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How to Set Up a Dental Plan

Wading through dental plan options for your company can be daunting but employees will appreciate the added benefits. Here's how to select a plan that won't break the bank but will satisfy your staff.

By Brenda Porter-Rockwell | Apr 16, 2010

Small business dental insurance plans are not in short supply and can be as complicated to navigate as health insurance. Searching for a comprehensive, yet affordable dental plan for your small business will demand the same level of diligence as you would allot for a medical plan to help keep company costs in line and maintain favorable employee relations.



Unfortunately, dental plans are usually an afterthought to medical health care coverage because there's no legal obligation for a business of any size to provide the benefit. As a consequence, many Americans don't have dental coverage. In 2008, a survey from The Segal Group, a benefits and human resource consultancy with offices across the U.S. and Canada, reported that dental coverage was the third-most-utilized health care coverage. Medical and prescription coverage take the No. 1 and No. 2 spots, respectively. The Segal Group, however, cautions employers to not overlook the importance of providing some level of dental benefit.

Dental insurance, like health insurance, is a definite plus in recruiting and retaining top talent. Here's a step-by-step guide to selecting and implementing a dental plan for your company.

How to Set Up A Dental Plan: Deciding What Plan is Best For your Company

There are several questions you'll want to ask yourself and other decision-makers within your company to determine what type of plan is best for your staff:

- What do I want my plan to look like?
- How much should I pay for coverage?
- How much should my employees pay for coverage?

Expect that the most popular plans are fully-employer funded, partially-employer funded or fully-employee funded:

- *Fully-Funded Employer Plans:* A plan wherein the employer bears 100 percent of the costs associated with providing benefits.
- *Partially-Funded Employer Plans:* Typically employers will pay less than 100 percent of the costs (traditionally about 80 percent) and the employees pick up the remaining balance (typically about 20 percent).

- *Fully-Funded Employee Plans:* Employees are responsible for 100 percent of the cost of the plan. On the back end the employer often takes over administrative costs and payroll deductions.

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How to Set Up A Dental Plan: Solicit the Right Advice

The first thing you need to do, says Human Resources Consultant Rick Lee, is to find support. "No CEO worth their salt is working this alone," says Lee, a Cary, North Carolina-based consultant with more than a decade of experience with small businesses and enterprise companies. The primary reasons that a CEO may wish to seek outside help is for keeping up with the rapidly-changing healthcare industry's rules and regulations, not to mention paperwork. There are third-party consultants and health plan administrators out there who write the plan and take care of the intricate details.

Choosing the right healthcare administrator will make the process of choosing a plan go much smoother. According to Clint Davidson, faculty sponsor for College of Management Chapter for the Society of Human Resource Management, North Carolina State University, in Raleigh, ask any firm up for consideration questions such as:

- *Do you offer simplified claims processing?*
"You don't want a lot of bureaucracy. If you have questions or need help, you want to know that you can gain access to [the] provider," says Davidson.
- *Do you have a good record of customer relations statistics from other employees or employee groups that you've worked with?*
- *Do you have a qualified panel of dentists or dental professionals and do they have respect for your dental care provider?*
"Nothing's worse than having a dentist who doesn't want to work with your dental care provider," Davidson says.
- *Do I have 24/7 access to the provider?*

Dig Deeper: Health Insurance Buyer's Guide

How to Set Up A Dental Plan: What Does a Standard Dental Plan Look Like?

Exactly what a "standard" plan looks like is up for debate in this economic climate. Since health benefits are a large chunk of a company's costs, employers looking for full or partially-funded plans are reevaluating what benefit options they can afford to provide, while still providing a salary, sites The Society for Human Resource Management, a global human resource professional organization based in Alexandria, Virginia, on its website.

No benefits administrator interviewed would say what a company of, say 100 employees or 50 employees might expect to pay for dental insurance. However, pricing is done by zip code and takes into account company size, the number of dentists in the area, and dentists' specialty and certifications, just to mention a few factors. For example, a company in Hollywood Hills,

California could expect to pay more for dental insurance than a company in, say, Oakland, California, based on these factors.

Typical dental plans, Davidson says, usually place a great deal of emphasis--100 percent coverage--on preventative care like cleanings, then partial coverage on other kinds of services like fillings, x-rays, pulling of teeth, etc. and even less on more extensive procedures like braces or dentures.

