase in-line with NLW.
    - For non-domestic users, electricity price rose from 14.81pence/kWh in 2021 to 28.39 pence/kWh by Q4 of 2023, an increase of over 90%. Even after partial reductions, by the end of Q4 prices remained approximately 75% higher than in 2021.[16]
    - From April 2022, updated national infection-prevention and control (IPC) guidance applied across healthcare, including dental settings which increased the administrative and capital burden for practices, including ventilation requirements, updated SOPs, risk assessments, training obligations and ongoing compliance documentation.[17]
    - Dental laboratories, consumables suppliers, and PPE costs all reported double-digit increases over the same period, with ONS CPI data showing an 18.4% increase in the 'Medical products, appliances and equipment' category between Q1 of 2022 and Q4 of 2024.[18]

- Profitability of service providers and the services they provide
    - Group-level EBITDA margins in private dentistry are comparable to those seen in other UK healthcare service providers, such as private hospital and care-home groups (typically low to mid-teens).[19] UK veterinary groups typically have significantly higher margins with CVS group reporting margins of 19.7-20%. [20]
    - Private dentistry groups' EBITDA margins have declined over the period for which price increases have been cited. Independent valuation data indicate that EBITDA margins at UK dental practices have fallen by around 4-6 percentage points between 2019/20 and 2023/24, attributed to inflationary and energy-cost pressures, even as fees have increased.[21] This is in direct contrast to the veterinary market, which saw EBITDA margins, across owner

operated and managed practices, increase from 14% to 20% between 2021 and 2023.[22]

In competitive service markets, prices typically reflect underlying input costs. Where prices rise alongside substantial increases in labour, energy and clinical supply costs, and where margins decline, this pattern is generally consistent with competitive cost pass-through rather than the exercise of market power.

Response to Q7 posed by in the Scope:

- Treatment plans which allow patients to spread the cost of treatment over a year and give them more certainty and ability to plan these payments. These plans may cover check-ups and hygiene visits (with a discount on other treatments) or all non-specialist treatment. They are reassuring to patients and allow some to access private dentistry that would otherwise not be able to afford it.
- Patient finance options to spread the cost of treatment over longer periods. This is of particular value for more expensive treatment and allows some patient to access treatment that they would otherwise not be able to afford.

References

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