Even in a Down Economy, Dental Benefits Contribute to Employee Satisfaction, Retention

Options Available to Employers Who Seek to Reduce Costs

Though the U.S. economy is beginning to show some signs of recovering from what’s been called The Great Recession, the rebound has been weak, especially in the face of global fiscal concerns. Combine this economic fragility with the continuing rise of health care costs, and it’s easy to understand why some employers are considering making cutbacks to health plan benefits.

But any employer considering its dental benefits program as a target should proceed cautiously. Dental benefits remain a highly valued benefit for employees. And, there are ways to reduce the employer’s contribution level while still offering dental benefits.

Dental Benefits are a Competitive Advantage

Even in a tight economy, companies have to remain competitive to recruit and retain talented employees. A strong benefits package improves a company’s competitive position, and dental coverage plays a significant role in rounding out that package.

Consumers consider dental benefits to be a “very important” part of the essential benefits package, along with medical coverage, retirement benefits and prescription drug coverage. Other benefits – vision, disability, life – rank lower.

A survey of employee attitudes toward dental benefits found that 70 percent of respondents said that dental benefits coverage is somewhat or very important. If a company drops dental benefits, it compares unfavorably to competitors who offer them.

Among large companies in the U.S. with more than 1,000 employees, about 86 percent offer some type of dental benefit to their employees. However, among all companies, about 35 percent offer dental benefits. Small-to mid-sized companies that offer dental benefits can distinguish themselves from their peers and gain an edge over the competition in recruiting top employees.

Stable Rates, Good Value

Although health care costs continue to rise, dental benefits remain a good value for both the employer and employees because dental plan rates continue to display stability and experience high-volume, low-cost claims. Dental premiums have experienced modest average increases of only four to eight percent annually over the past decade.

With dental benefits, there are rarely catastrophic claims, and plan maximums keep costs more controlled and predictable. Employee plan utilization, perhaps counterintuitively, is also a primary driver of cost control. As employees use their benefits and seek preventive care, they avoid more costly treatments and keep trend rates stable.

If You Still Need to Cut Costs

To retain a dental benefits offering in this tough economy, some employers might have to resort to a variety of strategies ranging from re-evaluating plan design to passing along costs to employees.

Some approaches that can reduce overall costs include:

- Considering different plan designs. Employers can compare their current plan design with other options to ensure they’re offering one that reflects current research and industry trends, and therefore could be more cost-effective.
Offering evidence-based plan benefits based on the oral and overall health connection. These plan design options may include extra preventive screenings and cleanings for those with diabetes or pregnant women or additional fluoride treatments or sealants for children—which can result in overall health care savings for employers and employees.

- Providing dental plans that cover 100 percent of preventive care with no deductible. This will encourage employees to get regular dental check-ups to treat minor problems before they become major problems.
- Offering a plan with a large dental network. When employees choose a network dentist, claims expenses are reduced, which immediately benefits a self-insured group and can lead to more stable overall costs in the long run for fully insured groups. In addition, visiting a PPO network dentist can save an enrollee around 30 percent on average as compared to standard industry charges.5
- Educating employees on the importance of visiting an in-network dentist. Employers can make the most of their investment in a plan with a large network by ensuring that their employees understand how using a network dentist can help save everyone money in the long run.

One of the most common ways for employers to control dental insurance costs is to require employees to share in the cost of their dental plans. This usually involves increasing a portion of the premium that the employee pays. By selecting the employee cost-share ratio carefully, employers can encourage efficient utilization and save money at the enrollee and plan level.

There are many opportunities to reduce employer costs through careful attention to plan design. However, it’s best to implement only one or two changes at a time to avoid drastically reducing plan benefits and employee satisfaction.

And as a last resort, employers unable to offer employer-contributory plans can make voluntary plans available to employees. Voluntary DHMO or PPO options cost employers little or nothing, but still provide valuable benefits to employees. (For more information on this topic, request our white paper titled “Is Voluntary the Right Avenue for You?”)

Impact on Overall Health

Another reason to offer a dental benefit is because dental plans that promote preventive care may help keep medical insurance costs down. Regular oral health exams can help detect significant medical conditions before they become serious.

Regular preventive checkups give dentists the opportunity to screen for oral cancers and other health issues that can be difficult for individuals to spot on their own. For example, more than 75 percent of oral cancers can be identified either visually or through palpation in a comprehensive oral exam.6

In addition, more than 120 diseases can cause specific signs and symptoms in and around the mouth and jaw.7 Dental professionals performing checkups can spot symptoms that could indicate serious health problems elsewhere in the body that need attention, possibly saving medical dollars in the long run.

Offering dental benefits and encouraging employees to use them may help employers keep health insurance costs and rates down. Preventive care may also help employees save on future dental bills.

Consider the Value of a Stand-Alone Dental Carrier

There are many advantages to offering dental benefits through a stand-alone dental carrier.

Stand-alone carriers specialize in dental benefits. This focus typically enables them to build extraordinarily strong networks of dentists who have agreed to discount their regular fees. As noted previously, using a network dentist is good for the employer and the employee—and a large network increases the likelihood of receiving care from a network dentist.

Also, fraud drives up the cost of dental care. Stand-alone carriers work aggressively to prevent this behavior, which helps stabilize costs. Because stand-alone carriers only offer dental and not medical plans, their dental plans can

www.deltadental.com
be more focused and heavily invested in this specialized, single-line of coverage.

Finally, stand-alone carriers also offer a larger variety of dental plans, ensuring that employers of all sizes can afford to give their employees access to preventive care.

**Summing Up**

There may be pressure to reduce employee benefit costs in the face of a lackluster and fragile national economy. But employers need to consider carefully whether reducing dental benefits is really the right option for their company and employees.

Employees expect dental to be part of the essential benefits package. With it, an employer has a better chance of retaining current employees and recruiting the best prospects.

And since they focus on preventive care, dental benefits remain a good value for both employers and employees because dental plan rates continue to display stability and experience high-volume, low-cost claims.

As always, Delta Dental recommends that employee benefits managers consult with a broker when considering significant changes to their employee benefits package. For more information on dental insurance options – including group, voluntary, and individual and family dental plans – please speak with your benefits consultant or talk to your local Delta Dental representative.

Visit www.deltadental.com to find the local Delta Dental member company serving your area.

---

6 CDC, Fact Sheet: “Preventing Dental Cavities,” 2002.