



SENIOR MARKET SALES

1-866-909-3237
SMS Dental Hotline

> **Special Guest Host – Brenton Pyle**

Brenton Pyle is a Consulting Actuary with CSG Actuarial in Omaha, Nebraska. Brenton has experience working on a wide array of supplemental health products (including Dental). He completed his second decade in the actuarial field this year.



> Agenda

- **Dental Sales in 2020**
- **Covid Impacts on Dental**
- **Enrollment Trends for Dental**
- **Product Updates and Changes**
- **The Future of Dental Insurance**



> Market Analytics

- Individual Dental sales represent an size of \$83 Billion
- Dental insurance currently accounts for 9.7% of the Health and Medical Insurance industry
- An estimated 8.7% of domestic consumers do not have medical insurance, while an estimated 33.9% of consumers lack dental insurance.



> Impact of Covid -19



CORONAVIRUS (COVID-19)

- In March, regulators and health authorities recommended that dental offices immediately stop seeing patients, except for emergency treatment. The resulting office closures led to unprecedented revenue declines across the sector.
- Dental insurance plans saw a reduction in utilization in the middle part of the year (similar to other health coverage), with returns to near-normal levels in Q4.
- Practice patterns have changed as a result – PPE usage, aerosol reduction, etc.
- The key thing to keep in mind, is that unlike many other businesses, much of this is a deferral of revenue, not the loss of revenue.

https://www.ada.org/~media/ADA/Science%20and%20Research/HPI/Files/HPI_COVID_Webinar_Nov_2020_1.pdf?la=en

<https://www.oralhealthgroup.com/features/impact-of-the-current-covid-19-pandemic-on-dental-practice-valuations-and-sales/>

> Future Impact of Covid -19

- Readers will remember the major recession we went through as recently as 2008/2009. By many measures, it was the worst economic decline since the Great Depression. How did it impact dental practices?
- For most practices, it had only modest, if any, negative impact on revenue and earnings



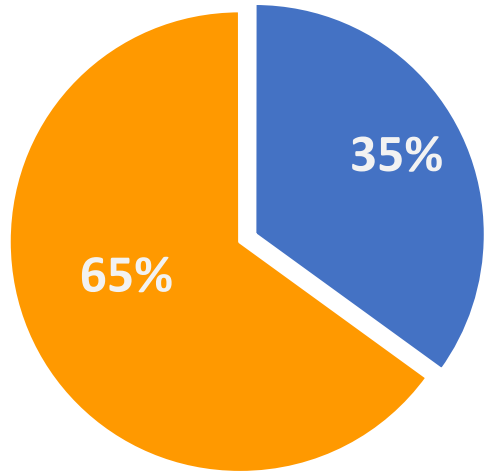
> Future Impact of Covid -19

- History teaches us that a recession will have far less impact on the average dental office than the vast majority of other businesses, small and large.
- While the exact impact will be determined by the magnitude and duration of the recession plus regional factors, many buyers remain confident that recessionary impacts on dental practices are likely to be moderate, and an eventual return to normal levels of revenue and profitability will ultimately be where things end up.
- The only question is how long will it take?



> The Need for Dental Insurance

Two-thirds of Medicare beneficiaries do not have dental coverage





 No Dental coverage
 Dental coverage

Figure 6

Medicare covers limited dental services

Medicare Does <u>Not</u> Cover:	Medicare Does Cover:
<ul style="list-style-type: none">× Preventive Dental Care<ul style="list-style-type: none">× Oral exams, check-ups× Dental cleanings× X-rays× Minor Restorative Services<ul style="list-style-type: none">× Fillings× Tooth extractions× Major Restorative Services<ul style="list-style-type: none">× Crowns× Bridges× Root canals× Dentures× Oral Surgery	<ul style="list-style-type: none">✓ Dental services that are an integral part of a covered procedure (e.g., reconstruction of the jaw following accidental injury)✓ Extractions done in preparation for radiation treatment for neoplastic diseases involving the jaw✓ Under certain circumstances, Medicare will cover oral examinations, but not treatment, preceding kidney transplantation or heart valve replacement✓ Inpatient hospital care when the patient's underlying medical condition or the severity of the dental procedure requires hospitalization

