

Benefit Fact Sheet

What is it?

Dental HMOs (DHMO) provide comprehensive dental coverage from a closed panel of providers. Participants are required to select a Primary Care Dentist, who acts as a “gatekeeper” and provides referrals to specialists. DHMOs typically cover preventive benefits at no cost; copays apply to all other services. Due to the strict cost controls and negotiated provider discounts, pre-paid dental plans are the most affordable form of dental insurance.

Why offer it?

- Provides participants with comprehensive dental benefits
- Low cost dental option for employer and employees

What types of employers offer it?

- Employers who wish to provide employees with dental benefits at a reduced cost
- Employers located in regions where pre-paid dental networks are developed
- Employers that provide employees with multiple dental benefit options
- Employers with lower wage employees who tend to be receptive to exchanging choice and flexibility for lower cost

What size employers offer it?

All size employers can offer a DHMO, though employers with fewer than 50 employees may have limited coverage options.

What are the critical underwriting or participation requirements?

- Minimum of two employees (varies by DHMO)
- Employer location, industry and funding
- Employee demographics
- Past claim experience may apply, depending on employer size

What's new in this area?

- DHMOs are more prevalent in states with large, concentrated urban populations where pre-paid dental networks are more developed and accessible. Populations with a higher concentration of providers in a specific geographic area are more cost effective for both the insurer and provider.
- Over the last several years, the total number of individuals enrolled in employer sponsored dental plans has steadily increased, while the number of individuals enrolled in group DHMO plans has decreased. This pattern can be attributed to employers' tendency to implement PPO plans that balance employees' desire for provider choice and the organizations' drive for cost containment.

How much does it cost?

Average monthly premium costs for 2010 (Radford Benefits Survey)

- Employee Only: \$25.00
- Family: \$81.00

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Informational link(s)

- [ArlenGroup Dental Inflation Rates by Delivery System](#)
- [American Dental Association](#)

Providers

- [Delta Dental](#)
- [MetLife Dental](#)
- [Assurant Dental](#)

Pros and cons

Pros

- Comprehensive benefits at a relatively low cost
- Generally, no deductible and no calendar year maximum
- No claim forms

Cons

- Coordination with gatekeeper is restrictive
- DHMO networks not as evolved in terms of size or quality relative to medical care networks
- Employee frustration and problems with DHMOs usually exceed traditional dental or dental PPO plans

Notes

- Employers need to pay close attention to the exclusions/limitations when comparing pre-paid dental proposals.
- Although DHMO networks have evolved, the turnover of the dentists remains high. Employees may have difficulty establishing a long-term relationship with a network dentist.

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