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CONSUMER'S GUIDE TO INDIVIDUAL OR FAMILY DENTAL INSURANCE

INSURANCE ISSUES

Dental coverage is a wonderful insurance to have – and can offer peace of mind for family dental health needs. Perhaps your employer offers a choice of plans from which to choose. If, on the other hand, employer-offered coverage is not an option but dental insurance is important to you, then determining the right plan becomes more than a matter of insurance protection – it is a vital means of education and learning.

The process does not have to be daunting or confusing, however, if you are an informed consumer. It is important to understand that all plans are not the same and that it is wise to compare several types of dental insurance products before making a final decision. Knowing the benefits and criteria of each will provide you with valuable information that will help determine the plan that works best for you and your family.

This guide offers a basic understanding of fundamentals of dental insurance, as well as the different types of dental insurance coverage. Additionally, this material includes information and tips to help consumers make the best possible choice in dental insurance.

Dental Insurance Fundamentals ... dental needs and treatments are very different from medical needs and treatments. So are the insurance products and philosophies.

The dynamics surrounding dental insurance are different from those that govern health or other types of insurance. Most dental insurance is group insurance. Insurance companies do not commonly sell individual or family dental insurance.

Insurance is tied to the assumption of risk. While you buy auto, home, life, health or disability insurance for the financial protection and peace of mind it offers, you nonetheless hope that you never have to use it. You pay the premium, and the insurance company assumes the risk for costs over and above the premiums. If the unexpected occurs, then the insurance company pays allowed expenses of the policy, less any co-pay and deductible amounts. Hopefully, those amounts are minimal for the consumer. Without insurance, you assume the risk – and financial burden – for all expenses should the unexpected happen.

When you buy individual dental insurance, the premium will be higher because this insurance is not purchased to defray **possible and unexpected** medical expenses of the future (as is regular health insurance), but because you fully anticipate a need for dental care for yourself and/or dependents. The premium is higher because the insurance companies also understand that you are buying dental insurance because of **expected** need – and that they will be paying out more in claims.

And this translates to risk. Group dental policies such as employer-sponsored dental benefits represent lower risk because the risk is spread out. Individual policies, on the other hand, have no shared risk; thus premiums will be higher and waiting periods may be longer.

When this principle of risk assumption is applied to dentistry and dental benefits, you can see why individual or family dental insurance is not commonly found in the marketplace. Most dental insurance is group insurance, again because of the shared risk factor.

For these reasons, consider whether the cost of dental insurance for the treatments you expect to occur during the year are going to be higher or lower than the expected cost of treatment. This could help drive your decision on which type of dental insurance product is best for you – or if the cost of dental insurance justifies even buying it.

In summary, keep in mind the above dental insurance fundamentals as you consider purchasing an individual or family dental insurance plan. This will help ensure that you make the right decision about your family's dental health care needs.

TYPES OF INDIVIDUAL OR FAMILY DENTAL INSURANCE

There are a variety of individual or family dental insurance products, and not all insurance companies sell the same type of product: some are traditional indemnity insurance, others are dental HMOs or capitation plans, and others are discount or referral plans or buyers' clubs.

Following is a brief description of some specific dental insurance offerings:

- Traditional indemnity insurance – These programs usually allow patients to go to the dentist of their choice. They pay either a set percentage of the dentist's fee or the insurance company's determined fee limit (or the "usual, customary and reasonable" fee/UCR), whichever is less; or they pay a set dollar amount for covered services off a table or schedule of allowances. UCR rates can vary widely from insurance company to insurance company and even within the same company's policies. UCR is not a universal fee charged by all or even most dentists. With an indemnity insurance plan, the patient is required to pay the difference between the insurance company's reimbursement and the dentist's fee.
- Dental HMOs or capitation plans – These programs require the consumer to see one of a limited number of dentists in order to receive coverage. The patient is required to pay a monthly fee to the plan and a set copayment fee to the dentist for certain covered services. The plan pays the contracted dentist a fixed amount per enrolled individual or family. If the patient goes to a dentist who does not participate in the plan, then the patient receives no reimbursement and has to pay the treating dentist's entire fee.
- Discount or referral plans or buyers' clubs – These programs require the consumer to pay a monthly fee. In return, the plan provides the patient access to a limited list of dentists who have agreed to discount their fees. The plan does not make reimbursement to patient or the dentist. The patient is required to pay the dentist the entire discounted fee. Simply put, these plans provide a list of discount dentists. The patient assumes the risk, at a discount.
- Direct Reimbursement (DR), independent practice associations (IPAs) and preferred provider organizations (PPOs). These different dental benefit plans are only offered through employers to their employees.

