



NADP Study Highlights ACA Impacts on Employer-Sponsored Dental Coverage

More employers are offering separate dental plans than ever before, according to the *National Association of Dental (NADP) Plans 2011 Group Purchaser Behavior Study*. This study also reveals that more than 80 percent of all companies surveyed are likely to invest in – or continue – offering health benefits, when the Affordable Care Act is implemented in 2014, rather than pay a \$2,000 penalty to the federal government. This is good news for brokers who will sell or wish to sell dental benefits in the small-group market.

The following insights and information can help Brokers enhance their presentation of dental benefits to prospective employer groups of all sizes.

How Employers Currently Perceive Dental Benefits

The NADP 2011 *Group Purchaser Behavior Study* illustrates the number of companies offering dental benefits to employees are on the rise compared to previous studies in 2005 and 2008. Increases in the percentage of employers offering dental benefits are noted in every geographic region and in all size categories – most notably with companies with 25 to 100 employees.

Of those companies with dental benefits, the number with dental PPO products increased while the number offering dental HMO, traditional Indemnity plans and Discount Dental plans declined. Since 2008 employers are also asking employees to contribute more to their own dental coverage. Additional key findings include:

- Dental coverage is purchased as a separate policy most often from a stand-alone carrier (59 percent) with a decline in dental policies purchased “in a package” from a medical carrier and its dental affiliate, subsidiary or partner.
- In selecting a new dental carrier for dental coverage, cost is the most important factor.
- The most important reasons for companies to consider offering dental benefits are :
 - Employee requests;
 - Dental health impacts overall health; and,
 - Affordability.
- Most employers (96%) believe dental benefits are an ‘essential’ or a ‘differentiating’ factor in the recruitment and retention of employees, consistent with data from 2008.

How Employers Expect to Purchase Dental Benefits under Health Care Reform

The ACA includes ‘pediatric oral services’ as part of the Essential Health Benefits Package to be offered in small group and individual market. However, according to the Study separate dental and vision benefits will continue to be purchased outside of the Exchange by 69 percent of all companies. While many employers are uncertain, in employer groups of 100 or less (those initially eligible to use Exchanges), 21 percent are not likely to continue dental coverage outside of Exchanges. Additionally, an estimated 40 percent of companies with 100 employees or less indicate they are likely to purchase health benefits through the Exchange.

With so many employers showing their interest in purchasing (or continuing to purchase) dental benefits outside exchanges in 2014 and later, it will be critical for the Health and Human Services Department to issue rules that clarify that standalone dental carriers in particular are able to offer those benefits in a manner that can be coupled as they are today with medical-only carriers. The ACA omitted the specific language needed to make this clear.

“To deliver on the promise made by President Obama and congressional leaders that Americans can keep their coverage and doctors, consumers with dental benefits need the option they have today to purchase medical which



does not duplicate the dental coverage they already have,” remarked NADP Executive Director Evelyn F. Ireland, “Regulators must clarify that dental policies consumers have now will be accepted by Exchanges to meet ACA requirements for children. They should also clarify that health plans can offer medical coverage without dental both inside and outside the Exchanges. Without these clarifications, dental coverage will be disrupted for 1.65 million small businesses providing dental policies to 43.7 million employees including 22.9 million children.”

NADP’s recently published white paper, “Offering Dental Policies in Health Insurance Exchanges: A Roadmap for Federal and State Policymakers” provides regulators with common-sense recommendations for offering dental policies in Exchanges. Find the white paper and additional information on the issue at KeepOurCoverage.com.

The National Association of Dental (NADP) *Plans 2011 Group Purchaser Behavior Study* is available for purchase on the NADP website at www.nadp.org.

About NADP

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 member plans provide Dental HMO, Dental PPO, Dental Indemnity and Discount Dental products to 160 million Americans, more than 90 percent of all Americans with dental benefits. Follow NADPorg on Twitter.