

Dental providers embark on new ways to offer benefits

By Lydell C. Bridgeford

Since dental represents only about 10% of total health care expenditures, it's easy to understand why benefit managers focus their cost-containment efforts on medical and prescription drug strategies. But dental benefit providers hope employers will see their latest plan modifications as a component to an overall strategy to control health care cost and help employees meet their dental needs.

The new options and strategies, ranging from ranking dentists based on utilization patterns, consolidating PPO networks, offering split copays and providing Web-centric administration, are not merely designed to adjust the level of the benefits — read: shift cost to employees — but attack the true drivers of costs.

“Dental, although a smaller component of the benefit spectrum, is an area that has not had a new delivery model for decades,” says Dimitri Senaratna, director of communications at Minnesota-based DeCare Dental, a dental benefit management company.

Moreover, employers have not really seen a significant increase in the cost of dental coverage over the years. The 2005 Mercer Survey of Employer-Sponsored Health Plans reports cost of dental coverage per employee was “essentially flat” in 2005, averaging \$600 per employee, a decrease of less than 1%. Average dental plan cost was highest in the West at \$713 per employee and lowest in the South at \$504 per employee (see Chart 1 on page 42), the survey report notes.

The steady cost of coverage can be linked to the growing use of dental PPOs and HMOs and subtle plan designs that shift cost to members who use



the most services. The report also says dental PPOs are offered by 61% of dental plan sponsors, a 3% jump since 2004; and participation in dental HMOs grew from 16% to 20% (see Chart 2 on page 42).

Ranking dentists

DeCare Dental is hoping its new dental benefit offering called Informed Patient Options (IPO) will shake up the market. IPO is an analytically based consumer-driven dental program that is able to rank and tier dentists based on utilization patterns.

The company studied the analytics on millions of claims and discovered that the largest factor in dental costs is a dentist's approach to care, rather than fees. According to the company, research shows that a dentist's approach to care rarely changes during his or her career.

"The fundamental concept here is that dentists practice differently, and those differences have significant economic consequences, so we developed various statistical and clinical methodologies to look at how they practice," says Dr. Dick Hastreiter, vice president of analytics and dental director at DeCare. "Information about how dentists practice and their practice profile is important not only in terms of determining what current costs are, but also projecting future cost over time," he adds.

The goal of IPO, in part, is getting employees to utilize the higher-ranking dentists, reasoning that these dentists have a track record of providing appropriate care to address a patient's specific needs.

"We wanted to focus more on the utilization side of the practice to see if that might have a stronger bearing on cost," says Mark Moksnes, executive vice president of sales and marketing at DeCare Dental. "The stronger driver of cost is not fee discounts or fees, frankly, but it is utilization," he adds.

So far, company's officials have received positive feedback from organizations that have participated in the pilot program. The firms laud the program because of its ability to project long-term financial guarantees, says Senaratna at DeCare.

"Dental plans have preauthorization programs that do a pretty good job of tracking utilization patterns, but taking an extra step to track whether there is overutilization is probably a good strategy," says

Michael Carter, vice president at The Hay Group.

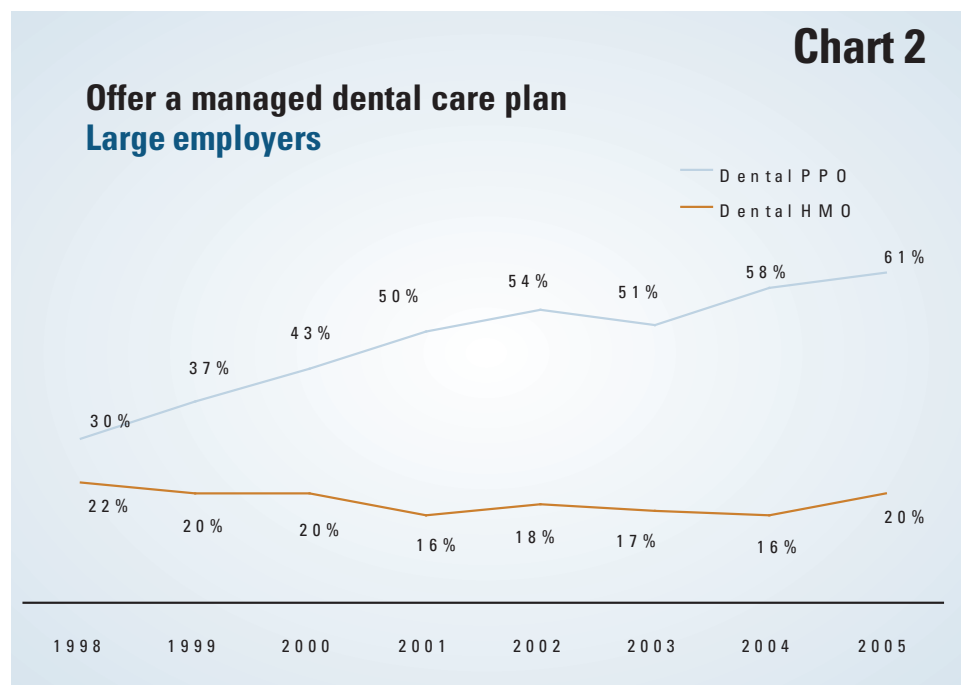
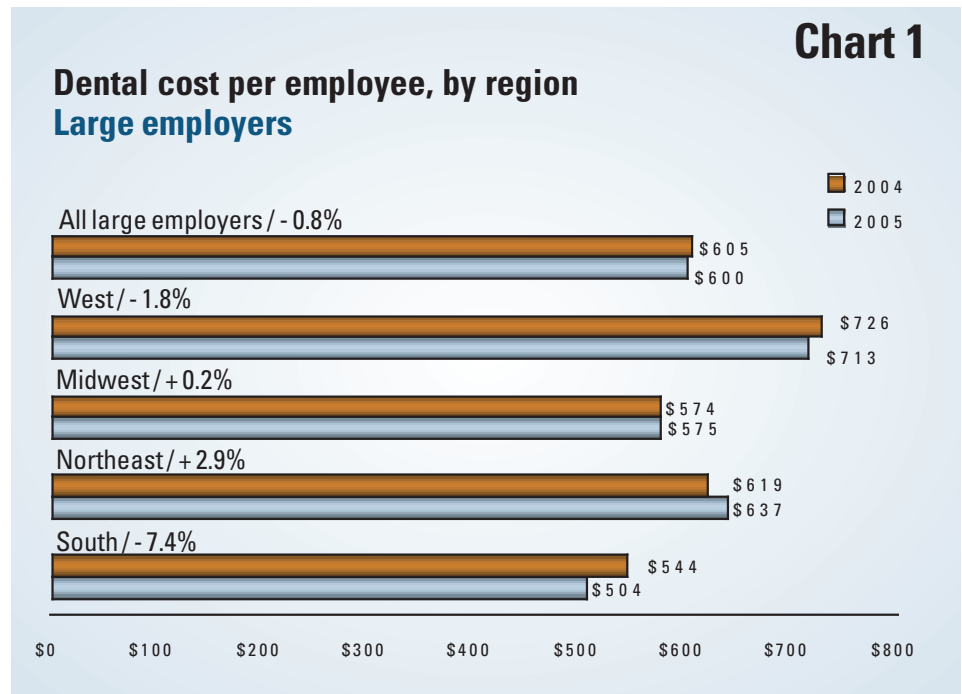
Consolidation and direct reimbursement