You'll want to know what is the reasonable and customary coverage your employees are requiring. "Most employers are going to look for a Plan C. Not an A Plan, not a B Plan, but a C plan. It's not the Cadillac benefits plan, it's not even the plan that's close to a Cadillac benefits plan. What they're looking for is all of the standards of a fully insured plan," says Lee. "This way you will be able to offer a plan that meets the market needs while at the same time taking into account the employee needs. The plan will have a cost point that the employees are willing to contribute to and is cost friendly to the company."

A good dental plan is structured to control costs by encouraging the prevention of problems and illness. "Companies would be wise to not make a decision on price alone. Finding the right dental benefits program is a combination of many factors such as cost management and rate stability, size and convenience of the network of participating dentists, ease of administration, customer service and company reputation," says Chris Pyle, director of public relations and community benefits at Delta Dental Plans Association. The Concord, New Hampshire-based company is a dental services administrator.

Another possible way to control costs and provide benefits, Lee said, is to join a multi-employer group health plan to help control and manage costs. If you're a small company and you've only got 10 employees you may not get enough participation to make it worthwhile to sign up by yourself. Davidson says, "Most [small employers] have not been willing or able to really put additional premium dollars into benefits. That's why smaller employers have to create a healthcare consortium or pool that will make them more attractive to providers."

[Dig Deeper: Cut Your Health Care Costs Now](#)

How to Set Up A Dental Plan: Dental Plan Alternatives

Even during lean economic times, it's still possible to set up a dental plan for your employees and keep the company afloat. One hundred percent employee-funded plans are looking very enticing these days, says Davidson. The employer in this kind of plan isn't paying a premium, but is incurring some administrative expense to help communicate plan details, do a payroll deduction and trying to facilitate the participation of the workforce in the plan.

"One of the things that makes it attractive to employees ...is that the premiums are taken directly from payroll deduction to the dental provider and the costs are still spread over a group rather than one individual. That reduces the cost overall as opposed to the employee going out to the open market and trying to buy insurance individually," explains Davidson.

Tawana Roman, account executive at Bollinger Insurance in Short Hills, New Jersey, says it's hard not to notice how the economy is taking its toll on plans to offer dental coverage. Clients

who were initially interested in fully insured plans have put the idea on the back burner and are instead steering employees toward a dental discount plan, she says. A discount plan is NOT an insurance plan. It offers a discount or reduction off of rates for standard services.

"At least they are getting some money off of the services without having to pay the full amount," says Roman.

Typical discount plans usually offer a 100/80/50 discount off of services that is negotiated by the provider and the dentist. For instance, routine cleanings might be covered 100 percent, while fillings are covered at 80 percent and more extensive work like bridges, crowns or extraction could be covered at 50 percent up to a typical cap of \$2,000 maximum yearly benefit. These are fully paid for by the employee.

Health Reimbursement Arrangements (HRAs) or self-funded employer plans are a less popular option than the aforementioned. Here employers pay for dental coverage with money set aside specifically for this purpose. The plan's strength lies in its straightforwardness, as employees are reimbursed according to a simple formula that does away with the complexity of deductibles and the like. An HRA allows the employer to define how and when reimbursement applies, often at a flat rate based on a given procedure. Usually this is an opportunity for a company to save money.

According to Lee, "What the company is saying is 'We're going to pay for everything, but we're betting that the usage will be so low that it will be less than the cost of us paying premiums.'" Sounds like a win-win, right? Lee says be sure you want to place that bet. "The risk with a self-funded plan is that if you have someone who has dentures, needs braces, or some major procedure that comes at a very high price, you could very easily find yourself in the neighborhood of spending \$10,000 to \$15,000 per year for 10 or more employees."

In the end, knowing what your budget allows for and how much your employees are willing to pay will help you navigate the ever changing marketplace for small business dental plans.

[Dig Deeper: How to Set a Workplace Vacation Policy](#)

Resources

[Surgeon General's Report on Oral Health](#) will give you a greater understanding of the need for better oral health care and its relationship to a healthier, more productive workforce.

The United States Department of Labor, Multi-Group Insurance Plans defines the rules and regulations behind [joining a "health care club."](#)

[VendorSeek](#): Find the top 10 reasons for considering a dental health plan.

[Society for Human Resources Management](#) provides useful articles and resources for human resources professionals.

[Delta Dental Associations](#) report on the state of dental health benefit market in the U.S.

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