› Claims Data vs. Product Structure

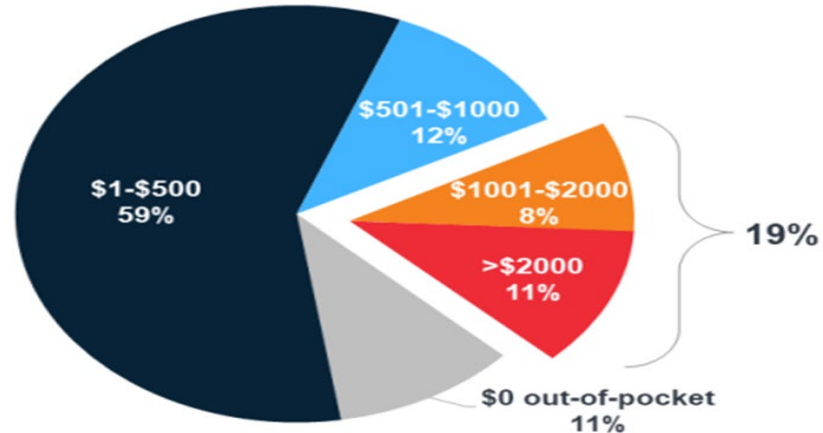
Claim	Percent Utilization
Preventative Services	69%
Basic Services	15%
Major Services	16%

> Cost Implications

Figure 5

Nearly one in five Medicare beneficiaries who used any dental services spent more than \$1,000

Distribution of out-of-pocket dental costs for beneficiaries utilizing dental services, 2016



28.7 million beneficiaries used dental services

SOURCE: Kaiser Family Foundation analysis of the Medicare Current Beneficiary Survey (MCBS) Cost Supplement, 2016. Excludes beneficiaries in long-term care facilities as they do not collect data on dental utilization.

Dental Coverage for Seniors

Dental coverage not included in Medicare (minus a few very specific exceptions)

Seniors can...

- Enroll in Medicaid if eligible, may or may not include dental coverage
- Purchase discount plan
- Purchase an individual policy
- Purchase Medicare Advantage with:
 - Embedded dental benefits
 - Optional add-on dental benefits
- Pay out of pocket
- Skip dental care



Dental in Medicare Advantage

Medicare Advantage Plans with Preventive Dental Benefits

	2017	2018	2019	2020	2021
Medicare Advantage – HMO	62.9%	65.3%	66.5%	68.5%	71.5%
Medicare Advantage – HMO/POS	58.4%	59.2%	61.1%	71.1%	73.5%
Medicare Advantage – Local PPO	47.6%	55.1%	62.5%	64.0%	68.0%
Total (all plan types above)	58.6%	62.1%	64.9%	67.3%	70.6%

Source: CMS Plan Benefit Package files



Dental in Medicare Advantage

Plans with Preventive Benefits - Specific Services Included

	2017	2018	2019	2020	2021
Oral Exams	99.6%	100.0%	100.0%	99.9%	99.9%
Prophylaxis	99.4%	99.5%	99.8%	98.4%	98.8%
X-Rays	94.2%	95.0%	96.8%	100.0%	100.0%
Fluoride Treatments	31.5%	32.0%	45.4%	60.0%	64.2%

Source: CMS Plan Benefit Package files



Dental in Medicare Advantage

Average Number of Visits with Specified Service Covered

	2017	2018	2019	2020	2021
Oral Exams – Number of Visits	1.43	1.49	1.65	1.88	1.88
Prophylaxis – Number of Visits	1.45	1.46	1.53	1.83	1.86
X-Rays – Number of Visits	1.27	1.26	1.44	1.42	1.43
Fluoride Treatments – Number of Visits	1.40	1.42	1.41	1.58	1.51

*Excludes Plans with Unlimited Visits

Source: CMS Plan Benefit Package files



Dental in Medicare Advantage

Service With Coinsurance or Copay

	2017	2018	2019	2020	2021
Oral Exams – Coinsurance or Copay	68.9%	70.3%	65.8%	66.5%	65.3%
Prophylaxis – Coinsurance or Copay	67.3%	68.8%	64.7%	65.7%	64.9%
X-Rays – Coinsurance or Copay	70.3%	71.8%	67.4%	66.9%	65.8%
Fluoride Treatments – Coinsurance or Copay	71.9%	72.4%	67.8%	68.7%	65.8%

Source: CMS Plan Benefit Package files



> Enrollment Trends

- Hyperlinks
- Mobile / Smart Phone Enrollment
- E- App
- Paper App
- Combo App – (Med Supp or other Ancillary)



<https://dental.gomedico.com/?an=094812W3TO>

<https://www.securitylife.com/ppd?agnt=9vv8>

<https://www.securitylife.com/personal-plans?agnt=9VV8>

<https://www.securitylife.com/gpm?agnt=9VV8>

› Product Trends for 2021

- Rate Decreases
- Multi-Product discounts when the dental app written with Med Supp
- Coordination with Prior Coverage (Jump to Year 2 Policy Benefits)
- Preventative Services not counting against Annual maximums
- Hearing benefits are back!
- Continued Growth in Vision Sales – 50% ratio to dental
- More Hyperlinks
- Expansion of Smart phone / Mobile enrollment





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