



MetLife

THE ROLE OF CONSUMER-DRIVEN MODELS IN DENTAL

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The national cost of medical care is expected to top \$2.2 trillion in 2007.¹ Couple that staggering number with the fact that health care costs continue to rise at nearly double digit rates, and it is not surprising that steps to reduce medical healthcare expenses continue to be under intense focus from employers and the Federal government. The pace of change in this arena has been fast and is gaining steam. It seems that new legislation, privacy mandates, and delivery and plan design models are constantly in the news.

Unfortunately, the pace of change has not been the same for dental benefits. Simply stated, the reason for the less intense focus has been the perceived lower costs of dental care and the idea of the non-catastrophic nature of oral health conditions. Adding to the dichotomy is the government (Federal and State) estimated 2007 spending for medical (more than \$1 trillion) and for dental (under \$6 billion).¹

To date, the approach to reducing medical costs has been based on the vast wealth of research and claims data available. The result has been programs that encourage preventive and maintenance care regimens and managed care protocols. Unfortunately, this emphasis on research-based care has not been pursued to the same extent for dental. Now that employers are focused on reducing their health care costs, including dental, the cost of dental care has come under scrutiny — the national cost is estimated at \$98.6 billion in 2007.¹ In addition, limited insight into dental trends has pushed the application of medical delivery approaches to dental benefits without much success.

The reasons for the “failure” of applying medical models to dental coverage are numerous, but a key factor is the macro-economic differences between the two systems — the supply and demand of providers. At the present time there is a shortage of dental “chair hours,” while medical resources are ample to treat the needs of the population.²

In addition, the lack of dental research and focus has led to:

- Aspects of typical dental plan designs in use today, such as the five-year limit on crowns, not being supported by research, and in many cases actually promoting unnecessary care and cost;
- Many plan designs and provisions today being relatively unchanged from those programs implemented over the past 50 years; and
- These plans have essentially become the *de facto* standard of care provided by the dentist and therefore assumed to be needed by the patient.

That said, plans that reduce the incidence of disease are certainly important to employers and employees. The dental benefits industry is seeing an increased demand for lower-cost programs that maintain employee choice without any sacrifice in quality of care or service.³ Carriers can meet this demand today (lower costs, continued quality) through standard plan design approaches — chiefly through cost shifting to employees on services that are not treating disease, but are more elective. The dynamic is ultimately the same as that proposed by the emerging consumer-driven model — providing employees with greater accountability for the dental benefit dollars they spend. Therefore, as with true consumer-driven approaches, education remains critical because employers that lower their costs simply by shifting costs inappropriately to employees will not be successful in meeting their longer-term dental benefit plan objectives.⁴

THE ADVENT OF CONSUMER-DRIVEN MODELS

Without question, healthcare expenses will continue to be under close scrutiny and approaches under experimentation while everyone looks to find the optimal solution — a low cost, high quality program that employees, providers and employers can all accept. The latest entries to the healthcare delivery search are “Consumer-Driven” models. These approaches can be viewed as a continuation of the direction that has occurred in other benefit areas, most notably retirement savings plans, where the approach has shifted from a defined benefit model to a defined contribution model. Employers are establishing their payout liability and the employee is more responsible for making choices regarding the accumulation of their pension dollars.

The concept of “consumer-driven” is predicated on the idea that the solution to reduce healthcare costs can be found via patient education (patients having and making better treatment choices), and the employer fixing their liability via new plan designs that shift additional costs to the employee. Like most efforts in this arena, the consumer-driven approach is:

- primarily targeted at medical benefits; and
- when implemented, is more focused on plan designs that reduce claim payouts and shift costs to the employee rather than offering education and plan flexibility.

In some very limited circumstances these medical consumer-driven ideas have also been applied to dental benefits. As with prior managed care models of the 80s and 90s, the application of a medical consumer-driven approach to dental benefits does not account for the differences between medical and dental care. Without modifications that take the particular aspects of dental care into account, it’s likely that the medical consumer-driven approach will achieve little success in the dental space. The key is a focus on patient and provider dental education.

