

# TAKING A BITE OUT OF DENTAL COSTS



## ***Plan design, employee education and industry collaboration touted as drivers for curbing rising dental plan costs***

*By Leigh Doyle*

**D**ental benefits accounted for \$7.9 billion of the \$32.5 billion spent on extended health services by group or individual insurance plans in 2016, according to the Canadian Life and Health Insurance Association's most recent data. And dental spend is rising significantly, from \$4.1 billion in 2006 and \$2.3 billion in 1996.

But these figures tend to get lost, says Joan Weir, the CLHIA's director of health and disability policy, noting when it comes to rising benefits costs, prescription drugs are more likely to grab the headlines. "One reason why is that we — the industry — may be complacent. Dentists typically bill around the fee guides and we typically pay around them. We need to start questioning why costs keep going up."

### **Fee guides on the rise**

Every January, each province's dental association issues a fee guide for the year that outlines the suggested costs for services and procedures. Dentists use these guides to set their prices, but are free to charge more based on the economics of their practice.

With the exception of Alberta, prices across Canada increased between 1.5 and 3.5 per cent in 2018, according to guides disclosed by the Great-West Life Assurance Co. and Manulife Financial Corp. In Alberta, a decrease of up to 4.65 per cent is expected this year due to the Alberta Dental Association and College's reinstatement of its first fee guide since 1997, and the subsequent runaway costs.

Dr. David Stevenson, president of the Ontario Dental Association, says its fee guide prices are calculated by a third-party economist and considers forecasts from Statistics Canada, banks and other economic indicators. "A full economic analysis is conducted to understand the overall market for dental services and ensure suggested fees are data-driven and appropriate," he says. "Various factors go into determining the annual suggested fee guide, including detailed surveys of dentists to understand the number and types of procedures they performed, and all overhead costs such as equipment, supplies, staff wages, etc."

A key contributor to overhead costs for dentists is the "increasing and extensive regulatory

requirements, like infection control,” according to Dr. Aaron Burry, associate director of professional affairs for the Canadian Dental Association. “The protocols are much more stringent and exist in every aspect of dentistry.”

### Utilization uptick

Lorraine Robertson, co-owner and operator of a 60-employee automotive retailer in Whitby, Ont., is seeing her organization’s paid claims for dental benefits rising. And accordingly, the premiums it pays its insurer are also going up. “But I don’t always have time to pay very close attention to the numbers or do a lot of work managing these benefits costs,” she says.

Indeed, in addition to rising fee guide prices, plans sponsors often face a bump in utilization charges from their insurer. Those increases depend, in part, on how often members used the plan in the previous year, says Robert Crowder, president of the Benefits Trust. “There are a number of factors that go into the calculation, like the type of industry, the growth trajectory of the company and the type of employees hired that year,” he says.

So what other factors are behind plan members’ growing use of dental plans?

“Rising dental costs are related, in part, to growing utilization of dental services,” says Ned Pojskic, leader of pharmacy and health provider relations at Green Shield Canada. “People are taking better care of their teeth — and this is a good outcome. Oral health is an important driver of overall health. In the long term, this might be a good thing as we could see lower utilization of health services.”

Bill Zolis, a senior employee benefits consultant at Penmore Callery Group, agrees there’s been a rise in dental plan utilization in the past few years, but he believes there’s a different market factor at play. “Dentists are entrepreneurs,” he says, noting they’re also much better at getting people to make full use of their benefits plans than ever before. “Many dentists ask for a benefits plan first and will base a treatment plan on what’s available when it should be the other way around,” he adds.

That entrepreneurial spirit is helping to drive plan member use, says Crowder. “Dental offices are becoming significantly smarter and more sophisticated when it comes to digital client management and getting people back in the chair. The whole process is easier — reminders, booking appointments and the payment process.”

Thanks to electronic payments, for example, plan members don’t have to pay out of pocket. While this is certainly convenient, it often removes the incentive to review a bill and confirm the services provided, says Crowder. Those paying for a treatment are further away than ever from those receiving it, and the result is plan members won’t ask questions or shop around to save money, he adds.

### Containing dental costs

Considering these developments, it may seem that rising dental costs are inevitable, but there are ways plan sponsors can protect themselves and ideas for the industry to collaboratively address the trend.

When Robertson was first concerned about her organization’s rising dental costs, she asked her benefits broker for help. “We added a co-pay of 30 per cent and did an education session for our employees on how to be smart shoppers,” she says.

The session involved teaching staff about dental codes on receipts, explaining scaling units and encouraging them to ask for better prices on services. “Now, when I sign up a new employee to our plan, I walk them through the handouts from that seminar to encourage them to be a smart shopper,” she says.

By adjusting its plan design and educating staff, Robertson deployed the two main options plan sponsors have for controlling dental costs. Insurers can also provide education for plan members on what their dental coverage includes, how to use their plans and how overuse and misuse can increase costs, says Jean-Michel Lavoie, assistant vice-president of product development for group benefits at Sun Life Financial Inc., noting plan sponsors can request this service from their insurer.

Jesse Monck, director of group sales at Alberta Blue Cross, says plan members need to become more prudent shoppers to help their employers reduce their dental spend, with or without fee guides. As well, adjusting the plan’s design can encourage more consumer-like behaviour from plan members, he adds.

Options include adding a maximum total spend, a co-pay and a cap on the number of scaling units covered per visit, or limiting cleaning visits to every nine months instead of two- or four-times per year.

