

Dental coverage in Medicare Advantage plans: Nationwide market landscape, 2019 update

Joanne Fontana, FSA, MAAA
Jacob Bryniarski, Healthcare Analyst



Medicare is a critical healthcare program for Americans, providing 61 million beneficiaries nationwide with healthcare coverage. Traditional Medicare Parts A and B cover hospital and physician services, respectively, and Medicare Part D may be purchased to cover prescription drugs. Dental services, however, are not included in standard Medicare benefits. As such, seniors and other Medicare recipients can face a dental coverage gap.

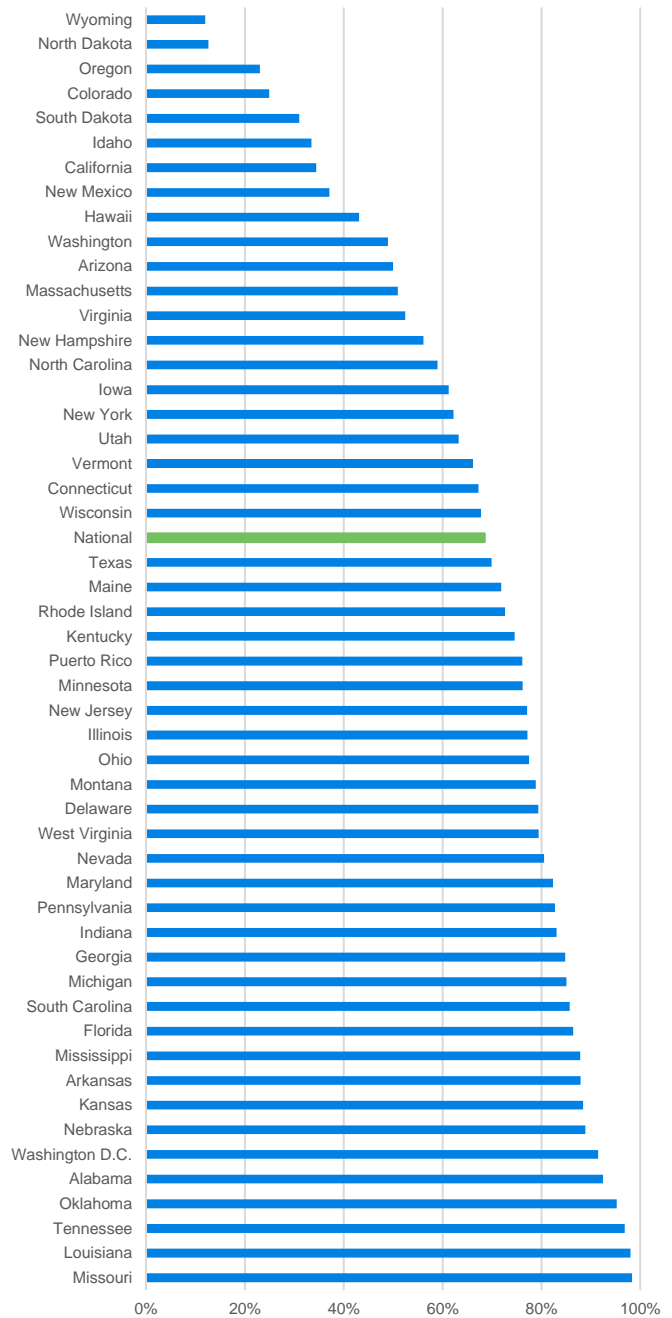
Part C Medicare Advantage (MA) plans are helping to fill that gap by covering some dental services as a supplemental benefit. MA plans offer at least the same covered services as Parts A and B in a managed care setting, and the savings associated with the managed care arrangement generate rebates that can be used to reduce or eliminate beneficiary premiums for prescription drug coverage. Those rebates can also be used to offer other supplemental benefits including dental, vision, hearing, Part D premium buy-downs, and similar value-added services, at low or no additional premium to the beneficiary. MA dental benefits can range from basic preventive dental care to comprehensive coverage of all major dental service categories, can come as a value-added “free benefit” in a zero-premium MA plan, or can be embedded in an MA plan carrying a premium. They can also be offered as an optional supplemental benefit, where the member can add the benefit by paying an additional rider premium. The dental benefits offered in an MA setting may be administered by the MA plan itself or as part of a contracted arrangement with a dental insurer.

In this article, using publicly available data from the Centers for Medicare and Medicaid Services (CMS), we explore the current landscape of dental benefits offered in MA plans and discuss the ramifications for insurers and consumers alike. This is an update of an article originally published in November 2018, using updated 2019 market data and containing additional insights into market trends.

