DIRECT REIMBURSEMENT

Consumer Directed Dental Plans
Value Driven

ADA American Dental Association®
DIRECT REIMBURSEMENT

The ADA recognizes that the direct reimbursement concept can be an efficient, economical and cost-effective method of reimbursing the patient for dental expenses.
WHAT IS DIRECT REIMBURSEMENT?

A self-funded program in which the individual is reimbursed for dental care provided, and which allows beneficiaries to seek treatment from the dentist of their choice.
FEATURES OF DR

• Freedom of choice (patient chooses own dentist)
• No exclusions (except cosmetic)
• No pre-authorization requirements
HOW DOES IT WORK?

It’s as simple as 1-2-3!

The covered employee visits any dentist, receives treatment, pays the bill, turns in proof of payment and is then, reimbursed.
HOW DOES DR WORK?

It’s as simple as 1-2-3!

1) The covered employee visits any dentist, receives treatment and arranges for payment (usually at time of treatment)

2) The employee later presents a statement of services and proof of payment or other proof of treatment to the employer for reimbursement

3) The employer then reimburses the employee directly, or the benefit may be directly assigned to the dental office by the administrator of the plan [either the employer itself or an appointed third party administrator (TPA), based on the company’s plan design.]
DID YOU KNOW?

• Expenditures per capita for dental services increased from $10.86 in 1960 to $244.20 in 2002 - a more than 20-fold increase, or an average annual increase of 7.7 percent. Expenditures per capita are projected to increase to $397.54 by 2013, or an average annual increase of 4.5 percent

• Dental care is 5.2% of the total personal health care dollar

• Employers play key role in access to care by offering a dental benefits plan.

1. Dental Economics, PennWell Corporation 2010
DID YOU KNOW?

- Employees with dental benefits seek care more than those without benefits.
- Most employees do not choose to over-utilize the dental benefit in a given year.
- Approximately 65% of a covered employee group will utilize the dental benefit in the given year—so why pay premiums for the 35% of employees who may not visit the dentist?
DID YOU KNOW?

• Preventive care can save money and teeth by helping to prevent:
  – Restorative treatment
  – Emergency room visits
  – Other potential medical illnesses, e.g., untreated tooth decay may lead to periodontal disease
WHY SELF-FUNDED DENTAL PLANS, INCLUDING DR?

- Dental costs are predictable and non-catastrophic
- No need to insure/manage costs that are predictable and non-catastrophic
- No need to insure/manage costs that are low-risk and low cost
WHY CAN DR BE COST EFFECTIVE?

- Employer designs the plan to match its budget
- No monthly premiums
- It’s a self-funded program
- Reimbursements are based on a percentage of dollars spent for dental care, NOT on the type of treatment provided
- Any savings may roll back into account and help defer future costs
THE EMPLOYER DESIGNS ITS OWN PLAN

• It decides on an annual maximum and determines the type of benefit
  – “per person”
  – “per family”

• It sets the reimbursement levels
  – Simplest design is 100% of the annual maximum
  – Design can have tiered reimbursement levels up to the annual maximum
DR PLAN DESIGN: PER PERSON VS. PER FAMILY

• Per person – each employee and each individual in his/her family receive the same annual maximum benefit

• Per family – the family of each employee shares the annual maximum benefit
# SAMPLE PLANS

<table>
<thead>
<tr>
<th>SAMPLE - A</th>
<th>SAMPLE - B</th>
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<tbody>
<tr>
<td>• 100% of the first $200 of dental expenses</td>
<td>• 100% of the first $100 of dental expenses</td>
</tr>
<tr>
<td>• 80% of the next $1,000*</td>
<td>• 80% of the next $250</td>
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<tr>
<td>*Total annual maximum benefit of $1,000 per individual</td>
<td>• 50% of the next $2,400*</td>
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<tr>
<td></td>
<td>*Total annual maximum benefit of $1,500 per individual</td>
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Direct Reimbursement is about reimbursing dollars spent for dental services

- With dental Insurance, a “claim” is processed
- With a DR plan, a reimbursement is made to the patient/employee or dental office if assignment accepted
WHAT IS THE DENTIST’S ROLE IN DIRECT REIMBURSEMENT?