EVALUATING INDIVIDUAL OR FAMILY DENTAL INSURANCE POLICIES

Keep in mind the principle of risk assumption as you shop for individual or family dental insurance. The insurance company wants to make a profit and in order to do so, the company must find ways to legitimately limit its risk. The consumer must carefully evaluate the dental policy to ensure that the insurance company's concern of risk does not override the value of coverage. Ask yourself, does this policy cover expected and specific dental treatments in an acceptable manner, and does the plan include choice of dentist?

This checklist of questions will help you evaluate individual or family dental insurance policies:

- If the plan uses UCR to determine your reimbursement, what is the UCR level? How frequently does the insurance company update it? What percentage of dentists actually charge the insurance company's determined UCR? UCR can be set at a percentile of the actual fees charged anywhere between 0 and 100.

- Does your dentist participate in the plan, or do you have to change dentists? Are there restrictions on your choice of dentists? Will you receive coverage if you see a dentist who is not part of the plan? And to what degree?
- If the plan requires that you see a participating dentist to receive benefits, do you know the names and locations of the dentists on the list who are accepting new plan patients? Are the choices of dentists acceptable to you? Are their locations convenient?
- If the plan requires that you see a participating dentist to receive benefits, what is the dentist/patient ratio for the program? What criteria does that plan use to select dentists to participate in the program? What is the geographic distribution of patients to dentists?
- Does the plan cover all of the dental treatments that you need or want covered? Are there coverage limitations or exclusions?
- Does the plan cover diagnostic, preventive and emergency services? Will it cover preventive services such as sealants and fluoride treatments? Will it provide for full-mouth X-rays?
- What type of routine dental care is covered? Does the plan cover crowns and bridges, braces, root canals, oral surgery and treatment of periodontal (gum) diseases?
- What major dental care is covered? Does the plan cover dentures, implants or treatment for temporomandibular (TMJ) disorders? Covered benefits among various plans can range from almost nothing to everything.
- Are pre-existing conditions, such as missing teeth, covered?
- Are there waiting periods before you can start using the insurance? Are there waiting periods before you can receive certain treatments?
- What are the monthly premiums? How much are they, and are they fixed at that amount for a certain period of time? How do the premiums compare to your normal or expected expenses?
- Are there any co-pay or deductible amounts that you have to pay? How much are they, and are they fixed at that amount for a certain period of time?
- What is the plan's annual maximum dental benefit?
- Does the Ohio Department of Insurance regulate the plan for financial solvency?
- If you have dental benefits from another source, will the plan you are considering coordinate its benefits with the other plans to maximize your total benefit?
- Is dental treatment pre-approved by the insurance company and under what parameters? What happens if you do not receive this pre-approval?
- Does the plan pay for the least expensive way to treat a dental need, or will it pay for the treatment you and your dentist decide is the most appropriate?
- If the plan requires that you see a participating dentist to receive benefits, how does it provide for emergency treatment? What provisions does it make for emergency care if you are away from home?
- Does the plan provide you access to specialists? Is access limited or open to any specialist you or your dentist choose?
- Is the least or most expensive plan the best plan for you and your family? Does it provide coverage for basic or comprehensive dental care?
- What does your dentist think about the plan you are considering?
- What are your anticipated dental needs? Does the plan meet those needs at a price you are comfortable with?
- Have you conducted a cost/benefit analysis of the plan that you are considering? How much did you spend on dentistry last year and the year before? How much do you anticipate spending on dentistry this year and next? How do the plan's premiums compare to your past and expected dental expenditures?