Dental as a mandatory supplemental benefit

In 2019 there were approximately 17.8 million MA enrollees¹, and roughly 70%, numbering slightly more than 12 million people, enrolled in plans that offered some sort of dental coverage as a mandatory supplemental benefit included in the base premium for all plan members. This compares with 60% in 2018, indicating an upward trend in the proportion of members with dental coverage. This percentage varied by state as shown in Figure 1.

FIGURE 1: PROPORTION OF 2019 MA ENROLLEES IN PLANS WITH MANDATORY SUPPLEMENTAL DENTAL BENEFIT²



¹ Excludes employer group waiver plan enrollees

² Alaska is excluded as there are no MA plans currently available in that state.

MA special needs plans (SNPs) serving specific populations were more likely than non-SNPs to cover dental as a mandatory supplementary benefit. SNPs are designed to cover people with certain eligibility criteria such as a severe chronic condition, people living in an institutional setting, or people dually eligible for Medicaid and Medicare. About 82% of MA members enrolled in SNPs have mandatory supplemental dental coverage, compared with 74% in 2018. Eighty-four percent of SNPs serving beneficiaries with chronic or disabling conditions and 82% of those covering dual eligible Medicare/Medicaid enrollees offered dental benefits, while institutional SNPs (68%) were less likely to provide coverage.

While many MA plans are offered to members at a \$0 premium, some plans have premiums that must be paid by enrollees. Sixty-nine percent of zero-premium plan enrollees receive mandatory supplemental dental coverage, compared with 60% in 2018. The proportion of non-zero-premium plan enrollees who receive a dental benefit rose even more, from 63% in 2018 to 73% in 2019, suggesting that dental benefits in MA plans are becoming more popular regardless of whether a member has to pay a premium for MA coverage.

What's included in mandatory supplemental dental benefits?

Spending of rebate and beneficiary premium dollars on supplemental dental benefits has to compete with other types of supplemental benefits that may also be in demand in a particular MA market. MA plans are challenged to assemble a package of supplemental benefits that will attract enrollment and provide value. For the MA plans offering mandatory supplemental dental coverage, the focus appears to be on providing key preventive and diagnostic dental procedures at no or nominal cost to the members. Virtually all plans include oral exams and prophylaxis (dental cleanings), and 97% of enrollees' plans cover X-rays as well. Approximately 40% cover fluoride treatments. Nearly all enrollees in these plans, 95%, have no cost sharing for preventive dental services; the remainder are subject to copays at the point of service. About half the time there is no annual dollar benefit maximum for the preventive dental benefit. When there is an annual maximum benefit, it generally ranges from \$500 to \$2,500. The use of dollar maximums on preventive dental coverage appears to be increasing in 2019; in 2018 most plans had no explicit dollar benefit maximum.

Dental coverage beyond basic preventive services is less likely to be offered as part of a mandatory supplemental dental benefit, but is becoming more common over time. Nationwide, 48% of all MA plan enrollees (compared with 37% in 2018) are covered for both preventive and comprehensive dental services under a mandatory supplemental benefit. Said another way, 70% of enrollees in an MA plan with a mandatory dental benefit (compared with 62% in 2018) are covered not only for preventive care but also for more

comprehensive services, most commonly restorations (i.e., filling cavities). Oral surgery and prosthodontics are often included as well, an important benefit for seniors who may need dentures. Zero-premium plans are about as likely to cover some level of comprehensive dental services as plans with a premium; approximately 53% of zero-premium plan enrollees and 49% of non-zero-premium plan enrollees receive this coverage. Within the comprehensive coverage category, the array of services included increased overall from 2018 to 2019. Notable increases were seen in the proportion of enrollees receiving endodontic coverage and periodontics coverage. The full list of comprehensive benefits is shown in Figure 2.

FIGURE 2: MANDATORY SUPPLEMENTAL DENTAL PLANS OFFERING COMPREHENSIVE DENTAL: COVERED SERVICE CATEGORIES

Comprehensive Dental Service Category	Percentage of Zero-Premium Plan Enrollees Receiving Benefit		Percentage of Non-Zero-Premium Plan Enrollees Receiving Benefit	
	2019	2018	2019	2018
Prosthodontics, other oral/maxillofacial surgery	72%	67%	74%	75%
Non-routine services	34%	37%	43%	42%
Diagnostic services	47%	38%	46%	33%
Restorative services	95%	96%	93%	86%
Endodontics	51%	32%	56%	39%
Periodontics	64%	51%	72%	56%

Similar to preventive-only dental benefits, we see increased use of dollar benefit maximums on comprehensive dental coverage in 2019 compared to 2018. While last year over half the time no dollar benefit maximum was imposed, in 2019 only 25% of enrollees are in comprehensive plans with no dollar maximum. There is a wide range of dental-only maximums, from as low as \$500 up to over \$2,000. The proportion of plans with no annual benefit limit is marginally higher for zero-premium plans versus non-zero-premium plans, but when annual benefit maximums do exist they tend to be a bit lower on plans with zero premium.

