

DIRECT REIMBURSEMENT



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 percent¹
- Dental care is 5.2% of the total personal health care dollar²
- Employers play key role in access to care by offering a dental benefits plan.



1. Dental Economics, PennWell Corporation 2010

2. Centers for Medicaid Services: National Expenditure Projections, 2007-2017 and ADA's Survey Center Calculations

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

SAMPLE - A	SAMPLE - B
<ul style="list-style-type: none">• 100% of the first \$200 of dental expenses• 80% of the next \$1,000* <p>*Total annual maximum benefit of \$1,000 per individual</p>	<ul style="list-style-type: none">• 100% of the first \$100 of dental expenses• 80% of the next \$250• 50% of the next \$2,400* <p>*Total annual maximum benefit of \$1,500 per individual</p>

DR IS ABOUT “REIMBURSING”

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

IF AN EMPLOYER CHOOSES TO:

SELF-ADMINISTER

- Software packages are available to help make self-administration even easier

CONTRACT A TPA

- It can choose its own
- The ADA maintains a list of TPAs that administer DR plans

ASSIGNMENT OF BENEFITS

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 **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

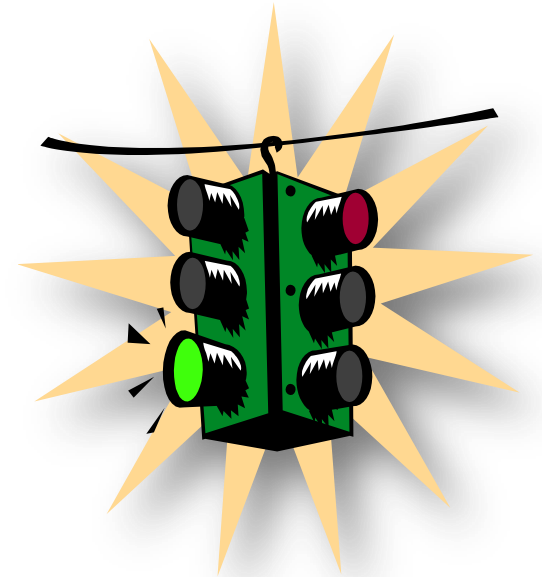
THE EMPLOYER BENEFITS

- 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