- A patient with DR needs a statement of services to show that treatment has been received
- Typically the dentist’s usual billing statement or the standard ADA claim form will suffice
- No subsequent action on the dentist’s part should be required
WHAT IS THE EMPLOYER’S ROLE IN DIRECT REIMBURSEMENT?

- Employer maintains a designated dental account
- Employer monitors employee dental expenses
- Reimbursement checks are written on the account by administrator (employer or TPA)
- Excess funds may return to the plan for future years
WHAT IS THE ADMINISTRATOR’S ROLE IN DIRECT REIMBURSEMENT?

Whether a company chooses to administer the plan themselves or to contract a TPA, the basic responsibilities are:

• Verifying patient eligibility
• Calculating the benefit payment
• Issuing the benefit check
• Maintaining records of amounts paid to each employee
• Educating employees
• Complying with applicable laws (e.g., HIPAA, ERISA)
### RESOURCES

<table>
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<tr>
<th>IF AN EMPLOYER CHOOSES TO:</th>
<th>SELF-ADMINISTER</th>
<th>CONTRACT A TPA</th>
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<td>SELF-ADMINISTER</td>
<td>• Software packages are available to help make self-administration even easier</td>
<td>• It can choose its own</td>
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Some companies offer DR with an assignment of benefits, also known as direct assignment (DA)

- The patient does not have to pay upfront the portion of the employer cost  
  \textit{Note: Not necessarily true. It’s up to the doctor’s office.}
- The employer or TPA will pay the dentist directly
- Shifts the requirements of payment from the employee and places it on the TPA or the company.
- This type of payment information is commonly noted on the employee’s ID card if they have one.
HOW DO I KNOW WHAT IT WILL COST?

- Some constituent dental societies and brokers/TPAs are equipped to provide DR cost estimates to interested employers.

- Estimated costs for a DR plan for larger groups of employees may use existing data or utilization of the employees’ current dental plan

- Claims are monitored by the people who are the most concerned—the employee and the employer (or its TPA)
EVERYONE BENEFITS FROM DR!

The Employer, Employee, & Dentist!
THE PATIENT BENEFITS

- Simple to understand, a very simple process
- No guesswork about what’s covered
- Freedom to choose any dentist or specialist for treatment
- Typically, no exclusions on treatment, except cosmetic
- No pre-authorization or referral
THE DENTIST BENEFITS

- Preserves dentist-patient relationships
- No fee restrictions
- Allows dentist to determine treatment with the patient, without interference from a third party
- All services are typically covered (except cosmetic)
- Freedom of choice dentistry
- No need to submit x-rays or pre-authorizations
- Reduces paperwork and red tape in the office
- No waiting periods
THE EMPLOYER BENEFITS

• No premiums.
• Instead, payment is made only for those employees who actually visit the dentist.
• Most of the dental benefit dollars are spent on actual dental care.
• Fewer employee complaints about dental plan.
• Simple and cost-effective administration.
• Cost control through the plan design (e.g., use of co-payment and annual maximums).
• Any size company can offer dental benefits with DR large or small employers.
GET STARTED!

- **Patient/Employee/Consumer**
  - Talk with your fellow employees about it
  - Check if your benefits manager knows about it
  - Share with your dentist what you know about it

- **Dentist**
  - Talk to your patients about it
  - Check that your office staff knows about it
  - Get the free informational materials for your waiting area

- **Employer/Dental Plan Purchaser/Benefits Decision Maker**
  - Read about it
  - Learn to recognize it
  - Try it
WHAT’S IN IT FOR THE ADA?

The more ADA provides information about a way to fund dental benefits, the more....

Dental benefits might be offered

People are likely to see their dentist

Healthy mouths = Healthy bodies

The ADA is your leading advocate for oral health
STILL HAVE DOUBTS?

www.ada.org/drplan.aspx

dentalbenefits@ada.org

800-621-8099