

Group Dental Discount Plans: It's Not Insurance—It's Better

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Sixty percent of small businesses with six to 24 employees don't offer their employees dental benefits. And that percentage increases dramatically for employers with fewer than 10 employees.

Small employers are beginning to turn to discount plans for ancillary health care services to help them afford the high cost of health care while remaining competitive in the employment market. Dental discount plans provide affordability and administrative flexibility while meeting the needs of increasingly savvy employees who understand that if they can't have insurance benefits, discounts are the next best thing and—in some ways—even better.

WHY GROUPS OFFER DENTAL BENEFITS

The incentives and rewards for small employers to offer their employees dental benefits are many. For decades dental benefits have been shown to reduce absenteeism, improve morale, and enhance performance. Research increasingly shows the link between oral health and overall health. That research is even beginning to show that receiving dental care can reduce personal medical expenses.

Despite these compelling benefits, there are still more than 135 million Americans without any dental coverage, most of whom are employees of small employers who can't afford the high cost of dental insurance. So what can small employers offer to their employees that is affordable and offers meaningful savings?

The solution may be found in a 2001 survey by Health Allies. That survey found that as far back as five years ago employees understood that medical costs were making it difficult for employers to provide ancillary health care benefits, and 86 percent of the employees surveyed simply wanted access to discounts for those services which their employers couldn't afford. Employees even indicated a willingness to pay for access to discounts.

DENTAL DISCOUNT PLANS: A GROWING TREND

Discount dental plans are non-insurance programs in which a panel of dentists agrees

to provide their services to eligible members at pre-negotiated discounted fees or at a percentage off of their retail fees. Discounts typically range from 25–50 percent off of usual fees for the most common dental procedures (including exams, cleaning, fillings, crowns, etc.). And because discount plans aren't insurance, they cost much less and offer greater enrollment and coverage flexibility to both small employers and their employees.

The non-catastrophic and predictable nature of dental care has prompted several major benefit consultants to predict that discount plans are the future for ancillary health benefits. In 2005, Mercer and Watson Wyatt predicted that High Deductible Health Plans, which can integrate discount programs within a pre-tax savings vehicle (*e.g.*, FSA, HRA, HSA), will be a more cost-effective way to provide employee dental benefits as medical costs continue to rise. Both consultants even went so far as to predict the end of dental insurance within the next ten years.

Echoes of the Health Allies survey, and a foreshadowing of the consultants' survey forecast regarding ancillary discount programs, could be heard when Medicare introduced its discount pharmacy program in 2004. And again, in 2005, when the federal government expanded their employee benefit choices to include voluntary dental discount plans. Dental discount plans, once perceived as exclusive to uninsured individuals, are becoming an integral part of our national benefits. And more and more small businesses are now discovering that the discount plans are not only more affordable than insurance, but they can also provide greater savings on more services for their employees.

AFFORDABLE AND FLEXIBLE FOR EMPLOYERS

There are several reasons why small employers are adopting discount dental plans. Topping the list is low cost, ease of administration, and a growing realization that discount plans offer employees real value.

Cost is the number one reason why small employers don't offer a dental plan, and discount

plans address this problem with very affordable fees and flexible enrollment options. Typical employee rates are generally less than \$10 per month, with family rates typically below \$15. Companies who can't afford this fee can still offer their employees a discount plan on a voluntary basis via payroll deduction. And discount plans don't have the dreaded "minimum employee participation" requirements that prevent many small employers from offering a plan. One additional bonus is that there is no renewal sticker shock. In fact, most dental discount plans can be purchased with multiple-year rate guarantees.

IMMEDIATE, COMPREHENSIVE, AND UNLIMITED SAVINGS FOR EMPLOYEES

Employees are beginning to realize that dental discount plans offer very real and tangible benefits compared to voluntary dental insurance. Annual insurance premiums can cost up to \$500 dollars a year for an individual and more than \$1,200 for a family. Since the average person spends less than \$400 a year on dental care, it doesn't take long to figure that paying expensive dental insurance premiums, in addition to deductibles and co-insurance, doesn't make good financial sense.

Discount dental plans also offer more immediate access to needed care that is often limited, delayed, or even prevented by insurance plan exclusions and limitations. For example, voluntary group plans typically have waiting periods ranging from six to 24 months for services such as fillings, crowns, and orthodontics. These waiting periods, which are critical to the insurer's financial viability, do nothing for employees with immediate dental needs,

except possibly exacerbate a dental condition, increase their costs, and threaten their health.

Dental insurance plans also exclude many popular services such as teeth whitening, dental implants, and orthodontics (braces). Dental discount plans can provide savings on all of these services without limitation.

Annual benefit maximums are another standard feature of dental insurance plans that may prevent employees from receiving needed care. Discount plans don't have savings limits. So, by eliminating waiting periods, discounting all services, and not limiting plan savings, dental discount plans afford employees the ultimate benefit: letting them decide what dental services they want done, when they want them, and without limitation as to how much they can save.

SELECTING A DENTAL DISCOUNT PROGRAM

The key to purchasing a good dental discount plan is verifying in advance that the plan can deliver on its promises. More and more states are beginning to regulate discount plans, so check with your state's Department of Insurance (or, in California, the Department of Managed Health Care) to verify that the plan you have selected is in compliance with state law. In conjunction with verifying state registration or licensing, or in case your state doesn't provide any current regulatory oversight, make sure the plan can demonstrate the following consumer safeguards:

- credentialed dentists—preferably that are directly contracted with the discount plan to reduce potential confusion with the participating providers;

- true, verifiable, and enforceable discount fees—plans should be able to demonstrate that the savings they promise are real and that their contracts enable them to enforce the discounts; and
- a dispute-resolution system—which helps members resolve provider access and discounted fee disputes.

Network size is also important since plan discounts will not apply to non-participating offices. Make sure the plan has sufficient provider choice for all interested employees, and if the plan includes specialists, that's an added bonus. Specialty care can be very expensive, so discounts for root canals, gum treatment, extractions, and braces can save employees significant money.

The National Association of Dental Plans offers a good referral tool for discount plans on their Web site (www.nadp.org).

RETURN ON INVESTMENT

Amid all the gloom and doom of rising medical costs, there is some good news for small employers. For just a few dollars a month, they can offer their employees a dental discount plan that makes dental care more affordable. In addition, they are also helping employees to improve their health, which creates greater employee appreciation, productivity, and loyalty. And that is the type of dental plan every small employer can afford. 🌟

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