FIGURE 3: MANDATORY SUPPLEMENTAL DENTAL PLANS OFFERING COMPREHENSIVE DENTAL: ANNUAL BENEFIT MAXIMUMS, DENTAL ONLY

Annual Maximum	Percentage of Enrollees	Percentage of Zero-Premium Plan Enrollees	Percentage of Non-Zero-Premium Plan Enrollees
No annual max	25%	27%	22%
Less than \$1,000	21%	26%	16%
\$1,000-\$1,999	4%	4%	3%
\$2,000 or higher	51%	43%	58%

Dental as an optional supplemental benefit

Approximately 42% of MA enrollees have plans that offer some type of optional supplemental benefit, which may be purchased at the consumer’s choice for an additional premium. Of those plans, virtually all offer dental coverage as one of the optional benefits, either by itself or as a package with other supplemental benefits such as hearing exams and hearing aids, vision exams and eyewear, acupuncture, and chiropractic services. These characteristics have remained consistent from 2018 to 2019.

Plans offering optional supplemental dental also often cover some level of mandatory dental coverage in the base plan; 49% covered dental in their base plans, while 51% had no coverage for dental in their base plans. For plans offering both mandatory and optional dental, the most common approach is to cover preventive dental services in the base plan and extend to comprehensive dental benefits with the optional plan. Roughly one-third of the plans with mandatory coverage of both preventive and comprehensive dental also offer an optional supplemental dental benefit providing additional coverage; however, this practice has become much less common since 2018, when many plans with mandatory comprehensive dental also offered an additional dental buy-up.

The availability of optional supplemental dental coverage varies widely by state as shown in Figure 4.

