

Drilling Into Health Reform for Dental Benefits

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The early days of the debate on health reform had many in the dental industry worried. Now that the Patient Protection and Affordable Care Act is law, its impact on dental benefits is still somewhat up in the air. Like any new legislation, there are more questions than answers.

Here is a closer look at the provisions of the health reform law related to dental benefits.

Cadillac Plans – Let's start with one of the provisions that caused the most concern for the dental industry. Starting in 2018, a 40 percent excise tax applies to high-cost health plans, known as Cadillac plans. The definition of a Cadillac health plan is one costing greater than \$10,200 for an individual or \$27,500 for a family. It includes employee and employer contributions to flexible spending or health savings accounts. Originally, the cost included stand-alone dental and vision plans. A revision to the bill excludes the stand-alone plans from the total cost.

That was good news for dental plans as early discussions generated a fear that employers would drop dental plans to avoid paying the excise tax. In fact, a coalition of dental organizations cited a 12/2/2009 Mercer survey in a letter to Congress stating, "...the excise tax could lead many employers to reduce benefits by eliminating limited service supplemental benefits..."

The National Association of Dental Plans conducted its own survey in 2009 that revealed employees felt the same way. It showed 56 percent of employees would drop employer-sponsored dental plans if taxed. Needless to say, the dental industry is breathing easier with the exclusion of dental benefits from the excise tax.

Stand-Alone Dental Plans – By 2014, all states are required to have health insurance exchanges for individuals and small employers (up to 100 employees). Stand-alone dental plans can participate in the exchanges. This provision was a change from the original text that did not include the stand-alone dental plans in the exchanges.

One of the requirements for participation is that the dental plans must offer pediatric dental benefits. Pediatric dental

benefits provide oral health care benefits for children under the age of 21. Since the stand-alone dental plans offer the pediatric dental benefit, health plans in the exchange can exclude oral care for children. The dental industry has concerns, however, that medical plans offering pediatric dental benefits will deter the parents from purchasing their own dental benefits. Parents may feel that as long as their children have dental coverage, there is no need for their own dental coverage.

Some of the immediate restrictions of health reform do not apply to stand-alone dental plans, including the elimination of annual and lifetime maximums and the expansion of the dependent child definition to age 26. The restrictions apply to group health plans as defined by the Health Insurance Portability and Accountability Act (HIPAA). Dental benefits are considered “excepted benefits” under current law; therefore, the restrictions do not apply.

At least for the immediate future, it appears it will be business as usual for stand-alone dental plans.

Essential Benefits Package – The health reform law includes an essential benefits package with a laundry list of minimum coverage. Part of that coverage includes oral health care benefits for children under the age of 21 – the pediatric dental benefit. Similar to other preventive services, out-of-pocket charges are prohibited for pediatric oral health services.

Medicare Advantage Plans – Medicare Advantage plans are undergoing changes, including performance bonuses for plans meeting certain quality measurements. Historically, plans submit bids to Medicare for comparison with established benchmarks. Bids below the benchmark share a portion of the difference with Medicare in amounts known as rebates.

A new provision requires plans receiving rebates or performance bonuses to use the funds for the payment of extra benefits, such as dental benefits, or to reduce premiums. Cuts to Medicare payments have raised concern that Medicare Advantage plans will eliminate extra benefits, like dental coverage.

Medicaid – The health reform law expanded Medicaid eligibility to 133 percent of the federal poverty level for individuals under age 65. No provisions, however, allow for an adult dental benefit for existing or new enrollees in Medicaid. Currently, dental benefits for adults (age 21 and older) are optional for state Medicaid programs. Several states began cutting back on adult dental benefits or not providing any coverage at all. The dental industry was disappointed that the health reform law did not provide for this segment of the population.

Like their medical counterparts, another issue for dental providers has been Medicaid’s low compensation. The health reform law added a requirement for Medicaid and the Children Health Insurance Program (CHIP) Payment and Access Commission (MACPAC) to report to Congress on payments to dental and healthcare professionals.

W-2 Reporting – Employers have W-2 reporting requirements, including the aggregate value of dental, medical, vision and supplemental insurance. However, the requirement does not include stand-alone plans.

Grants and Dental Health Education – Of the little there is in the health reform law regarding dental, much of it centers on grants and dental health education. A few of the programs targeted for funding include the following:

- A public education program for a 5-year, evidence-based campaign promoting oral health
- School-based health clinics and expansion of school-based sealant programs
- A grant program for general, pediatric or public health dentists and dental hygienists
- An oral health infrastructure managed by the CDC to improve dental public health programs
- Demonstration programs for training alternative dental health providers to support underserved communities

The health reform law definitely focused on children. It attempts to provide public or private dental coverage for all

children. While the dental community certainly applauds those efforts, it has struggled for some time to convince the public of the real need for dental care in adults. That's despite evidence of a connection between oral health and serious medical conditions, such as heart disease and diabetes.

As anyone who has worked through legislation knows, there is a lot of change in store. The dental industry is hoping for its own kind of reform.

About The Author

About Cathy Miller, Business Writer/Consultant

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Cathy Miller is a business writer who has been writing professionally for over 30 years. She has created professional communication for Fortune 500 and other large companies including Prudential Insurance, Lockheed Martin, Northrup Grumman, Aetna, Inc., Fairmont Hotels & Resorts, and Illumina, Inc. Her specialties include ghostwriting articles, white papers, case studies, and sales and marketing collateral.

With over 30 years in the health care industry, Cathy has an added expertise in health care, wellness and employee benefits communication. She was the keynote speaker for a series of Health Insurance Portability and Accountability Act (HIPAA) privacy seminars sponsored by Barney & Barney, LLC (ranked in the top 50 U.S. Brokers), East County Personnel Association, San Diego Education Association member meetings and Assurex Global Partners' annual meeting.

Cathy is the creator of two blogs. The first is on business writing, called Simply stated business, at <http://simplystatedbusiness.com>. The theme of Simply stated business is to Keep it simple, clear & uniquely yours.

Cathy's second blog focuses on health care topics, and is called Simply stated health care, at <http://simplystatedhealthcare.com>, Keeping health care simple & informative.

Cathy has a Bachelor of Science degree in Business Management. She was a Registered Dental Hygienist and worked for major insurance companies and consulting/brokerage firms, including Mercer, Prudential and Aetna. To keep current on her technical knowledge, Cathy has an active Health/Life Agent sales license in Idaho, California and Arizona.

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