Plan design can also help to reduce the distance between the plan member and the payor, which will motivate members to be smarter shoppers, says Crowder. “The way to do this is a health-care spending account. If I give you \$1,200 in an HCSA, you’re going to spend it in the wisest way you can. It

### THE NUMBERS

**85%**

Percentage of plan members who used their dental plan at least once in the past year

**4.4**

Average number of claims for those who submitted dental claims in the past year

**27%**

Percentage of plan sponsors concerned about the sustainability of their dental plans

Source: 2018 Sanofi Canada health-care survey

### A PRIMER ON ALBERTA’S NEW FEE GUIDE

On Jan. 1, 2018, the Alberta government, in collaboration with the Alberta Dental Association and College, introduced a new dental fee guide that provides for an 8.5% reduction in suggested prices for 60 common procedures. As an example of the impact of the changes, the new suggested charge for a first dental visit is \$71.17, which is down from \$74.63 under the regulator’s proposed changes earlier in 2017.

Comparing dental fees in the province to its neighbour British Columbia, Alberta Blue Cross’ reasonable-and-customary fee for a recall exam was \$72.50 in 2016, which was far higher than the \$27.70 suggested in B.C.’s fee guide at the time. Alberta’s association and college suggested \$70.75 under its proposed fee guide in the summer of 2017, an amount that fell to \$64.19 under the 2018 changes.

## RUNAWAY COSTS

In comparing the amount spent on dental benefits in Canada to the total spend on extended health services by group or individual insurance plans over the past 40 years, it's clear that times have changed.

Year	Dental spend	Total spend
1970	\$2 million	\$296 million
1980	\$363 million	\$1.6 billion
1990	\$1.5 billion	\$6.0 billion
2000	\$3.0 billion	\$13 billion
2016	\$7.9 billion	\$32.5 billion

Source: The Canadian Life and Health Insurance Association's annual fact books for 2006 and 2017

immediately puts the onus on the patient/member.”

As for the industry, there are approaches for stakeholders to consider as a pathway to controlling costs. Weir suggests that opening up the process for how dental fee guides are determined would provide greater transparency to plan sponsors, insurers and other stakeholders about what's contributing to the increase. It would also present an opportunity to discuss the factors that may lower costs.

“Lasers in dentistry allow for faster procedures and recovery time, so the price of some procedures should come down, not go up,” she says. “We'd like to understand how new processes are being incorporated into the fee guide and priced.”

Lavoie says collaboration would also help plan sponsors and insurers learn about the latest advancements that benefits plans should be covering. The Ontario Dental Association is open to meeting with stakeholders, and has done so in the past, including with plan sponsors, advisors and insurers, says Stevenson. But when it comes to advancements in dentistry, these techniques don't lower the cost of providing the services; instead, they ensure patients get the highest quality of care, he adds.

“Though there is growing technological innovation in dentistry, it doesn't necessarily lead to more efficiency in service delivery,” says Pojskic. “Some of the new technologies, like isotope CO<sub>2</sub> lasers, are better for patient care and outcomes — like requiring less recovery time or no need for sedation — but that doesn't necessarily translate into time savings for providing the service.”

Collaboration, in general, would be beneficial in containing dental costs. For some, the reinstatement of Alberta's fee guide was a missed opportunity. Mike Guest, president of benefits consulting firm Guest Consulting, says instead of these guides being determined by the dental associations, insurers

should step in and work together to set the guides. “Don't ask dentists what to pay for services. Tell them,” he says. “Insurance carriers could be setting the reimbursement fees for the services.”

Another approach to controlling dental costs is creating preferred dental networks, says Melanie Jeannotte, area president of group benefits and human resources consulting at Arthur J. Gallagher & Co.'s Calgary office. “Particularly in city centres, we could get dentists to agree that if they join this network, we'll push members to [them], but they have to offer lower prices,” she says. Some insurers have already developed their own dentist networks to see if this approach works, according to Weir.

While high-cost drugs more often steal the spotlight, dental care can often seem like a lower priority when it comes to managing benefits costs, so it's imperative that employers revisit their plan design and lean on their insurer, broker or consultant to offer solutions and options.

“It's not like you can stop spending. Your hands are a bit tied,” says Robinson. “You need someone in the know helping you out.”

**Leigh Doyle is a Toronto-based freelance writer.**

## IS FRAUD A FACTOR?

While dental fee guide prices typically rise on an annual basis, they also protect plan sponsors against abuses because insurers will pay reasonable and customary fees and won't reimburse costs that are wildly higher, says Sun Life's Jean-Michel Lavoie.

According to the CLHIA, about two to 10 per cent of all health-care dollars are lost to fraud. With \$7.9 billion spent on dental care through group and individual plans in 2016, that's between \$156 million and \$790 million leaking from the system in that year alone.

But genuine cases of fraud are rare, with only a handful each year, according to Kevin Marsh, director of communications at the Royal College of Dental Surgeons of Ontario. However, he adds the college doesn't specifically track benefits fraud as a category. “We investigate about 700 complaints and reports each year and, of those, only about 20 cases are referred to discipline on allegations of professional misconduct,” he says. “Of those 20, about half involve billing irregularities involving third-party payors.”

Lavoie says dental fraud can be tricky to pin down and prove because “it's more misuse of codes and procedures.” Misuse can include adding additional scaling units, charging for services that weren't provided and mixing and matching codes to cover the cost of procedures not covered by a plan.

“Plan members don't know the exact code so it is difficult for the member to signal that kind of error to us,” he says.

To manage this kind of fraud, insurance companies leverage data analytics and artificial intelligence to watch for patterns in claims that suggest fraudulent activity and then investigate those cases. Insurers also do spot checks with plan members to confirm the services they claimed are accurate.