

Been There, Doing More: Dental Benefits Adapt to Consumer-Directed Market

voluntary benefits

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As a market factor, successful cost control has been fueling growth in dental benefit plans for some time, just as today it drives momentum for consumer-directed health care benefits.

Cost control in dental plans has led to annual premium increases consistently in the single digits, while double-digit premium increases have beset (and upset) medical insurance carriers, managed care providers, employers and employees for years.

THE COMMON GROUND

Employers and employees have found common ground in valuing health care and dental benefits as a component of the compensation package.

Employers want to offer an attractive, competitive benefits package while controlling costs. Employees agree to share costs of benefit plans to keep them in the compensation package and have become more involved in decisions impacting their health.

The promise of consumer-directed cost control is that when consumers of health care manage their own expenses and see for themselves how much things really cost, they'll shop around and take measures to reduce their utilization.

UNMASKED: THE SECRET OF DENTAL COST STABILITY

One of the true sources of dental cost stability is preventive care. Dental benefits focus on care and an approach that prevents oral health problems, promoting employee responsibility. Likewise, employers can structure benefit programs to encourage employees to make smart health decisions. The bedrock strategy used by leading dental benefits carriers is to offer plans that fully fund preventive procedures such as regular teeth cleanings.

When preventive care is 100-percent funded, consumers have every incentive to take that care. Dentists and dental hygienists also train their patients to take better care of their oral health through brushing, flossing and better personal hygiene. The various approaches and innovations to consumer-directed dental care don't tamper with preventive care.

Encouraging, and funding, practices by consumers that promote better health and prevent disease could be one of the most important steps employers can take in controlling the costs of care.

EMPLOYEE INVOLVEMENT

Another source of cost control strength for dental benefits is employee involvement. The fact is that most dental benefit plans feature incentives that drive patients toward preventive and early-treatment procedures and away from expensive cures and

restorations. The designs of dental benefit plans involve consumers in treatment decisions. Dental benefits often require consumers to pick up 50 percent of the cost of complex tooth restorations, for example, making it more likely that they discuss treatment options with their dentists, and then make decisions based in part on price.

THE IMPORTANCE OF NETWORKING

Another trend in dental benefits could be a harbinger of success for consumer-directed care: More and more people are enrolling in PPOs, even when traditional fee-for-service plans are available. In other words, subscribers are choosing less expensive plan designs, even when those plans are seen as slightly more restrictive than fee-for-service plans.

Across the industry, the shift from fee-for-service plans to PPOs is unmistakable. In its 2005 enrollment report, the National Association of Dental Plans states for the 13th straight year, dental preferred provider organizations gained enrollment, jumping four percentage points from 2004 and 11 points from 2003. Enrollment in dental fee-for-service plans declined by eight percentage points from 2003 to 2005. Enrollment in DHMOs declined less severely, from a dental benefit segment share of 15 percent to 11 percent in 2005.

This indicates that subscribers are willing to choose lower-cost options, though the move toward PPOs instead of DHMOs suggests consumers are willing to pay a bit more for the balance between cost and choice.

A JOURNEY, NOT A DESTINATION

Like members of a continuous quality improvement culture, dental benefit plan managers have taken nothing for granted. Though their dental benefits costs remain more or less in check, they, too, are testing various elements of consumer-directed care. Some have added reimbursement accounts for treatments and Web sites that focus on patient education.

So while consumer-directed care is popularly known as a cost-control strategy for the medical industry, many in the dental industry are preparing for a shift toward consumer-directed models, too. **CDHC**

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