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# Dental And Vision Are Being Bundled More

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The Great Recession may be increasing pressure on insurers and producers to sell vision plans together with dental plans.

Insurers, agents and brokers have been trying to bundle “ancillary benefits” for years. AlwaysCare Benefits, for example, has been offering vision benefits along with voluntary dental programs since 1999.

“The more we got into the dental market, the more people were asking us for vision coverage,” says Erich Sternberg, president of AlwaysCare, Baton Rouge, La. “It just makes sense.” Helping workers pay for both dental and vision care is a good way to improve their overall health, he says.

Today, employers see buying ancillary benefits in packages as a way to save on premiums and reduce administrative burdens on human resources and benefits managers.

The recession also appears to be increasing the curb appeal of dental and vision benefits.

Fewer U.S. civilian employees have access to employer-sponsored dental and vision benefits than to employer-sponsored major medical benefits, but the take-up rates are higher for dental and vision benefits. The gap is even bigger for the lowest-income employees: For workers with incomes in the bottom 25%, the take-up rate is 65% for dental and 64% for vision, compared with 59% for major medical, according to the Bureau of Labor Statistics.

In the fourth quarter of 2008, when the financial system was teetering and layoffs surged, “retirement benefits and all other nonmedical benefits (such as life, dental, disability, vision, etc.) increased in importance as factors contributing to a sense of loyalty,” according to analysts at a unit of MetLife Inc., New York.

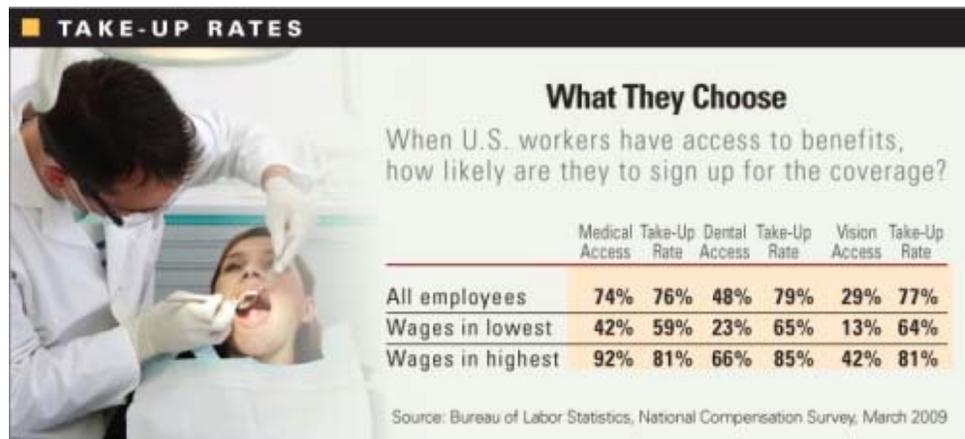
The percentage of employees who said retirement benefits and ancillary benefits improved their sense of loyalty to employers increased to 69% in November 2008, from 51% just a year earlier, the MetLife analysts report.

In the individual market, the recession is increasing the total number of potential prospects for individual dental and vision products by causing:

- some employers to drop ancillary benefits;
- more of the employers that still offer ancillary benefits to lay off employees; and
- many consumers to think harder about risk management.

The HumanaOne division of Humana Inc., Louisville, Ky., reported in May that it expected its individual dental and vision products to become more popular because “fewer employers [are] offering group benefits.”

When Golden Rule Insurance Company, Indianapolis, a unit of UnitedHealth Group Inc., Minnetonka, Minn., released several new dental and vision care options in September, Golden Rule CEO Rich Collins said the options could be especially helpful “in today’s economy, when trips to the dentist or eye doctor can be difficult to budget.”



Insurers are more interested in selling dental and vision products because both types of products can generate solid profits without exposing the issuers to unreasonably high levels of investment risk or claims risk.

Agents and brokers, meanwhile, are looking for ways to diversify. “Their preference is clearly to sell more products to clients,” Sternberg says.

Humana ramped up efforts to sell vision and dental benefits in October 2007, when it acquired an ancillary benefits company. Other carriers get dental plans, vision plans or both from outside companies.

Delta Dental of Wisconsin, Stevens Point, Wis., has had a vision benefits alliance with EyeMed Vision Care L.L.C., Mason, Ohio, and Delta Dental of Arkansas, Sherwood, Ark., has teamed with Avesis Inc., Phoenix, to arrange for a vision care provider network for its enrollees.

Assurant Employee Benefits, Kansas City, Mo., a unit of Assurant Inc., New York, sells dental insurance together with a vision discount program. Employees can get discounts immediately, without having to fill out claim forms or get approvals.

The process of selling vision products together with dental products starts with the basics, Sternberg says. “Make sure you’re focused on more than price.”

Producers also should try to understand the client’s preferences, and know whether a client will prefer the simplicity of getting dental and vision products from the same insurer, or whether the

client will want to work with two separate vendors, because of a sense that one carrier will have the very best dental plan and another will have the very best vision plan.

A producer should come in ready to talk about a full package of ancillary products and at least start conversations about other types of products, Sternberg says.

“Having a great dental program or a vision program as a door opener is a great place to start,” Sternberg says.