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Web Seminar

BENEFITS ADMINISTRATION IN A TOUGH ECONOMY:

10 Keys to Selecting a More Efficient Benefits System

The topics covered in this Web Seminar include:

▶ An overview of the many types of types of benefit administration system options currently available ▶ Common system pitfalls to avoid ▶ Questions every smart HR department should ask ▶ "Software-as-a-Service" (SaaS) vs. "Software-AND-a-Service"

Event date: February 17th

Time: 2pm ET

Register Now: www.benefitnews.com/bswiftseminar

Speaker Panel:

Zach Thomas, Senior Analyst, Forrester Research

Ray Seaver, Executive Vice President, bswift

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Feature Story

Chipped teeth,

Long believed to be immune to economic swings, the current recession may be chipping away at dental offerings

BY LYDELL C. BRIDGEFORD

Dental coverage remains a low-cost benefit for employers and a desirable one for employees. Yet given the economic climate, are they recession-proof?

"I don't think we can go as far as saying they are recession proof, but employer-sponsored dental benefits sometimes get lost in the shuffle as employers move to reduce medical expenditures," says Vincent Graziano, a vice president at The Segal Co., an HR consulting firm.

Clearly, hard times will cause employers to adjust their medical benefits.

After they have changed carriers, reduced benefits or increased employee contributions (or the combination of all of these), employers "tend to be exhausted and almost sort of think, 'Let's not mess with dental. Let's leave it alone, since it's a smaller piece of the pie,'" Graziano explains.

Nevertheless, there are a few things employers consider on the dental side when the economy gets a little tougher.

"If they are insured, they may evaluate moving to a self-insured arrangement. This, however, does not affect the benefits. Additionally, companies may begin to explore different funding

(SEE DENTAL ON PAGE 28)

Dental

(FROM PAGE 26)

arrangements," Graziano says.

Further, employers "may ask their carriers about other products in the networks. It's more about overlaying discounts on top of the existing dental programs."

Segal conducted a survey on employer-sponsored dental coverage and found that 82% offer dental coverage and 54% provide access to dental networks.

Most of the respondents were multiemployer health funds.

'Employers thinking twice'

Although a tight economy may affect dental benefits eventually, the National Association of Dental Plans reports that from 2005 to 2008, the percentage of employers with dental benefits rating them as "essential" increased from 53% to 62%.

"This fact should help dental weather the general economic downturn," says

far more likely than small employers (with 3-199 workers) to offer or contribute to a separate dental health benefit for workers, at 82% versus 43%.

"Nothing is recession-proof, and dental benefits are no exception. In particular, states with high union membership have seen a decline in dental coverage since 2001," explains Melissa Wagner, vice president of sales and marketing for DenteMax, a Southfield, Michigan-based dental PPO network.

She explains that self-administered union plans, where fewer hours worked equate to less money to fund benefits, tend to drop ancillary benefits.

In addition, some employers are changing to voluntary products, which shift costs to employees.

Yet as more research emerges that links good oral health as a combatant to certain chronic diseases, employers will have to think twice about touching dental benefit offerings.

For example, Wagner notes, a recent study shows that overall medi-



Erich Sternberg

"I don't think we can go as far as saying they are recession proof, but employer-sponsored dental benefits sometimes get lost in the shuffle as employers move to reduce medical expenditures. [Employers think], 'Let's not mess with dental.'"

Dr. Doyle Williams, chief dental officer at DentaQuest, a Massachusetts-based third-party dental benefit administrator.

Meanwhile, the Kaiser Family Foundation and Health Research & Educational Trust 2008 Employer Health Benefits Survey found that 44% of firms providing health benefits offer or contribute to a dental insurance benefit for their employees that is separate from any dental coverage the health plans might include.

Researchers explain, however, that the 2008 figure is not statistically different from the 50% figure in 2006, the last time the survey inquired about dental benefits.

The study also shows that large employers (with 200 or more workers) are

costs for members with diabetes who receive preventive dental care are 10% lower than for those diabetics who do not seek preventive dental care. "Such studies have some employers thinking twice.

Dropping coverage for a short-term decrease in premiums could mean a longer-term medical cost increase because employees who don't take care of their oral health tend to be less healthy," she says.

Like the medical market, dental has seen a decrease in group membership that reflects layoffs and buyouts, and subsequent loss of company-paid benefits, particularly in the auto industry.

