

Analysis: Dental cover - addressing employee confusion over costs

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by Nicola Sullivan

What can cash plan and dental benefits

providers do to help?

With hundreds of thousands of patients believed to be given inaccurate prices by their dentist each year, Nicola Sullivan asks what cash plan and dental benefits providers are doing to help

Widespread confusion over the cost of dental care in the UK is starting to impact the ways in which dental insurance products are offered to the corporate market.

The Office of Fair Trading's survey *Dentistry – an OFT market study*, published in May, shows that around 500,000 patients each year could be given inaccurate information by their dentist regarding their entitlement to receive certain dental treatments on the NHS, and are therefore unnecessarily forking out for more private treatment. It also found that 56% of dental practices that provide some private dental services do not display private fee information at reception, and 82% of patients who were charged for dental treatment recently did not receive a written treatment plan.

Andrew Bower, managing director of National Dental Plan, says that it is difficult for consumers and employees to prepare for the cost of private dental care. Unlike NHS treatments, which are split into three cost bands, private care is typically paid for on a per treatment basis.

He says: "Because private dental charges are not regulated they can vary quite widely. It is possible to have two dental practices in London charging significantly different prices. And because the patient is paying per treatment typically private dental charges are much higher."

Dissatisfaction and confusion over the cost of dental treatment in the UK means there is more impetus on intermediaries and brokers to negotiate products for employers that offer competitive levels of cover and are easily understood. One advantage of cash plans and dental plans, which are the most common way of offering dental cover in the workplace, is that they have fixed monthly premiums, meaning all employees pay the same rate irrespective of their dental health. Typically cash plans reimburse the cost of treatment up to a capped annual amount. Meanwhile it is typical for pure dental plans to fully fund NHS treatment, but place caps on the cost of private treatment.

A NEW APPROACH?

Some providers, however, are changing the ways in which they offer their products to ensure they remain relevant to employees' needs. The high and sometimes unpredictable cost of dentistry is continuing to influence the design and development of products. As part of efforts to tackle the issue of affordability Cigna UK HealthCare Benefits recently enhanced levels three and four of its Dentacare plan, so that members are entitled to a full and uncapped refund on private dental treatment (although there are some limitations around the treatment of gum disease, as well as the number of examinations and scale and polishes). It has teamed up with Munroe Sutton, which is recruiting dentists to take part in the new arrangement, which was launched in October.

Michelle Rae, product manager, Cigna UK HealthCare Benefits, says: "We do look at our treatment limits and dental plan [in light of] what dentists are actually charging. We know that customers have concerns that their plan may not cover the full amount – a veneer might cost £600, but the plan limit might be £400."

Initially Cigna HealthCare Benefits is making the new feature available to policyholders in London, where prices are particularly high.

Premiums for the Dentacare plan vary depending on the size of the scheme and whether the funding is company paid or employee paid. Level 3 starts at £15.20 per month, while level 4 starts at £23.64 per month.

CASH PLANS

Meanwhile Engage Mutual Assurance has turned the concept of the traditional cash plan on its head to address the problem of cost uncertainty. Its product One Fund, which has been on the market for around a year, gives employees access to a annual fund, which can be spent on a number of different treatments and benefits including dental care. In addition to monthly premiums Engage Mutual Assurance asks for a £40 excess payment per benefit each year. This ensures that there is enough money in the pot to fund higher cost treatments relating to a particular treatment or benefit, rather than exceeding a capped amount and having to make up the shortfall. A monthly premium of £10 would give an employee an annual fund of £720.

David Castling, commercial sales manager at Engage Mutual Assurance, says: "We give the member of staff a fund of money per year and they still have a menu of treatments that they can access, but they could - if they want to - decide to spend the entire fund of money on one area.

"What we found is that most people are willing to fund the cost of a dental check up and they can afford £40. We are aimed at the white collar workforce and £40 doesn't really make a big impact to your wage. But if you were suddenly landed with a £400 bill that you weren't expecting then that has more of an impact, so we wanted a plan that would really cater for substantial treatment as opposed to just a check up and scale and polish."

Health Shield's cash plans, meanwhile, have been designed to reflect the difficulties some people have in getting dental treatment on the NHS. If a Health Shield member's dentist goes private they will be automatically entitled to the provider's highest level of annual dental treatment reimbursement, which in 2013 will be £285.

Lara Rendell, marketing manager at Health Shield, says: "It is all very well in you have an NHS dentist, but there are more and more private dentists now and people need to pay for it somehow."

It is also common for providers to ensure that they provide cover for more serious dental procedures. For example, higher reimbursements will be paid out in the event of dental trauma caused by a car accident or sports injury.

Paul Shires, executive director of sales and marketing at cash plan provider Westfield Health, says: "We introduced a dental trauma benefit across the vast majority of our plans for people that have an accident or injury to their teeth."

In order to address the inconsistencies in the price of dental treatment and cater for the employers with different budgets, providers have to ensure they provide choice and flexibility. Denplan, for example, covers both NHS and private dental cover. The levels of reimbursement depend on the amount of premium paid. Its base product for instance covers 100% of treatment on the NHS, the level of which is uncapped, while its more expensive products cover private treatment for complex procedures such as crowns and bridges.

Colin Perry, corporate channel manager at Denplan, says: "An employer might choose to make all of those products available to their employee or they might choose to restrict them."

Depending on its budget, an employer could choose to fund the entire cost of the premium, split it with the employee or offer it as a voluntary benefit, which is fully funded by the employee.

THE ROLE OF THE INTERMEDIARY

It is also common for providers to allow intermediaries to shape policies to suit the needs of their corporate clients. For example Westfield Health's cash plan Mosaic can be weighted towards a workforce's health needs because it can be offered with only two of the core benefits: dental, optical, therapies and consultations. Westfield Health's Shires says: "In theory an intermediary could come along and design a plan for a client with just dental and another benefit on it."

An employer may have worked with its broker to design a product that suits the needs of its workforce, but it will all be in vain if employees do not understand how it works or appreciate its value, especially in an environment when there is such widespread confusion over dental charges.

Providers are keen to point out that they help their corporate customers clearly communicate to employees what their entitlements are under any given scheme and what they need to do to make a claim.

Rendell says: "We have posters, emails, text for intranet and we have a team of 18 development officers that go to work sites to promote the scheme and explain how it works."

Dental providers need to be creative and responsive to current dental care needs if they want to compete for business from intermediaries that are under increasing pressure to deliver value for money for their clients.

Key statistics

18% of the UK population is offered access to a dental plan through their employer (Source: Cigna UK HealthCare Benefits' *Dental Consumer Survey 2012*)

7% of the UK population is covered by an employer arranged dental plan. (Source: Cigna UK HealthCare Benefits' *Dental Consumer Survey 2012*).

56% of employers cited price as one of the most important factors influencing their choice of provider (Source: Denplan's *Dental Benefits Survey 2012*).

32% of organisations are considering offering a dental plan (Source: Denplan's *Dental Benefits Survey 2012*).

Key measures dental providers are taking to ensure their products are up to scratch

Increasing the level of reimbursements that can be claimed for private treatment.

Offering discounts to employees that visit dentists near their place of work.

Ensuring products can be tailored to suit the requirements of different workforces and organisational budgets.

Helping employers communicate products clearly to increase take-up and ensure employees understand exactly how they work.

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