New tactics, such as carriers consolidating their dental PPO networks, might grab the attention of employers looking to expand their provider network. Recently, Assurant Employee Benefits and Aetna decided to join their dental PPO networks, which is now one of the largest dental networks. The new roster offers its members a wider selection of in-network dentists,

thus possibly reducing out-of-pocket expenses on out-of-network dentists.

"Employees always like the dental networks because of the opportunity to get a provider who has deeper discounts, which may lower out-of-pocket costs," says Vincent Graziano, vice president at the Segal Company.

However, "dental is often more personal for people. Once a comfort has been established, people are a little less likely to go and jump ship over to a different provider if their current provider is no longer in the network," he adds.





Mark Moksnes

Moreover, a growing number of employers and carriers are starting to look at direct reimbursement (DB) programs as a means to deliver dental benefits.

“Dental is part of the consumer-driven craze, and direct reimbursement is the ultimate consumer-driven dental plan,” says Dennis McHugh, manager of dental benefit information service and third-party issues at the American Dental Association.

“About 1.4 million individuals in the United States are using direct reimbursement plans. Last year, we had over 5,600 requests for information about direct reimbursement programs,” says McHugh.

The association, which represents the dental profession, also advises organizations on their dental plan designs and offerings.

Lately, its been advocating DB programs, which allow employees to visit any dentist they want and then submit an itemized statement to either their employer or third-party administrator. The employee or the dental office is reimbursed according to the plan design. With a DB program, no insurance company is

involved; it’s self-funded, with the employer assuming the risk.

In addition, the program, which covers everything expect cosmetics, is based on dollars spent and not the procedure performed, so employees don’t have to be pre-occupied with whether the procedure is basic, major or preventive. Employees know up front the dollar amount being charged.

More often now, we are seeing some carriers try to implement dental plans that offer a direct reimbursement component, says McHugh.

e-Dental

“Benefit directors understand that employees want dental coverage because it’s the second most requested benefit after medical programs,” says Mike Davis, chief operating officer at Virginia-based

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Dominion Dental Services. Yet, their full attention is most likely on medical cost increases, which is why dental benefit providers need to be innovative and straightforward with their offerings.

The dental provider designed a program that intends to make it easier for employers, mainly associations, to offer workers several dental options from a DHMO, PPO and a reduced-fee discount program. The new program, which is called e-Dental, is Web-centric in that many administrative functions are performed online.

“The two primary features of this program ... are bona fide group dental coverage sold on an individual basis and complete online functionality. We now have a plan with mass appeal that is also completely free of employer administrative responsibility,” says Davis.

Split copays for dental

Providers still believe there are ways to contain savings with the delivery of dental benefits. For example, employers can select an incentive PPO plan that encourages members to use in-network dentists, instead of a passive PPO plan, and reimburse out-of-network users with alternate benefits, explains Rebekah Whitehouse, chief marketing officer of CIGNA Dental.

Employers have to realize there is a wide range of variability that they can apply to their dental benefits and products, says Whitehouse. “Sometimes employers are not aware of all of the dental benefit variations because dental doesn’t have the same shelf space as medical has.”

Cigna Dental has expanded its DHMO product suite to include a new split copay

differential. According to the company, it’s the first split copay plan nationwide.

“Similar to on the medical side, where there used to be a single copayment, and that took care of getting all services performed, you have seen over time a shift to clarification of cost through transparency for different providers, procedures and treatments,” says Whitehouse.

“We are trying to take that same learning and leverage that to the dental industry by providing additional transparency on the dental product side as well, and also driving consumers’ behavior in a positive way,” she adds.

Since a lot of the cost-containment measures are new, it’s too early to truly determine, some say, their short-term and long-term effects on the delivery of dental benefits. —**L.C.B.**