Members appear, however, to under-

Key findings from recent dental benefits research

Delta Dental Plans Association issued survey results in January showing that employers with employer-sponsored dental benefits are more likely to see their de for checkups than other workers.

For example, 83% of participants with dental benefits visit the dentist t or more a year, compared to 63% of consumers who pay out of pocket for t dental benefits or dental care.

The not-for-profit group, which polled 900 consumers ages 25 and older that nearly 60% of respondents have dental benefits, with 12% paying for untary benefits at the worksite and 88% belonging to traditional, employee group dental plans.

Moreover, employed adults lose more than 64 million hours of work eac due to dental disease or dental visits.

AMONG OTHER FINDINGS:

- Consumers consider dental benefits to be a "very important" part of the dental benefits package, along with medical coverage, retirement benefi prescription drug coverage.

- Consumers want their dental benefits to be easy to use, allow them to us personal dentist, and include several coverage options of which the most tant is preventive care such as cleanings and X-rays.

The National Association of Dental Plans in 2008 surveyed some 2,000 ei and found that those with dental benefits (72%) place significantly great on dental benefits as essential than in 2005.

Other key highlights:

- Nearly a quarter of employers are likely to change carriers in the next y do so primarily based on "the importance of dental health to overall hea This is clear evidence that the message of the connection between the r and the body is increasingly appreciated.

- Companies without dental benefits in place are less likely than three ye; ago to add dental benefits in the coming year (one in seven rather than four). Employee requests are a key element in these employers decisio benefits.

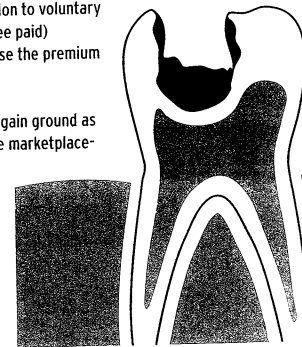
COST AND COVERAGE:

Between 2005 and 2008 only the largest employers (10,000 or more) shc significant change in fully employer paid dental benefits – declining from 2005 to 17% in 2008.

Employers, however, are considering cost shifting in the coming year at r similar to 2005. For example:

- 15% are likely to transition to voluntary dental benefits (employee paid)
- 28% are likely to increase the premium paid by employees.

Dental PPOs continued to gain ground as the primary product in the marketplace—offered by 60% of the reporting employers—with both DHMOs and indemnity plans losing market share.



In good economic times, employers would have funded dental benefits without blinking an eye, because the cost was so little. Now companies may fund it less or offer it on a voluntary basis — just changing the way it's offered.



Vincent Graziano

stand the importance of dental care to their overall health and seek voluntary or individual coverage.

Wagner further explains that dentists are not immune to changes in the dental landscape.

"As employers cut costs by moving from indemnity to network-based plans, PPO participation among dentists increases," she asserts.

It's not necessarily a question of whether the benefits are recession-proof, considering that they operate in a different environment, says Erich Sternberg, president of AlwaysCare Bene-

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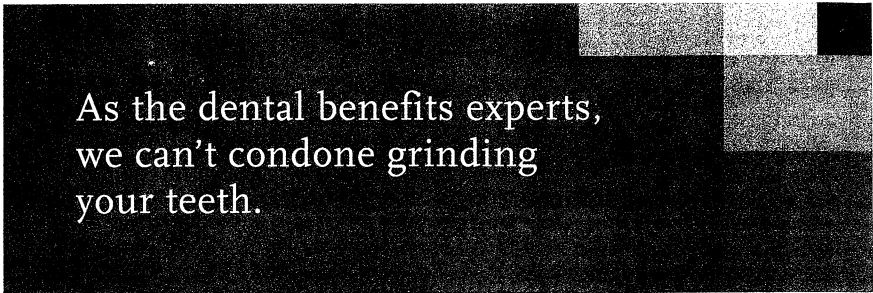
sis — just changing the way it's offered, Sternberg observes.

During a weak economy, employers will continue to provide access to dental benefits.

The demand from employees is still out there, as proof of growing sales in the voluntary dental market can attest to.

"Insurers are just going to

have to be smart about the way they structure the plan and price them, so that they remain appealing to the consumer," Sternberg asserts. —L.C.B.



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