

# Dental Coverage in Medicare Advantage Plans: Nationwide Market Landscape

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Medicare is a critical health care program for Americans, providing 59 million beneficiaries nationwide with health care coverage. Traditional Medicare Parts A and B cover hospital and physician services, respectively, and Medicare Part D may be purchased to cover prescription drugs. Dental services, however, are not included in standard Medicare benefits. As such, seniors and other Medicare recipients can face a dental coverage gap.

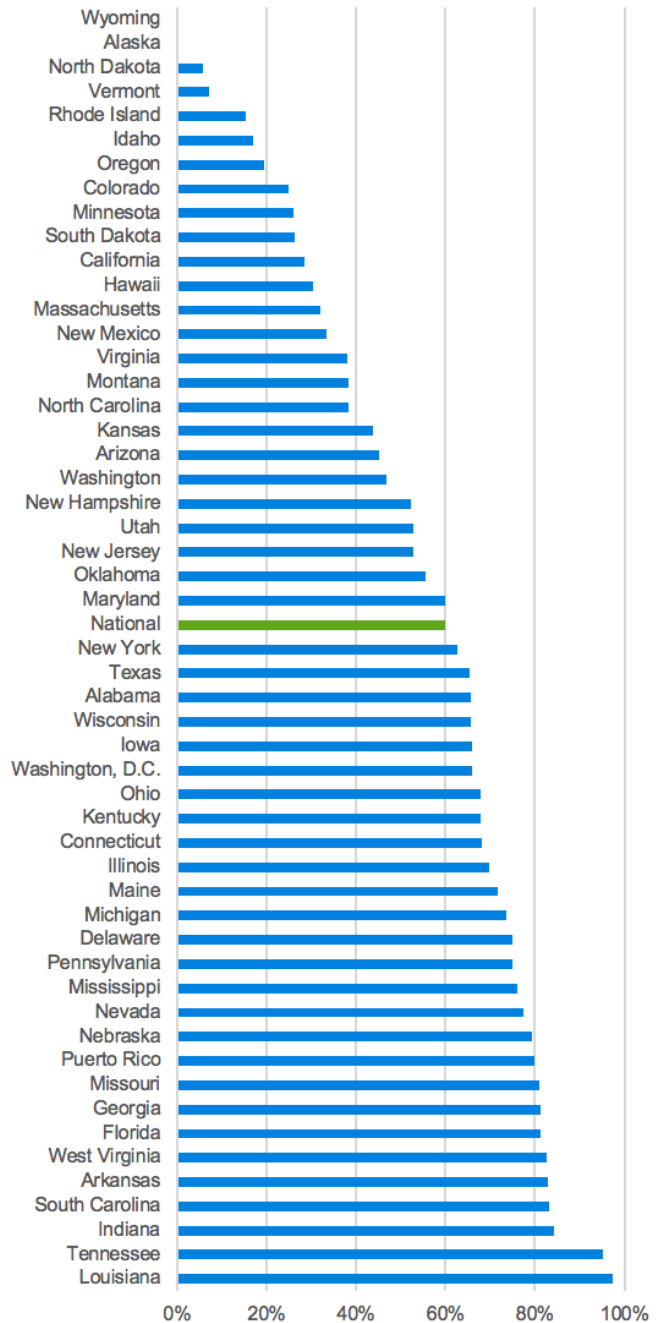
Part C Medicare Advantage (MA) plans are helping to fill that gap by covering some dental services as a supplemental benefit. MA plans offer at least the same covered services as Parts A and B in a managed care setting, and the savings associated with the managed care arrangement generate rebates that can be used to reduce or eliminate beneficiary premiums for prescription drug coverage. Those rebates can also be used to offer other supplemental benefits including dental, vision, hearing, Part D premium buy-downs, and similar value-added services, at low or no additional premium to the beneficiary. MA dental benefits can range from basic preventive dental care to comprehensive coverage of all major dental service categories, can come as a value-added “free benefit” in a zero-premium MA plan, or embedded in an MA plan carrying a premium. They can also be offered as an optional supplemental benefit, where the member can add the benefit by paying an additional rider premium. The dental benefits offered in an MA setting may be administered by the MA plan itself or as part of a contracted arrangement with a dental insurer.

