

Dental Benefits

Although long-insulated from employers' cost-cutting efforts because of their low cost, the rising cost of health coverage is now affecting dental benefits, according to industry experts. Troubled by high rates of inflation in their medical plans, some employers are scaling back on dental benefits. This is not necessarily the best move for employers, as workers tend to see the value in solid dental care. According to *Employee Benefit Advisor*, most people make a positive connection between overall good health and maintaining their oral health. In addition, those with dental benefits have a brighter view of their health and wellbeing as well.

In spite of this, current trends show that the role of dental care is being redefined: Its regulatory environment is intensifying, demographics are changing, providers are practicing differently and technology is revolutionizing the industry. Furthermore, many carriers are now offering "Evidence-Based Integrated Care" plans, which provide optional enhancements to group dental plans for individuals who are at-risk for oral diseases – persons with diabetes, pregnant women and persons with a history of periodontal disease. These add-ons typically increase a group's premium by one percent, depending on the coverage, yet are extremely valuable in preserving a healthy workforce. This indicates a necessity for employers to look for carriers offering more exceptional service, better relationships with providers, larger market shares and a greater ability to understand and adapt to stakeholders' needs.

Industry Overview

Dentistry encompasses the prevention, diagnosis, and treatment of injury or illness relating to the teeth and oral cavity. Dental professionals involved in providing these services include:

- Doctors of Dental Surgery (DDS);
- Doctors of Medical Dentistry (DMD);
- Dental hygienists (clean teeth);
- Dental assistants (counterpart to a medical registered nurse); and
- Dental technicians (fabricate crowns, bridges and dentures).

Specialty branches of dentistry include:

- **Oral and Maxillofacial Surgery.** Diagnosis and treatment (surgical and adjunctive) of disease, injury and defect of the jaw and associated structures; extraction of wisdom and other troublesome teeth. Providers may have dental and medical degrees.
- **Pedodontics (Pediatric Dentistry).** Emphasizes patient management and preventive and restorative techniques suited to children and adolescents.
- **Endodontics.** Deals with diagnosis and treatment of diseases of the tooth pulp and periapical (tip of tooth root).
- **Periodontics.** Emphasizes examination, diagnosis and treatment of periodontium (tissues that surround and support the teeth, such as gingival, periodontal membrane and alveolar bone).
- **Prosthodontics.** Concerned with the fixing or replacement of teeth such as crowns, bridges and dentures.
- **Orthodontics.** Concerned with the preventive and corrective techniques to position teeth in a normal and harmonious relationship and bite. Appliances are often used to correct improper arrangements of teeth. Surgery (orthognathic) is a technique sometimes used in some orthodontic therapies.

- **Oral Pathology.** Concerned with the microscopic analysis of tissue biopsy material for diagnosis, including oral cancer.
- **Dental Public Health.** Area of dentistry concerned with research of disease incidence among population groups and the administration of community health dental programs.

The American Dental Association is the national association assigned to regulate dentistry, as well as individual, state-wide organizations.

Trends

The Relationship between Medical and Dental Disease

The strong link between oral health and overall medical health is leading to more and more integration between the fields of medicine and dentistry. As a result, dental benefits are becoming a more significant component of total wellness programs.

Millions of work hours and days are lost each year to workers with dental problems. Lack of coverage is the main reason individuals don't go to the dentist or limit their visits. Unfortunately, this can lead to higher medical and dental expenditures down the line for patients, and employers. For example, studies show:

- Oral cancer is more common than liver, ovarian, brain, thyroid and stomach cancer;
- Diabetes is associated with an increased occurrence and progression of periodontitis;
- Periodontal disease is linked to the development of coronary heart disease and stroke; and
- Periodontal disease during pregnancy can lead to delivering pre-term and low-birth weight babies. Pre-mature birth increases a child's risk of illness and death in the first year of life.
- Periodontal disease is linked to the development and worsening of diabetes.
- After suffering from periodontal disease, patients are at risk of suffering from the disease again without proper dental care. Frequent dental care will reduce the risk of tooth loss and assists in overall health preservation.

Now more than ever, employers are realizing that dental coverage is an essential, at times differentiating, employee benefit. For most employers, dental plans are still a relatively low-cost, high-valued benefit that can help them attract and retain quality employees, decrease missed work hours, provide diagnostic opportunities and reduce overall health risks.

Consumer-Driven Dental Plans

As more costs are being passed on to them, employees are interested in more choice. Consumer-driven dental plans exist within the market for employers looking to better position themselves. Employer and employee loyalty is important.

Consumer-driven plans offer:

- Varied approach;
- Balanced products, prices and networks; and
- Diverse, flexible and consumer-focused portfolios that complement overall health initiatives.

