Chew on This:  
Health Care Reform Changes to Dental and Vision Benefits

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SESSION OVERVIEW

• How does Health Care Reform (HCR) impact purchasers?
• How does the Patient Protection and Affordable Care Act (PPACA) impact ancillary benefits?
• What is the role of vision and dental in the state exchanges?
VSP VISION CARE

- Largest insurer by membership:
  - 56 million covered
  - 27,000 network doctors
  - 37,000 clients
- Not-for-profit:
  - Surpluses reinvested to expand care
  - Strategic, long-term investments

VISION CARE = PREVENTIVE HEALTHCARE

- “Eye exams are an important and cost-effective measure in managing the impact of diabetes.”
  - Ann Albright, PhD, RD, Director, Division of Diabetes Translation, Centers of Disease Control and Prevention (CDC)
- “Adult vision exams produce an 8 out of 10 point score of preventive services.”
  - Partnership for Prevention/Mercer Analysis
VSP ADVOCACY

• VSP Goal: To be a voice for the vision insurance industry
  – State advocacy firm in Sacramento
  – National advocacy firm in Washington
  – Partnered with:
    • National Association of Dental Plans
    • Delta Dental
    • Diabetes Advocacy Alliance (DAA)
    • NASHO, NAVCP, AAPPO
    • Center for Health Transformation
  – VSP Board meeting in Washington

HCR & ANCILLARY BENEFITS
HCR & VISION CARE

• **Definition of Essential Benefits**
  – “Pediatric oral and vision care”

• **Benefits Undefined**
  – HHS/CCIIO decision October 2011

• **Screening vs. Eye Exam?**
  – Preventive Services = Screening

HCR & VISION CARE

• **Vision Included In:**
  – Insurance Provider Fee
  – Premium Regulation

• **Vision Excluded From:**
  – Market Reforms (MLR…)
  – Excise Tax on Cadillac Benefits
  – Medical Device Tax
INSURANCE EXCHANGES

- **Supermarket for Healthcare:**
  - 50 states
  - More than 50 Exchanges
  - Up to 32 million people
  - Effective 2014

- **PPACA Includes:**
  - Children’s vision & dental care
  - Qualified Health Plans deliver vision & dental care

- **Size of Exchanges**
  - McKinsey report: 30 – 50%

INSURANCE EXCHANGES

- **State Administered HCR**
  - Stand-alone plans:
    - Dental Included
    - Vision Excluded
  - Strong vs. weak states; Legal challenges
  - Feds can take over State Exchange
  - Malicious compliance; federal match

- **Premium Increases**
  - Subject to review by new Health Insurance Rate Authority at federal level
  - Federal power to roll back increases or make plans provide rebates
**SMALL BUSINESS IMPACT**

- 2014 - PPACA Premium Subsidies
  - Businesses eligible for premium subsidies
  - Employees eligible to go into Exchanges

30% said company would “definitely” or “probably” drop coverage in years following 2014

1 in 5 companies unsure what they will do in 2014

8% of companies “likely” or “very likely” to end health benefits after Exchanges start

- McKinsey Global Institute
- Towers Watson
- Mercer

**HCR IMPACTS TO VISION CARE**

- Stand Alone Vision Plans
- ASO Business with Liberal HCR Interpretation
- Broker Commissions
- Private Exchanges
- Accountable Care Organizations (ACO’s)
VISION BENEFITS ENROLLMENT

119 million Americans enrolled in vision

72-90% enrolled in stand-alone vision plans

? group vs. individual decision

HEALTH CARE GAME CHANGERS

Group to Individual Purchasing Model

Altering Tax Code

Bifurcation of Coverage

Preserve Private Market vs. Highest Possible Benefit Level

Benefit: Screening Only like AHRQ?

Comprehensive Benefit?
IS HCR HERE TO STAY?

• Could HCR Be Repealed?
  – Retained Democratic majority in Senate
  – Obtained Republican majority in House
  – Democratic President can veto
  – Obama as one term President?

• Could HCR Be Starved?
  – 85% of law not annually funded
  – Voters can replace legislators

• Supreme Court Decision

WHAT IS THREATENED?

Vision care from VSP turns routine eyecare into preventive health care.
Only 1 in 5 Americans get annual physical exams.

3 out of every 5 VSP members get annual eye exams.

WHAT IS THREATENED?

• How frequently were VSP doctors the first to detect early-stage conditions?