In this article, using publicly available data from CMS, we explore the current landscape of dental benefits offered in MA plans and discuss the ramifications for insurers and consumers alike.

## Dental as a mandatory supplemental benefit

In 2018 there were approximately 16.6 million MA enrollees, and roughly 60%, numbering almost 10 million people, enrolled in plans that offered some sort of dental coverage as a mandatory supplemental benefit included in the base premium for all plan members. This percentage varied by state as shown in Exhibit 1.

EXHIBIT 1: PROPORTION OF 2018 MA ENROLLEES IN PLANS WITH MANDATORY SUPPLEMENTAL DENTAL BENEFIT



MA plans serving Special Needs Populations (SNP) were more likely than non-SNP plans to cover dental as a mandatory supplementary benefit. SNP plans are specifically designed to cover people with certain eligibility criteria such as a severe chronic condition, those living in an institutional setting, or people dually eligible for Medicaid and Medicare. About 74% of SNP MA members enrolled in plans include mandatory supplemental dental. Out of SNP MA plans, those serving beneficiaries with chronic or disabling conditions are by far the most likely to include dental benefits (93% of enrollees), followed by plans for the dual eligible Medicare/Medicaid population (72%). Enrollees in plans for the institutional population are less likely to receive mandatory supplemental dental coverage (48%).

While many MA plans are offered to members at a \$0 premium, some plans have premiums that must be paid by enrollees. Sixty-three percent of zero-premium plan enrollees receive mandatory supplemental dental coverage, while 56% of non-zero-premium plan enrollees receive a dental benefit.

## What's included in mandatory supplemental dental benefits?

Spending of rebate and beneficiary premium dollars on supplemental dental benefits has to compete with other types of supplemental benefits that may also be in demand in a particular MA market. MA plans are challenged to assemble a coherent package of supplemental benefits that will attract enrollment and provide value. For the MA plans offering mandatory supplemental dental coverage, the focus appears to be on providing key preventive and diagnostic dental procedures at no or nominal cost to the members. Virtually all plans include oral exams and prophylaxis (dental cleanings), and 95% of enrollees' plans cover X-rays as well. Approximately 30% cover fluoride treatments. The vast majority of enrollees in these plans, 89%, have no cost sharing for preventive dental services; the remainder are subject to copays at the point of service. There is usually no annual dollar benefit maximum for the preventive dental benefit; when there is, the limit may be for dental-only or a combined limit with other benefits. Dental-only annual benefit maximums range widely, from \$75 to \$1,000, with the most common limits at \$150, \$250, \$300, and \$500. Shared limits also vary considerably, with \$2,000 being the most common.

Dental coverage beyond basic preventive services is less likely to be offered as part of a mandatory supplemental dental benefit, but still common. Nationwide, 37% of all MA plan enrollees are covered for both preventive and comprehensive dental services under a mandatory supplemental benefit. Said another way, 62% of enrollees in an MA plan with a mandatory dental benefit are covered not only for preventive care but also for more comprehensive services, most commonly restorations (i.e., filling

cavities). Oral surgery and prosthodontics are often included as well, an important benefit for seniors who may need dentures. Interestingly, zero-premium plans are almost as likely to cover some level of comprehensive dental services as plans with a premium; approximately 56% of zero-premium plan enrollees and 63% of non-zero-premium plan enrollees receive this coverage. The mix of covered services varies somewhat between the two, as shown in Exhibit 2.

### EXHIBIT 2: MANDATORY SUPPLEMENTAL DENTAL PLANS OFFERING COMPREHENSIVE DENTAL: COVERED SERVICE CATEGORIES

Comprehensive Dental Service Category	Percentage of Zero-Premium Plan Enrollees Receiving Benefit	Percentage of Non-Zero-Premium Plan Enrollees Receiving Benefit
Prosthodontics, other oral/maxillofacial surgery	67%	75%
Non-routine services	37%	42%
Diagnostic services	38%	33%
Restorative services	96%	86%
Endodontics	32%	39%
Periodontics	51%	56%

Over half the time, there is no annual benefit limit on comprehensive dental coverage. When there is a limit, it may be for dental benefits only or may be a shared limit with other categories of coverage. The proportion of plans with no annual benefit limit is virtually identical for zero-premium plans versus non-zero-premium plans, but when annual benefit maximums do exist they tend to be a bit lower on plans with zero premium.

