

June 26, 2012

Mr. Peter Lee  
Executive Director  
California Health Benefit Exchange

**Dear Mr. Lee:**

As a California Knox-Keene licensed discount dental plan, First Dental Health requests that it be permitted to respond to the California Health Benefit Exchange (Exchange) QHP solicitation; and be given equal consideration to at-risk or non-discount dental plans for non-EHB or supplemental dental products offered to adults. This letter explains how accepting our request helps the Exchange achieve its mission; why individual dental benefits are different and warrant special consideration; and provides the background of our licensing including the value of our discount plan to California consumers.

### **Helping the California Benefits Exchange Fulfill Its Mission**

As a catalyst for change in California's health care system the Exchange has an opportunity to offer the types of dental plans that can address the unique needs of the millions of uninsured Californians. There are 10 to 15 million dentally uninsured Californians – many of whom are adults who don't consider traditional dental plans as viable options because of high cost and waiting periods (traditional insurance plans) or network access limitations (DMHOs). If the Exchange offers only traditional plans it will effectively mirror the current market but fail to meet the needs of the very people currently needing the exchange: the uninsured.

Given the limited value of individual dental insurance, and the large number of dentally uninsured adults, the Exchange should consider offering non-EHB or supplemental dental discount dental products that can effectively address unique consumer needs that are not being met by traditional individual dental plans. This will broaden the Exchange's appeal to more Californians. And by selecting Knox-Keene licensed discount dental plans to help address the needs of 10-15 million dentally uninsured Californians the Exchange will achieve its goal of assuring that more California consumers get "...access to affordable, high quality care."

### **Dental is Different**

When considering discount dental plans it's important to note that dental "insurance" differs significantly from that of medical. Medical insurance provides comprehensive coverage for consumers against unforeseen and catastrophic loss on virtually any medically necessary procedure. Dental insurance, however, is not "insurance" against unforeseen, catastrophic loss but rather is a financing mechanism designed to help offset some costs on a very limited number of services. For this reason dental insurance works well in a group setting because the employer pays most or all of the premiums. However, when an individual voluntarily enrolls in an individual dental insurance plan and pays the entire premium – as they will in the Exchange – dental insurance rarely pays for itself.

Understanding the difference between medical and dental “insurance” is dramatized when comparing the cost of the respective plans with their “maximum benefit.” A typical individual medical policy costs several thousands of dollars a year in return for an annual benefit that can exceed hundreds of thousands or even millions of dollars of medical treatment. By comparison, AARP’s Delta Dental plan – the type of dental insurance typically offered to individuals – costs \$748 a year (for a San Diego resident) and has a \$1,500 annual benefit maximum.

The value of an individual dental insurance plan is further reduced when considering its benefit exclusions and limitations. In addition to Delta Dental’s \$748 annual premium AARP members will pay a \$50 deductible for all restorative care, plus co-insurance payments of between 20-50 percent for minor or major dental work, plus have a one-year waiting period for major services such as crowns, bridges, implants, including the service most seniors need most – periodontal disease treatment. When adding up the premiums, deductibles, co-insurance, and factoring in the waiting periods, which delay needed treatment, and annual maximum that limits benefits, individual dental insurance rarely pays for itself - and certainly doesn’t “insure” one from significant loss.

Understanding the cost and benefit of a voluntary, individual dental plan is important. If the Exchange only offers these types of plans to adults the high premiums and plan design limitations and exclusions will greatly limit the attractiveness and value to many of the Californians in need.

### **The Value of a Discount Dental Plan**

Most dentally uninsured Californians remain uninsured because individual dental insurance is too expensive and dental HMOs are too restrictive in terms of provider choice, referrals and appointment availability. First Dental Health’s discount plans are not insured plans rather they are more like a Costco membership: when you go to the participating provider nothing is free but everything is discounted. By bringing together the best of an insured plan (large network), the best of a dental HMO (no waiting periods and no annual maximum), and offering access to savings on all procedures at a low fee without any treatment limitations discount dental plans give the Exchange an affordable and flexible way to help address the needs of uninsured California adults.

### **Compared to traditional individual dental insurance plans First Dental Health discount dental plans offer the following advantages:**

- Affordable monthly premiums - \$8 for a single and \$10 for a couple
- No waiting periods or treatment limitations – so consumers can immediately save money on all needed dental work
- No annual benefit maximums which allows all needed work to be completed without delay and additional health complications

### **Compared to dental HMOs New Dental Choice offers the following advantages:**

- Convenient choice of over 21,000 general dentists and specialists
- Freedom to go to any network dentist any time
- Total fee transparency – fees on the website and no hidden charges (e.g. lab fees)

Today, 10% of all dental benefit enrollees nationally are enrolled in discount dental plans – which exceeds that of dental HMOs. This trend underlines the fact dental discount plans would help the Exchange fill a growing need of the dentally uninsured.

### **First Dental Health – A Licensed Dental Discount Plan**

In 2006, First Dental Health became the first Knox-Keene licensed discount dental plan in California. We sought our license to address the growing demand by California consumers for an individual dental product that offers affordable premiums, accessible care, and immediate and unlimited savings. Today, nearly 30,000 Californian are enrolled in First Dental Health's discount plan.

### **By securing a Knox-Keene license First Dental Health has demonstrated the following:**

- Qualified providers – First Dental Health provider contracts comply with all state-approved provisions including initial credentialing and bi-annual re-credentialing
- Accessible network – First Dental Health has over 21,000 general dentist and specialist provider locations statewide to ensure convenient member access and choice
- Verified savings – First Dental Health discounted fees range from 25-70 percent off of retail fees when compared to Fair Health, a nationally recognized, independent and non-profit fee reporting service
- Accurate advertising – all marketing and member communication materials meet the State's requirements for accuracy to ensure that the services and savings promised to consumers are delivered (all fees can be seen 24/7 at [www.NewDentalChoice.com](http://www.NewDentalChoice.com))
- Consumer grievance resolution process – to ensure members receive reasonable access to care and the advertised savings

Mr. Lee, successfully meeting the unique needs of California's dentally uninsured requires different types of plans – not many of the same type. In 2006, First Dental Health was an industry pioneer when it received the first Knox-Keene discount plan license. In 2014 we'd like to lead again by helping the Exchange deliver novel but needed plan options to effectively meet the diverse needs of California consumers. We welcome the opportunity to discuss our plan, our license and the process for participating in your plan selection process.

Sincerely,



Brian W. Watts, RHU  
Executive Vice President