- Diabetes: 20% of the time
- Hypertension: 30% of the time
- High Cholesterol: 65% of the time

Unique to VSP: 65% of the time
$4.5 BILLION IN SAVINGS

• VSP’s Eye Health Management Program® turns routine eyecare into preventive healthcare
  - Results in:
    • Healthier, more productive employees
    • Lower healthcare costs
    • 127% ROI

CONCLUSION

• Threats and Opportunities
• Success and Concern
• Negate vision and dental good works
• Game Changers
• Call to Action:
  - Collectivity of Purpose & Effort
CHEW ON THIS:
HEALTH CARE REFORM
CHANGES TO DENTAL & VISION BENEFITS
BENEFITS FORUM & EXPO
SEPTEMBER 2011

Kris Hathaway,
NADP’s Director of Government Relations

OVERVIEW

• Dental in ACA* (ACA)
  – Large Employer v Small Employer & Individual (SEI)
  – Private Market / Outside Exchanges
  – Exchanges

• Dental Benefits Industry (DBI)

• NADP Survey: Employer Sponsored Insurance (ESI)
  Dental Specific

*Small employer means 100 or less employees
ACA: MEC V EHBP

Minimum Essential Coverage (MEC)

- Large Group Market
- Small Group & Individual Market
- Essential Health Benefits Package (EHBP)

Exchange
- [Separate Dental Allowed w/ Medical to meet EHBP]
- Outside Exchange [Medical required to include Dental]

ACA: EHBP

- **Essential Health Benefits Package**
  - Coverage offered in SGI market must include EHBP
  - Package includes 10 health services
  - “Pediatric services, including oral and vision care”

- **To be defined by HHS**
  - Type of benefit & age of pediatric

- **Political quagmire**

- **Definition for dental is key to future issues**
ACA: DUPLICATIVE DENTAL COVERAGE

**SGI Private Market**
- Medical coverage offered in SGI must include full EHBP, including “pediatric oral services”
- Dental offered by standalone plans will be duplicative to that offered by medical

**SGI in Exchanges**
- Exchanges have specific allowance for separate dental policies to meet the “pediatric oral services”

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ACA: INSIDE EXCHANGES

**Exchanges**
*Must Allow for Separate Dental Policies*

- **AHBE**
  - Subsidized

- **SHOP**
  - Employee purchaser
  - Employer purchaser

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NADP "Chew On This" Sept. 2011  10/6/2011
ACA: RECAP

• Dental in ACA is vastly different between large and small employers
  – Large employers are not directly impacted unless they chose to go to Exchanges starting in 2017
  – Small employers impacted dependent on purchasing inside or outside of Exchanges

• Additional dental provisions in ACA, i.e. expansion of duties, tracking data, etc.

DBI: AMERICANS WITH DENTAL BENEFITS
**DBI: EMPLOYERS OFFERING DENTAL**

Large Group
Not Directly Impacted
EE = (number of) employees

- 95%
- 96%
- 95%
- 92%
- 85%
- 87%

Small Group/Individual
Impacted
TODAY: 1.65 million small employers
43.7 million employees
22.9 million children

**DBI: HOUSEHOLD INCOMES WITH DENTAL COVERAGE**

- 34.5%
- 4.1%
- 4.1%
- 2.7%
- 1.4%
- 1.6%

- 11.3%

- 44.2%

New Subsidies

- <$50K
- $50K-$89K
- $100K-$124K
- $125K-$144K
- $150K-$179K
- $175K-$199K
- $200K+

NADP "Chew On This" Sept. 2011 10/6/2011
DBI: RECAP

• 98% of dental policies are purchased separately
• Almost 40% of dental market is affected by ACA
  – 1.65 million small employers
  – 43.7 million employees
  – 22.9 million children
• 40% of Americans with dental coverage could be eligible for subsidies
• Employers’ increasing preference towards dental PPOs will continue

ESI: NADP SURVEY

• NADP conducts employer study every 3 years related to purchasing dental benefits
• This year, a new section related to health care reform was added
ESI: NADP SURVEY - DENTAL

- 69% of all companies will maintain dental and vision benefits outside of Exchanges
- 21% of small employers are likely not to continue dental coverage outside of Exchanges
- When exchanges are available, over 1/2 of companies feel they will use broker advice in dental benefit purchase decisions

NADP PRIORITIES

- Equitable treatment of dental inside & outside exchanges
- Allowing dental coverage outside exchanges meet the EHBP inside exchanges
- Correctly include dental inside exchanges
  - Resource: NADP/DDPA Exchange White Paper
  - Available on nadp.org
- Many questions remain, TBD by HHS regulations or through the states
CONCLUSIONS

• Large group, ancillary benefits are not directly impacted in near future

• Enormous impact on small employers
  – New EHBP requirement, including pediatric dental & vision
  – New Exchange market

• Choice of new markets, including exchanges

• Maintaining dental benefits; same or defined contribution

QUESTIONS?

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