### EXHIBIT 3: MANDATORY SUPPLEMENTAL DENTAL PLANS OFFERING COMPREHENSIVE DENTAL: ANNUAL BENEFIT MAXIMUMS

Maximum Type	Annual Maximum	Percentage of Enrollees	Percentage of Zero-Premium Plan Enrollees	Percentage of Non-Zero-Premium Plan Enrollees
No Annual Maximum		54%	53%	54%
Dental-Only Maximum	Less than \$1,000	6%	8%	5%
	\$1,000-\$1,999	7%	10%	5%
	\$2,000 or higher	2%	0%	4%
Shared Maximum	Less than \$1,000	8%	10%	6%
	\$1,000-\$1,999	10%	9%	10%
	\$2,000 or higher	13%	9%	16%

## Dental as an optional supplemental benefit

Approximately 41% of MA enrollees have plans that offer some type of optional supplemental benefit, which may be purchased at the consumer’s choice for an additional premium. Of those plans, virtually all offer dental coverage as one of the optional benefits, either by itself or as a package with other supplemental benefits such as hearing exams and hearing aids, vision exams and eyewear, acupuncture, and chiropractic services.

Plans that offer optional supplemental dental coverage are less likely to have any mandatory supplemental dental benefits (59%) than plans that do cover dental in their base plan (41%). For plans offering both mandatory and optional dental, the most common approach is to cover preventive dental services in the base plan and extend to comprehensive dental benefits with the optional plan. Moreover, the vast majority of plans with mandatory coverage of both preventive and comprehensive dental also still offer an optional supplemental dental benefit providing additional coverage.

The availability of optional supplemental dental coverage varies widely by state as shown in Exhibit 4.

