

# Dental Benefits Carriers Innovate to Meet Market Demand, Expand Access to Care

## Dental in Depth An Article Series for Producers

by Thomas Dolatowski

The employer-sponsored benefit model is unrivaled when it comes to delivering dental benefits to large groups of people. But as an organization that exists to expand access to dental care to everyone, Delta Dental spends a lot of time developing ways to bring benefit plans to the millions of people who aren't offered affordable dental coverage by their employers.

Our ongoing effort to improve affordability and availability of coverage means that more people can receive dental care at a discount, even when they're not members of a group plan. We continue to evolve our offerings for small businesses, where plan penetration has yet to top 50 percent, and we also look for opportunities to serve populations such as retirees, who have specific coverage needs that are largely unmet by the employer-sponsored benefit system. While most of our business continues to be with larger companies, we're striving to develop plans for people outside those companies, too.

Perhaps it's the same for you. Sometimes the key to business development is to recommend a service that yields little immediate payoff in terms of revenue but establishes your credibility as a business partner. Today, dental benefit plans for individuals, small businesses and retirees comprise a relatively small chunk of the dental benefits market, but they're nevertheless respectable ways to support public health, employee productivity and company competitiveness.

Some of these products or market sectors show considerable growth potential, but even when your clients opt for a plan that they don't "sponsor," they're likely to appreciate your familiarity with the range of available options. They might also reward your willingness to recommend the best solution for their specific situations.

### Promoting individual coverage

It should be axiomatic in business that every company is either a client or a prospective client. The ones that can't afford or simply don't want to buy today can still benefit from conversations with knowledgeable brokers and consultants.

The recruitment, retention and productivity advantages associated with employer-sponsored dental benefits

are fairly well known. But if a company can't be persuaded to pay for those advantages, they might be persuaded to promote a voluntary dental program or dental discount plan to their employees. This costs companies nothing in terms of premiums but can still drive employee satisfaction.

Delta Dental Patient Direct, available in some areas of the country, offers enrollees access to a network of dentists who agree to discount their fees to levels comparable with what large groups offer. Enrollees are responsible for 100 percent of the cost of their care, but that cost is considerably lower for most dental services, including routine cleanings, fillings, x-rays, crowns, root canals, gum treatments, extractions and dentures. Discounts are given by general dentists and specialists alike, and there are no preexisting condition restrictions. Employees may buy individual or family coverage.

While out-of-pocket expense is higher than it would be in an employer-sponsored group, it is also markedly lower than it would be if employees didn't have access to the discounted fee schedule. Pointing prospective clients toward such a plan at a time when they can't or won't sponsor their own programs makes it more likely that they'll come back when it's time to add a bigger group benefit.

### Room to grow

The small business sector is popularly known as the engine of the American economy and is given plenty of applause for its prowess in terms of job creation. But small businesses have comparatively small budgets and are far less likely than big companies to offer health or dental benefits.

In the 2003 edition of its annual Employee Health Benefits Survey<sup>1</sup>, the Kaiser Family Foundation noted that "size is the best predictor of whether or not a firm offers its employees dental benefits." Fewer than 40 percent of small companies offered dental benefits, compared with 92 percent of the largest companies. The former had fewer than 200 employees, and the latter had 5,000 or more. Local-market research conducted by one Delta Dental member company indicated that only one third of full-time employees of small businesses in Texas had dental coverage.<sup>2</sup>

The California Bureau of Labor Statistics indicated that less than half of all businesses with 50 or fewer employees offered dental benefits.<sup>3</sup>

A market this large with penetration rates this low has to be seen as an opportunity, both to increase access to dental care and to drive sales. But the market presents specific challenges and requires custom-tailored solutions.

Delta Dental member companies offer a range of group benefits for small businesses at competitive prices that are comparable to what larger groups pay. Fee-for-service, preferred-provider-organizations (PPOs) and dental health maintenance organizations (DHMOs) all offer the flexibility to be configured as dual-choice options, or as voluntary or employer-sponsored coverage.

The challenges associated with small business administration are undeniable, but as more employees and prospective employees show an interest in their oral health, small companies should be apprised of the options available to them in terms of dental benefit plan design. Even when they offer strictly voluntary, employee-pays-all, access to dental benefits or a discount dental services network, employers can improve their recruitment competitiveness.

### **Parting with long-standing benefits**

Ongoing evolution in major American industries, such as the airline and automobile industries, reminds us almost daily of the potential vulnerability of retirees. While thousands of people wait anxiously to see whether their health and retirement benefits will be changed or dropped, even more part with their employer-sponsored dental benefits when they retire. The difference is, that's nothing new. In its comprehensive report on oral health<sup>4</sup> the office of the U.S. Surgeon General noted that "Many elderly individuals lose their dental insurance when they retire." The report also noted that 23 percent of adults age 65 to 74 have severe periodontal disease; most use prescriptions that could have oral side effects; and many live in long-term-care facilities with inadequate dental services. In other words, many people lose their dental benefits at a time when access to care could be quite helpful.

In 2003, AARP, the influential American association dedicated to the interests of people over 50, collaborated with Delta Dental to launch the AARP Dental Insurance Plan. The plan covers most preventive, diagnostic and basic restorative services as well as root canals and extractions at discounted rates for AARP members. After 12 months, coverage expands to include major restorations, gum treatments and dentures. As Employee Benefit News magazine noted, member premiums are locked in for the first two years of continuous coverage, and the plan offers single, two-person or family benefits.<sup>5</sup>

Brokers and consultants understand that businesses have to make difficult decisions in their efforts to stay competitive and profitable; but few clients relish the idea of cutting loyal, long-standing employees loose to fend for themselves in retirement. While your focus will continue to be on benefits for the active workforce, you will strengthen your standing as a benefits partner and total-solutions provider when you can steer your clients toward options for all their stakeholders, including retired employees.

Brokers and consultants can build up good will and credibility among business owners by being aware of coverage options that cost businesses little or nothing, yet deliver incremental rewards in employee-relations, recruitment and retention. Voluntary, individual, retiree and other plans might not produce big commissions in the near term, but when business owners are ready to add employer-sponsored benefits, they'll know whom to trust.

#### *References:*

1. Kaiser Family Foundation, Employee Health Benefits Survey, 2003
2. Survey conducted by Delta Dental Insurance Company
3. From Delta Dental Plan of California: <http://www.deltadentalca.org/news/sba2.html>
4. Oral Health in America: A Report of the Surgeon General
5. "Senioritis: AARP, Delta Dental seek to extend benefits to mature market," Employee Benefit News, April 2006