METLIFE’S APPROACH TO CONSUMER-DRIVEN CARE

MetLife has embraced the idea of “Consumer-Driven Care” in its dental product offerings, and has supported patient and provider education and plan flexibility for more than 10 years. MetLife’s Dental Advisory Council (DAC) has developed education programs for providers and patients. MetLife’s DAC believes that the future success of dental benefit programs begins with this educational approach, and will ultimately be achieved through plan designs that support the provision of care to patients based upon their unique needs and supported by research (and therefore helping avoid the incidence and progression of disease). Some of the educational pieces already developed in conjunction with the MetLife DAC include:

- Provider education through *Quality Resource Guides*, which promote the communication of “best practices” on a wide-variety of topics;
- Provider education through the *Self-Assessment program*, which allows practices to “compare” their office operations to widely-accepted standards of excellence;
- Provider education through the *Office Audit program*, which provides calibrated review and comparison of practices to drive communication;
- Patient education through *Risk Modeling tools*, helping consumers understand and assess their individual risks for oral health conditions; and
- Patient access to credible health information that focuses on the relationship of medical and dental disease and the importance proper dental treatment plays in a person’s overall health and well-being.

Our position is that in order to fully understand proper treatment approaches, individuals must first be educated on their risks for disease and the appropriate care regimens to control or mitigate those risks. This will allow individuals to make better choices about their dental care and reduce the use of services that may add little value.

This approach to educating all involved constituents has been part of MetLife’s standard approach to dental benefits for years. MetLife also promotes plan designs that support necessary and appropriate care for all patients, including those with unique needs. Both education and appropriate design should be integral parts of ALL dental plans, not just those labeled “Consumer-Driven.” Patients covered by any type of dental plan should be educated to make better dental choices. The last piece of the consumer-driven aspect of these dental plans is the funding mechanism. But again, the consumer approach is achieved via plan design and education.

The MetLife Consumer-Driven model places great emphasis on employees making appropriate choices with the fixed employer funding that is made available to them. In the absence of access to information enabling members to make appropriate decisions, the consumer-driven model may actually decrease utilization and increase the incidence of oral disease across a population, which is contrary to the desired goal. The three keys to success for all dental plans are:

1. Education to understand the links between dental disease and medical problems;
2. Education to understand the risk for dental disease; and
3. Plan designs that support individual dental needs.

As outlined above, these elements (education and plan design) should be provided to all MetLife dental clients as part of their standard plan offering. MetLife believes that patient education and appropriate plan designs are critical drivers of dental plan cost and member satisfaction, and that to limit focus of these ideas to only those groups electing a consumer-driven model will continue the same issues in dentistry tomorrow that are faced today. Therefore, only the funding mechanism actually differentiates consumer-driven models from our standard product portfolio, and the development of these aspects must be simultaneous.

FUNDING MECHANISMS

The need for flexible funding mechanisms to help all stakeholders achieve their price point for coverage is a critical piece of the consumer-driven puzzle. This will be accomplished via Health

Savings Accounts (HSAs) or Healthcare Reimbursement Accounts (HRAs). These vehicles will allow employers and employees to fund the dental benefit to their level of need, both short- and long-term.

Under this approach, the idea of annual plan maximums, age limits and frequency limits for certain services will be removed. Members will contribute their own dollars to the employer's contribution to help achieve their coverage expense needs based upon their unique needs. Employer contributions should ultimately be based on their price point. For example, through controlled, calibrated risk-modeling, patients who are identified as "higher-risk" for certain oral diseases may benefit from more than two exams/cleanings in a year (the typical standard). The plan should support this identified need by allowing for additional funding for the individual to use for services aimed at mitigating the risk or achieving a "maintenance" state without shifting undue cost to the consumer. The extent to which plans will be funding these benefits is up to each employer.

APPROPRIATE TREATMENT

The final key for a successful delivery system is a network of providers to support the consumer-driven model. Treatment needs and planning for higher risk patients should be different than those for patients at lower risk, and it is up to the provider to help determine the level of risk and the appropriate service mix to address that need. Providers who are part of a network must be willing to vary their treatments based on an individual's risk for disease and not provide services that offer limited value to their patients. The search for providers who are willing to treat patients in this manner can start with the selection process, but included within the ongoing network communication must be an education component to help keep all parties on the same playing field.

¹Centers for Medicare and Medicaid Services, U.S. Department of Health and Human Services, 2006.

²American Dental Association. *Future of Dentistry*. Chicago: American Dental Association, Health Policy Resources Center, 2001.

³McDermott, Will & Emery LLP. Encouraging a Responsible Approach to Consumer-driven Health Care. October, 2004. Page 2.

⁴McDermott, Will & Emery LLP. Encouraging a Responsible Approach to Consumer-driven Health Care. October, 2004. Page 16.