



Dental Intelligence

Are You Ready to Sell Dental Benefits in New Health Care Reform Environment? -Part One

When the first provisions of the Affordable Care Act (ACA) go into effect in 2014, dental benefits in the *individual and small group markets* will be different. With these changes come new challenges and opportunities for brokers who understand and are prepared for the following impacts of both the **proposed** and *final provisions* of the ACA.

This is the first article in a three-part series that will explore the impact of the ACA on dental benefits. This article will present an ACA market overview, including some known and proposed aspects of the Essential Health Benefits. The second article will examine various Exchange models and the final will focus on cost-sharing scenarios.

Current Market Overview

In the current business landscape, 99 percent of all dental benefits sold are offered under separate policies, with, 55 percent of plans offered through large group employers while small group employers, with less than 50 employees, makeup 30 percent of the market. Only two percent are covered under individual dental policies; the rest are covered through public programs like Medicaid and the Children's Health Insurance Program (CHIP).

Overview of Dental Markets -- A Work Still in Progress

What will be different in 2014?

- First, everyone must enroll in a health plan or pay a tax penalty. For large groups and public programs, there are no mandated changes in benefits.
- However, health plans in the small group market must include a defined set of benefits referred to as Essential Health Benefits (EHB), which include **dental benefits for children**.
- The pediatric dental benefits will be offered through the new Exchanges and with all small group or individual policies.
- *Adult dental coverage* is **not** included as part of the EHB requirement.

Here's an added twist: As the law stands in February 2013, both medical plans and separate dental plans may provide the required pediatric coverage *inside* the Exchanges; however, the law is unclear if a medical plan can omit the required pediatric oral services *outside the Exchange*. Until this question is answered, small group and individual dental coverage offered by a standalone dental plan outside the Exchange could duplicate coverage included with a medical policy. This will affect 1.65 million small employers who today provide dental coverage for 43.7 million consumers including 22.9 children.

States will decide many of the parameters for small group and individual coverage offered through the Exchange such as scope of benefits and the age limit for pediatric coverage. In 2014, states have opted to define small groups as 50 or fewer employees. By 2016, state small group definitions are required to conform to the federal definition of 100 or less employees. This will move an additional nine percent of the dental market under the Essential Health Benefit requirement.

At press time, 19 is the proposed federal minimum age for the pediatric dental coverage provisions of ACA. Unless regulatory changes are made, dental policies in the small group market may duplicate benefits in medical coverage for

ACA QUICK FACTS

Markets affected:

- Small group & individual

Small Group definition:

- State makes decision – watch for updates
- 100 or less employees (2016)
- Opt for 50 or less option (2014)

Pediatric Benefit:

- State decides age-limit; watch for updates
- 19 proposed age limit for EHB
- May be duplicative of benefits under separate policies in small group and individual markets –
- NADP is advocating for a change; watch for updates

children. The benchmark for the scope of dental benefits is defined by either the Federal Employees Dental and Vision Insurance Program or CHIP.

In addition to scope of benefits, there are provisions in the ACA which limit deductibles and establish a new consumer out-of-pocket (OOP) limit in medical coverage. As well there are proposed rules which establish a different consumer out-of-pocket maximum for dental coverage. The ACA limit on deductibles for medical policies is \$2000 for individuals and \$4000 for families. The medical consumer OOP limit is pegged to the out-of-pocket limits for high deductible health plans (as defined by the health savings account provisions of the IRS Code). For 2013 this is \$12,500 annually for a family of 4 and \$6,250 annually for an individual and likely to be increased for 2014. The dental consumer OOP limit is required to be "reasonable" and is proposed to be \$1000¹.

About 98 percent of children have dental claims of less than \$1000 per year. Under a dental plan, they will have only a few hundred dollars of cost sharing. However, if medical plans make pediatric dental benefits subject to medical deductibles and out-of-pocket maximums, the cost-sharing could be substantially higher.

Challenges and Opportunities

In the small group and individual market, brokers will face the task of selling dental coverage, and sorting out when such coverage is duplicative of the required pediatric dental coverage offered as part of medical plans as EHB. Some dental-only companies may adapt by altering their coverage so as to minimize duplication and still provide a value-added benefit for children. In either event, brokers will certainly have an opportunity to sell dental benefits for the adults not covered by their Essential Health Benefit medical policies.

Because there will be potential overlap and gaps in policies, small employers and individuals will turn to brokers to help them determine the optimum dental benefits package to offer their employees.

At the beginning of 2013, many questions still remain. The National Association of Dental Plans (NADP) is working toward clarifications and resolutions of these issues. For updates regarding dental benefits under the ACA, visit NADP.org and watch for news in *HIU Magazine*.

About NADP

The National Association of Dental Plans (NADP), a Texas nonprofit corporation with headquarters in Dallas, Texas, is the "representative and recognized resource of the dental benefits industry." NADP is the only national trade organization that includes the full spectrum of dental benefits companies operating in the United States. NADP's members provide Dental HMO, Dental PPO, Dental Indemnity and Discount Dental products to 160 million Americans, 90 percent of all Americans with dental benefits. For more updates on the dental benefits industry subscribe to the weekly e-newsletter, NADP SmartBrief via www.nadp.org.

¹ Only two percent of children's claims will exceed the \$1000 limit.