

Modifying Dental Coverage to Cut Claim Expenses

A pharmaceutical firm with 130 employees located in Horsham, Pennsylvania.

Key Challenges

During an employee benefits review we conducted for this client prior to heading into open enrollment three years ago, one of the topics on our agenda focused on the group's dental program, which had experienced its second consecutive renewal with a substantial increase.

Our advisor reported that an analysis of the group's claim utilization patterns revealed a low utilization of routine, preventive benefits and a heavy usage of the plan's major services. We identified this as a possible cause of the sharp premium increases.

MBA Solution Presented

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After conducting a survey of the employees regarding the dental program, we determined that many avoided routine and preventive services due to high deductibles and a limited provider network. To better motivate enrollees to utilize basic and preventive services, we suggested changing to a dental plan with a larger network, removing the current deductible for preventive care and raising the annual maximums. We also included a major marketing blitz to employees, touting the modified benefits and the advantages of good oral hygiene.

Measureable Results

The strategy worked well, as the employees and their dependents increased their utilization of regular, preventive care services, which has successfully reduced the frequency and severity of major and restorative treatment for employees and their families. The extra costs incurred by the employer for the reduced deductibles has been offset by the savings coming from a reduction in the higher priced major service work. Instead of seeing another double digit rise in their dental premiums, the group received a small 3% increase the year following implementation of our strategy. This translated into a \$24,000 savings for this group!



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