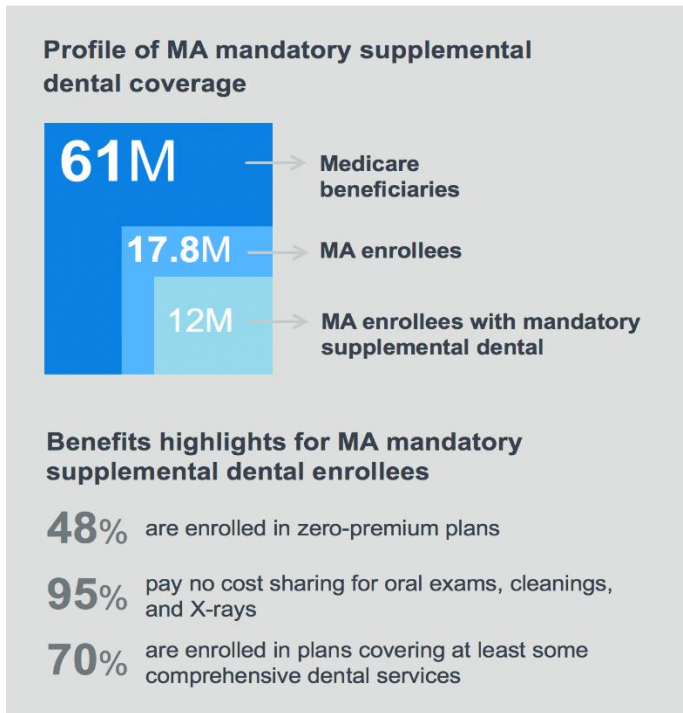
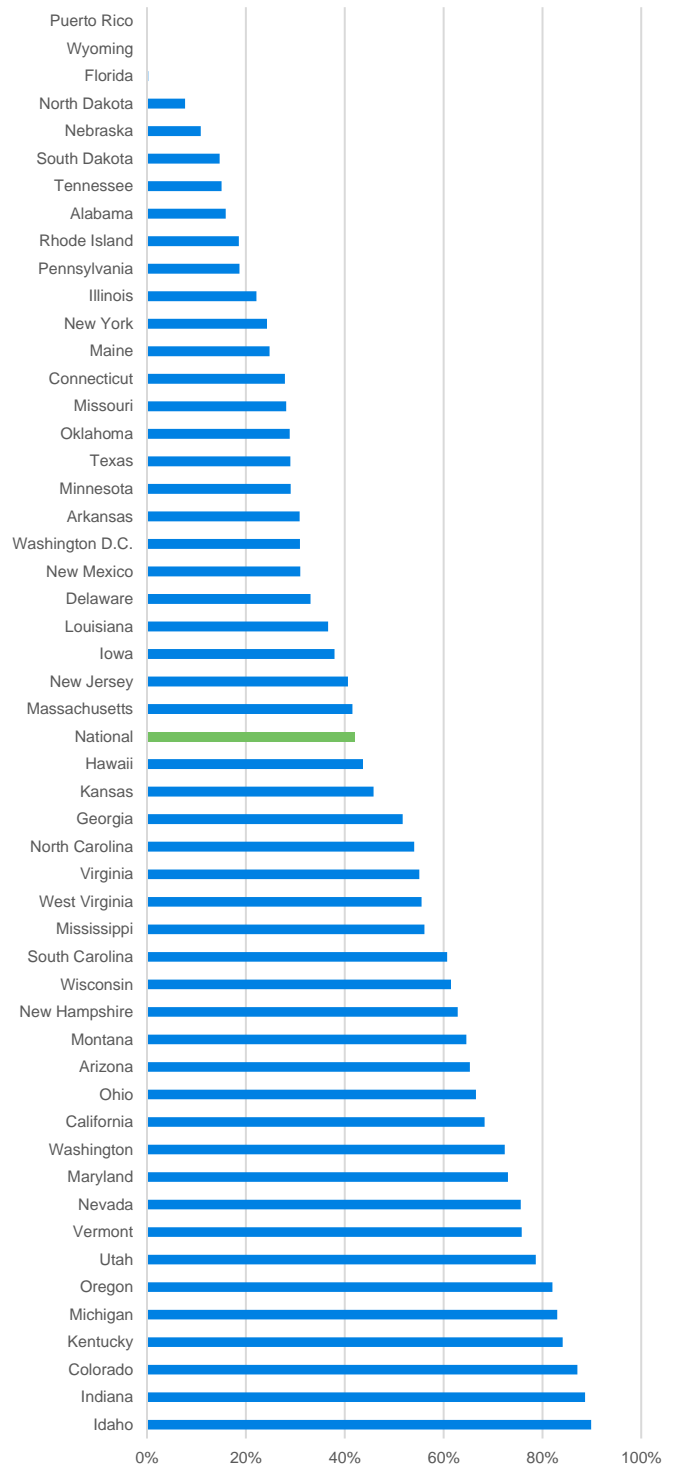


FIGURE 4: PROPORTION OF 2019 MA ENROLLEES IN PLANS WITH OPTIONAL SUPPLEMENTAL DENTAL BENEFIT³



³ Alaska is excluded as there are no MA plans currently available in that state.

Premiums for optional supplemental dental coverage vary widely by geography, by benefit specifics such as covered services and benefit limitations, and by whether the dental benefit is packaged with other supplemental coverages. These premiums tend to assume higher use rates due to their optional, elective nature. Monthly premiums for optional plans covering preventive dental services remained relatively flat from 2018, ranging from \$6 to \$28, but the average premium did increase by about \$1.00—coming in just above \$17 per person.

Discussion

MA plans provide dental benefits to slightly more than 12 million people, ranging from preventive services like exams and cleanings to higher-level procedures. In making the decision to offer dental coverage, MA plans must weigh the added cost of the benefits against the added value to the consumer. The decision is complicated; MA plans able to offer medical coverage at no member premium must consider whether it's worth adding dental benefits that may lead to a premium or, conversely, how to whittle

down the dental benefits or remove non-dental supplemental benefits to provide some added value to the patient within the zero-premium construct. Beneficiaries can be very price-sensitive. For plans already charging premiums, adding dental coverage increases the premium, and the desired balance between benefit richness and marketable premiums must be struck.

Optional supplemental dental benefits present different challenges: specifically, the cost of an optional benefit is affected by selection, with purchasers likely to utilize the benefit while people who don't feel the need for dental coverage forgo the purchase. Pricing an optional plan requires estimating the effect of selection on expected plan utilization levels and costs. The competitive landscape adds a layer of complexity, so it is necessary to understand the carriers operating in the same service areas, the structure of their dental benefits, and their premiums. Despite these challenges in benefit design and pricing, including dental coverage as a component of an MA plan can provide important benefits to millions of Medicare beneficiaries.

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CONTACT

Joanne Fontana
joanne.fontana@milliman.com

Jacob Bryniarski
jacob.bryniarski@milliman.com