

Dental Benefits: Should Your Clients Consider Voluntary Or Employer-Paid?



by *Chris Baldwin and
Renaë Styve-Krmpotich*

We have noticed a growing trend toward voluntary dental benefits in the past few months. In this economy, everyone is closely watching the value of their benefit dollar, so it's important to consider many things before determining what type of dental plan makes sense for your clients.

Affordable dental care will always be important to employers. National surveys continue to cite dental coverage as one of the benefits that employees value most. For example, 62% of employees view dental coverage as essential to their benefit package, according to a 2008 study by the National Association of Dental Plans (NADP).

Solid dental benefits are also important

for oral health. People who get regular preventive dental care are less likely to develop more serious and costly oral health issues down the line.

Employers are offering a range of options to keep dental in the benefits portfolio. Fifteen percent are likely to transition to voluntary dental benefits and 28% are likely to increase the premiums paid by employees, according to the study.

Phil Toste, president of Ancillary Markets, a Northern California wholesaler of group dental plans, often sees a geographical split between employer paid and voluntary plans. Employer-paid plans, with high benefit levels, are very popular in the urban areas of Northern California where there is a great demand for specialized high-tech employees while voluntary plans are in much greater

demand in the more rural areas.

Once the employer decides to provide dental benefits, the next question is whether it should be employer-paid or voluntary.

How Do They Differ?

First, let's start with terminology, since some carriers define the terms in different ways. In an employer-paid plan, the employer generally carries a larger share of the cost than with a voluntary plan. However, few employers pay the full premium on an employer-paid plan and many voluntary plans also include an employer contribution.

Employee participation levels determine how some plans are defined. This is a key factor in the claims experience (and thus cost) of a dental plan. Since definitions vary by carrier, be sure to review how

the terms are defined by the dental plans you're quoting.

Advantages and Disadvantages

When the employer offers a dental plan on a voluntary or employee-paid basis, the employee has the opportunity to get valuable coverage. In addition, employees trust that their company has done the work to choose a solid, cost-effective plan from a reliable dental benefit carrier.

An employer that pays a greater share toward employee benefits can have a distinct advantage over other employers going after the same labor pool. While this may not be as big an issue in times of high unemployment, two facts remain: The economy will eventually turn around and competition for the best employees can be fierce even in a tight economy.

How Do They Work?

Most dental plans follow a similar formula, with coverage for preventive, basic, major, and sometimes orthodontic care. However, there are often differences among comparable employer-paid and voluntary plans.

For example, employer-paid and voluntary plans may cover preventive care at 100%, basic services at 80%, and major services at 50%. But the voluntary plan may include a waiting period for certain categories of care. This protects the plan's financial integrity and cost stability for all

the groups and employees that purchase into the same pool.

Waiting periods are useful because they help reduce the effects of anti-selection. The risk of anti-selection increases on a voluntary plan since employees pay a higher share of their premiums than they would on an employer-paid plan. Also, a smaller percentage of employees generally participate in voluntary plans.

Here is an example: Without waiting periods, more employees would sign up for a voluntary plan just to get some major dental work and then drop the plan once they've had the work done. This increases costs for the people who purchase the plan for its intended use: affordable preventive care and financial assistance for more complex treatments when needed.

It's important to find a dental benefit carrier with plans that are easy to understand and give employers flexibility to choose options that meet their objectives. Options include a selection of coinsurance percentages, deductibles, annual maximums, and the option to include or exclude waiting periods.

Benefits Wrap-Up

Talk with your client about the varying details of employer-paid and voluntary plans since these details may be relevant to their choice of otherwise comparable plans. This can include any benefit differences, such as different waiting periods.

Look for the most responsive dental ben-

efit carriers that offer experienced broker support teams to answer your questions on numerous benefit subjects. They should explain the advantages or disadvantages of a plan for your client. They should also be able to recommend a plan design that fits your client's needs. Look for Web-based rate calculators that make it easy for you to quote and compare varying scenarios in a matter of minutes, including employer-paid versus voluntary. □

Chris Baldwin is the chief sales officer of Securian Dental plans. Renae Styve-Krmpotich manages the SecurianConnect Broker and Small Group Services Team for Securian Dental plans. Securian Dental plans, available in 46 states, are underwritten by Securian Life Insurance Company and administered by DeCare Dental Health International, LLC (DDHI). In California, Securian Dental is underwritten by Securian Life Insurance Company, offered through DeCare Dental Insurance Services, LLC and administered by DDHI Administrators LLC. Securian Life Insurance, a member of the Securian Financial Group, is rated A+ (Superior – second highest of 16 ratings) by A.M. Best. DDHI is an affiliate of DeCare Dental, which manages dental benefits for 4 million people in 22,000 employer groups. Securian Dental coverage is offered under policy form series 03-30612 or a state variation thereof. Contact Chris at cbaldwin@securiandental.com or 866-222-6507. Contact Renae at rkrmpotich@securiandental.com or 866-827-3318.