Plan Designs

Basic Guidelines

Most dental plans can be custom-designed, just like medical plans. Traditionally, dental plans aim to emphasize access and prevention. Some basic guidelines to selecting an effective dental plan include the following:

- Avoid road blocks that cause patients to delay care until care required becomes more expensive;

- Structure plans so co-payments are required for all care other than diagnostic and preventive;
- Limit exclusions;
- Keep medical treatment separate from dental treatment; and
- Keep the language simple.

Cost Drivers

An understanding of dental care cost drivers can assist in plan selection as well. Some elements to consider include:

- **Allocation of services.** Are endodontics, periodontics and/or oral surgery in the same service category or are they split?
- **Eligibility.** Are there benefit waiting periods?
- Asymptomatic or naturally functioning teeth. Are these terms present; if so, how are they applied?
- **Orthodontia.** Is there a severity index; limited to treatment while covered?
- **Frequency limits.** Are they strict; consecutive months? Are they confusing; number of x-ray films, combined services?
- **Administrative guidelines.** What are they?

Controlling Cost

Control costs of dental plans by involving participants, requiring they pay part of cost through:

- **Deductibles.** Dollar amounts incurred to cover dental expenses to be paid by participant before benefits are paid by plan for additional services. Many plans have very low or no deductibles for preventive and diagnostic services to encourage preventive care.
- **Coinsurance.** Stated percentages of covered expenses that plans and participants each pay. Percentages can vary with type of service, to motivate participants to consider costs of alternative treatments.
- **Maximums.** Amounts of benefit dollars participants are entitled for covered services over specific time periods, or for specific types of services. Lifetime maximums are established for certain categories of service, such as orthodontic, periodontal etc.
- **Covered Services.** Description of services covered (preventive, basic, major, or orthodontic).
- **Reimbursement Levels.** Deductibles, coinsurance and maximums affect levels of benefits paid; and types of plans (reasonable, customary or scheduled).
- **Exclusions and Limitations.** Exclusions (services not covered) and limitations (closed list, customary, or covered services) limits liability.
- **Alternate Benefit Clauses.** Clauses address common industry practices (alternate methods of treatment, cost differences for treatments, lower prices for customary services, higher prices for higher-cost or cosmetic treatments etc.).

Ways to Lower Costs

Plan sponsors can do the following to lower Dental Insurance costs:

- Review covered procedures, exclusions and limitations to ensure that up-to-date procedures are covered under your plan. This way, care will be provided and costs will be kept down.
- Offer a dental maintenance organization (DMO) or a dental provider organization (DPO), which are designed to provide savings for sponsors and employees.
- Lease a dental network from an insurance company. If you want to self-administer your dental plan, then this is an option.
- Use a self-insurance plan to attain cost and administrative savings. When claims are low, administrative fees also drop.

- Update the schedule for scheduled plans to assure that they are current and that the procedures covered by the plan were in fact the procedures performed on your employees. Since the American Dental Association (ADA) updates a procedure code list annually, outdated dental schedules do not provide substantial coverage and can enable dentists to charge large amounts of money for procedures that are no longer relevant.

Maintaining Quality/Value

Plans remain valuable to employers if they offer:

- Hassle-free administration;
- Strong networks;
- Good savings and value;
- Inexpensive, yet appropriate benefits; and
- Opportunities to integrate with medical plans under one vendor.

Plans remain valuable to employees if they offer:

- Ease of use;
- Customer service;
- Quality of care; and
- Fast claims processing.

Though rising benefit costs may be squeezing your dollars, your employees probably see the benefit in dental coverage. Therefore, it is wise to be wary of coverage with extremely limited coverage levels, even if that means that your employees must pay more for a high benefit voluntary option. According to *Employee Benefit Advisor*, consumers insist on higher level benefits and are willing to pay for them so they are fully covered. Dental Plans may be the right solution for your organization and your employees. Please contact your [b_officialname] representative for assistance in determining if and what type of dental benefit plan designs are right for you.

For more information on dental care, visit The National Association of Dental Plans (NADP) at www.nadp.org, or the American Dental Association at www.ada.org.

The Extensis Group welcomes the opportunity to help your organization examine its plan design(s) and make recommendations for improvement.

About Extensis Group, LLC

Extensis Group, LLC is the largest leading New Jersey-based Professional Employer Organization (PEO), providing outsourced human resources, benefits and risk management services, including payroll, tax, insurance, human resources and regulatory compliance. Freeing its clients to focus on growing their businesses, Extensis Group offers local, high-touch solutions to a broad spectrum of human resource needs for entrepreneurs and small business organizations. Extensis Group is a member of the National Association of Professional Employer Organizations (NAPEO). For more information please call (888) 473-6398 or visit Extensis on the Web at www.extensigroup.com.

This copy of Plan Designs is not meant to be provided as legal advice. Readers seeking legal advice should contact an attorney.