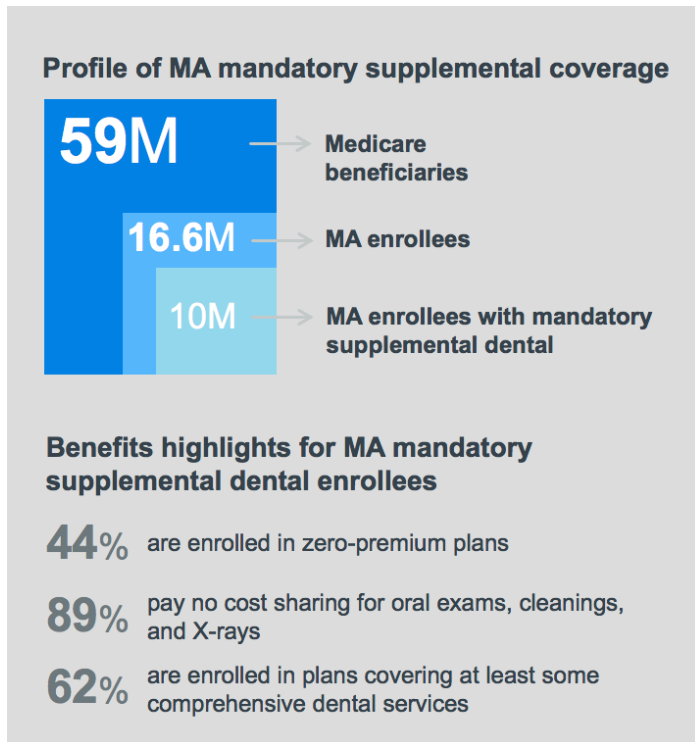
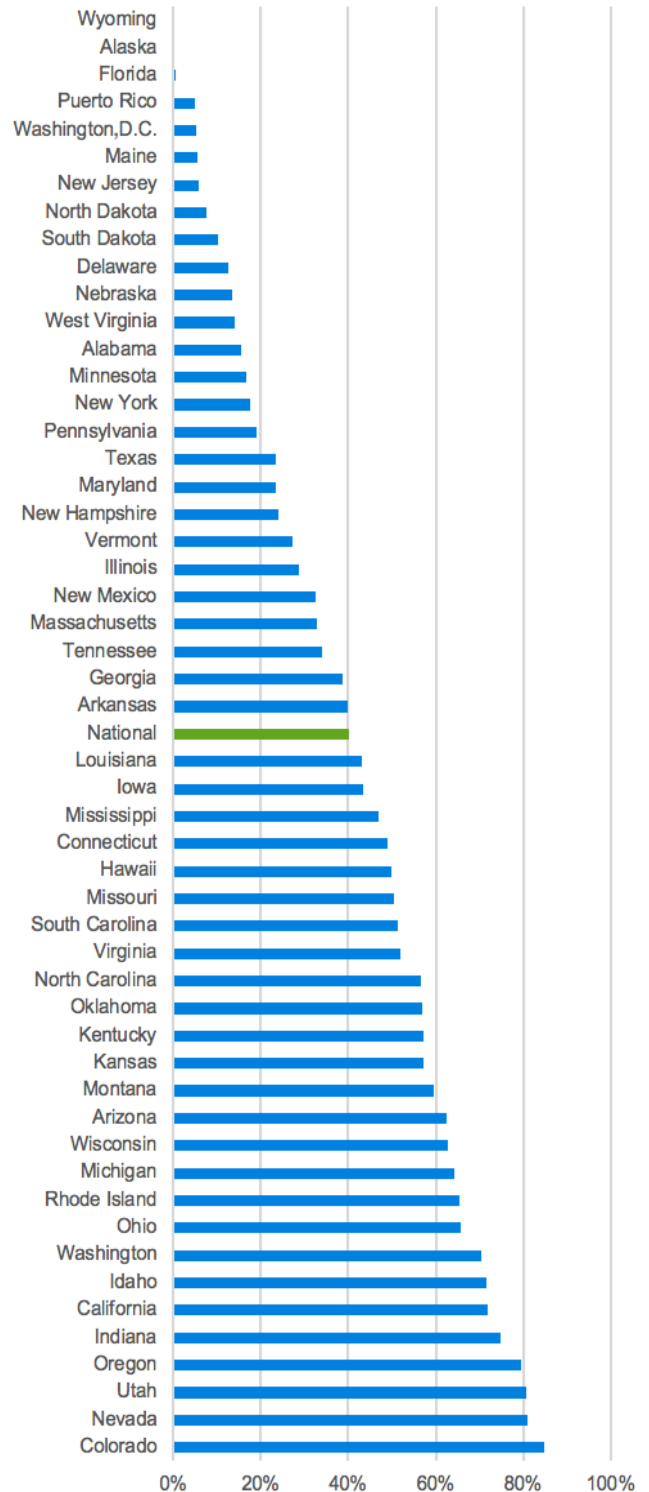


EXHIBIT 4: PROPORTION OF 2018 MA ENROLLEES IN PLANS WITH OPTIONAL SUPPLEMENTAL DENTAL BENEFIT



Premiums for optional supplemental dental coverage vary widely by geography, by benefit specifics such as covered services and benefit limitations, and by whether the dental benefit is packaged with other supplemental coverages. These premiums tend to assume higher use rates due to their optional, elective nature. Monthly premiums for optional plans covering preventive dental services only ranged from \$6 to \$28, with an average of just over \$16 per person.

## Discussion

MA plans provide dental benefits to nearly 10 million people, ranging from preventive services like exams and cleanings to higher level procedures. In making the decision to offer dental coverage, MA plans must weigh the added cost of the benefits against the added value to the consumer. The decision is complicated; MA plans able to offer medical coverage at no member premium must consider whether it's worth adding dental benefits that may lead to a premium or, conversely, how to whittle

down the dental benefits or remove non-dental supplemental benefits to provide some added value to the patient within the zero-premium construct. Beneficiaries can be very price sensitive. For plans already charging premiums, adding dental coverage increases the premium, and the desired balance between benefit richness and marketable premiums must be struck.

Optional supplemental dental benefits present different challenges: specifically, the cost of an optional benefit is affected by selection, with purchasers likely to utilize the benefit while people who don't feel the need for dental coverage forego the purchase. Pricing an optional plan requires estimating the effect of selection on expected plan utilization levels and costs. The competitive landscape adds a layer of complexity, so it is necessary to understand the carriers operating in same service areas, the structure of their dental benefits, and their premiums. Despite these challenges in benefit design and pricing, including dental coverage as a component of a MA plan can provide important benefits to millions of Medicare beneficiaries.



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