

Is Voluntary the Right Avenue for You?

When employers build their benefits packages, voluntary benefits aren't always the offering put at the top of the list. Whether this is due to a perception that this type of benefit is not valued by employees or simply a lack of emphasis placed on such benefits in the past, the reality is voluntary benefits may represent a viable and welcome solution for many employers and employees.

Employers Seek New Ways to Manage Benefit Costs

Controlling costs has always been a primary concern for employee benefits managers as they seek to perform a balancing act between satisfying their employees' expectations and meeting the financial demands of their businesses.

The recent climate of the U.S. economy has only heightened employers' awareness of the need to sharpen the pencil when it comes time to evaluate their benefits packages as a whole. For some companies, this economic reality is bringing additional attention to the idea of shifting a more significant portion of the benefit cost to the employee base.

The National Association of Dental Plans (NADP) reports that about 28 percent of companies plan to increase the portion of the premium paid by their employees, while 15 percent plan to transition to voluntary plans as a means to ensure their employees continue to receive this essential benefit.¹

And while benefits discussions tend to focus on medical insurance, it's important to note that other benefits are also vitally important to employees. For example, dental insurance ranks among the most valued components of a competitive and comprehensive benefits package.

According to one survey, 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.² Other insurance benefits – vision, disability, life – rank lower.

As rising medical premiums force many employers to consider drastic alternatives (e.g., mandated high-deductible health plans), ancillary benefits such as dental insurance can play a key role in offsetting any negative employee reaction by bringing additional choices to the table.

An Affordable Alternative to Traditional Group Coverage

Traditional group dental insurance – wherein the employer typically covers the greater portion of the expense – continues to remain the more popular choice. Among those employers offering some form of dental insurance, 66 percent pay between 50 and 100 percent of the cost, 23 percent pay a portion less than 50 percent, while only 11 percent require the employee to pay 100 percent of the cost.³

Group dental benefits continue to remain very affordable – experiencing only modest average increases of four to eight percent annually over the past decade.⁴

Despite affordable premiums for traditional group dental coverage, employers seeking additional ways to curb costs beyond altering their medical plans, while sustaining a competitive and comprehensive benefits package, may be considering a move to offering voluntary dental insurance. Likewise, employers introducing dental benefits for the first time might view voluntary as a good initial step.

According to a recent LIMRA report, dental insurance remains the second most popular voluntary benefit.⁵

That's because employees are still likely to perceive a voluntary dental benefit as a valued offering. As compared to acquiring equivalent individual or family coverage on their own, it's still more affordable for employees to purchase voluntary coverage through their employer to take advantage of group rates. Additionally, employees can often enjoy the convenience and savings of paying for their premiums via payroll deduction.

Facts to Consider When Offering a Voluntary Dental Benefit

Voluntary plans come at little or no direct cost to the employer. They deliver the benefits that employees desire while limiting or eliminating the financial obligation of the company. Payroll tax savings may even be able to help offset any small administrative costs.

Required participation thresholds are often much lower with voluntary plans. Compared to the required rate of participation common with most traditional group benefit plans, voluntary benefit programs can be easier to maintain because of the low percentage of eligible employees needed to enroll.

Voluntary plans can provide coverage equal to the best dental plans. In fact, many voluntary plans are structured with DHMO or PPO options, not dissimilar from traditional group dental plans in terms of access and coverage. While employees are paying for this coverage, they should understand it is not a second-class benefit.

Voluntary plans can vary greatly in design. Several variables factor into the overall benefit. When choosing a voluntary plan, an employer should pay close attention to several key questions.

- What procedures are covered (i.e., preventive, diagnostic, minor restorative, major restorative, orthodontics)?
- What are the limitations on usage?

- What are the annual/lifetime maximums per employee?
- How long are waiting periods, if any?
- Do employees have to file their own claim forms or will network dentists do this on their behalf under the plan terms?
- Are employees protected from balance billing when they choose a network dentist?

Flexibility plays a larger role in employee acceptance of a voluntary dental benefits plan. While employees can easily justify the common restrictions in a traditional group plan by simply saying, "Well, at least they're paying for it," the same does not hold true for an employee-paid voluntary plan. Employers moving to or introducing a voluntary plan should ensure the choices made available address a diverse set of employee needs – including those held by employees of various ages, family statuses and income levels.

Network access remains an important factor. With a broader network, an employee is more likely to find a preferred family dentist within the network. This factor alone can dramatically increase the perceived value of a voluntary plan. If an employee's family can continue to visit their dentist, enjoy protection from balance billing and take advantage of in-network savings averaging 30 percent off standard industry charges⁶, everybody wins.

A voluntary dental benefit is always better than no dental benefit at all. That's because dental benefits are a direct way to improve the oral health of employees. People with dental coverage are more likely to make an appointment with the dentist – while only 34 percent of uninsured individuals report seeing a dentist twice a year or more.⁷

Voluntary is a Two-Way Street

Introducing a voluntary plan assumes an employee is willing to pay for a greater portion of the benefit, or even cover the cost entirely. However, it also acknowledges that the employer understands and appreciates its employees' dental health care needs – and is willing to help them navigate the many benefit choices available to them in order to find quality, affordable coverage.

Even knowing this, it's important to anticipate how employees are likely to perceive voluntary benefits and plan accordingly. As always, effective communication and education is key. Without it, employees won't understand how their voluntary dental benefits work and, therefore, they'll simply see an additional out-of-pocket expense.

Effectively positioning the benefit can help employers manage expectations. When it comes time for enrollment periods, those employers wanting to promote the voluntary dental benefit option should address it upfront rather than burying it at the end of the presentation – and encourage questions openly.

A well-communicated voluntary dental benefits plan introduction will assure employees that their employer cares about helping them manage their oral health and wellness. Further tools introduced after enrollment can be used to reinforce this assertion and help put employees in charge of their oral health.

Eighty-one percent of people with dental benefits visit the dentist twice a year or more, while only 34 percent of people without dental benefits visit the dentist twice a year or more.⁸

An Option for Some Employers

For situations ranging from a small business looking for affordable ways to expand its benefits package to a large group seeking to round out or re-evaluate its current benefits offering, voluntary dental insurance represents a viable option to consider.

Nearly 80 percent of employers say they are interested in using voluntary worksite benefits because these plans carry no direct costs to the business, according to a recent LIMRA study.⁹

Providing employees access to a greater array of benefits, supporting employee choice and flexibility and helping employees get better prices at group rates are all good reasons why a voluntary dental benefit plan might be the right fit for a company and its employees.

A Long Group survey of employee attitudes toward dental benefits found that 70 percent of respondents said that dental benefits coverage is somewhat or very important.

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.

¹ Atlanta Business Chronicle, "Dental is a low cost necessity to attract talent," March 19, 2009.

² The Long Group Health Care Reform Study, April 2008.

³ Long Group Retail Dental Insurance Consumer Acceptance Study, June 2009.

⁴ Aon Spring Trend Survey, 2009.

⁵ <http://www.benefitspro.com/2011/10/07/voluntary-surveys-show-light-near-the-end>, accessed February 2012.

⁶ Ruark Consulting Dental PPO Network Study, 2010.

^{7,8} The Long Group Retail Dental Insurance Consumer Acceptance Study, June 2009.

⁹ <http://www.benefitspro.com/2011/05/25/limra-opportunity-for-voluntary-worksite-plans-in>, accessed February 2012.