



Avoiding the Pitfalls of Private Dental Plans

By Jeff Tomlin, March 2017

I've told hundreds of clients 'don't bother' when they've asked me about dental insurance over the years. Most plans have many shortcomings and 'gotchas'. The plan from UCT, however, avoids (almost) all the pitfalls. UCT is a 501c(8) non-profit association which supports many worthy causes. I like the individual dental plan from UCT. The premiums they charge make it a good value just based on the dental benefits; but they also include vision and hearing coverage!

Here is a quick summary of the issues we'll cover in this short paper. The plan from UCT avoids these issues.

- The dreaded 'missing tooth clause'.
- With some plans, major services such as crowns will never be covered.
- Why do most plans limit you to a \$1000/year maximum benefit - and charge \$600 for it?
- If a plan says 'we pay 80% for fillings', don't believe it!
- Don't tie your dental plan to a health plan, and don't tie it to healthcare.gov!

Employer dental plans are a nice spiff for employees. The dental insurance company receives premiums on all employees, whether or not they need to see a dentist. This helps keep rates down and benefits higher, compared to individual/private dental plans.

When an insurance company sells a dental plan to a single person outside a business environment, it becomes more difficult for the company to make a profit. This is different from an employer plan, where the dental insurance company collects premiums of many employees who may never see the dentist.

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Thus, the private dental plans are often filled with 'gotchas' to avoid paying claims. Here are some:

- The 'missing tooth clause'. This clause states that the dental plan will not pay for a bridge or any of the expense to repair the area where a tooth was missing prior to the purchase of the private dental plan. UCT does not have a missing tooth clause. I love the fact that their dental insurance contractual coverage language is less than one page long! You can't fit many confusing clauses and exclusions into one page!
- I've sold dental plans that looked good initially, but ended up being lousy in the long run. Most private dental plans have a 12-month waiting period before they'll pay for a major service such as a crown. UCT does. They want to collect a few hundred dollars in premiums, prior to paying out lots of money for coverage of major services. Some of the plans I've sold in the past were issued by a company which replaced the original plan with a 'new & improved' plan, every 11 months. You get the picture; you could never become eligible for coverage for crowns, because the policy never lasted over 12 months. The UCT plan has been in its current stable form for over 15 years!
- 25 years ago, I was selling dental plans with a \$1000 per year maximum benefit. I'm still selling plans with a \$1000 per year maximum benefit! What is the deal? \$1000 doesn't go far nowadays. Some companies charge \$600-\$700 per year for a plan which will only pay up to \$1000! UCT's plans allow you to choose from a \$1000, \$1500, \$2000, or \$2500 maximum annual benefit per insured person.
- When a dental plan says that it will pay 80% for a filling, many people are fooled into thinking the plan will pay 80% for a filling! Ha ha; not true! The plan will usually pay 80% of some predetermined dollar amount, AFTER you first pay the deductible. The predetermined dollar amount is based on the UCR 'Usual, Customary, and Reasonable' cost of care in your local area, combined with a 'percentile' coverage level. Consider that a dentist on one side of the street might charge \$120 for a filling, while a dentist on the other side of the street might charge \$300; there is a large disparity in fees between dentists. The insurance companies want to avoid paying for 80% of a \$300 filling. They use a third party to determine what a reasonable dentist would charge in your area. Next, they combine that with a percentile. Percentile means 'are we going to cover the full charge of the \$300 filling, or the \$120 filling, or somewhere in-between?'

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Let's say the \$300 filling was the charge to see the most expensive dentist in town. If the dental insurance company paid at the 100th percentile, they'd truly pay 80% of the \$300, after you meet the deductible. But they would never pay at the 100th percentile; it would encourage clients to see the most expensive dentists in town. Let's say they decide to pay at the 70th percentile. (Meaning, they cover the full costs of the 70% least expensive dentists in town, but only part of the cost of service provided by the 30% most expensive dentists in town). Let's say 70th percentile coverage will cover 80% of the \$120 filling, after the deductible is met. If you see a low cost dentist, your policy will be fine. But if you see the \$300 dentist, the plan will only pay 80% of \$120, after you've met your deductible. The \$180 difference in cost between the \$120 and \$300 filling is totally on you to pay. UCT pays at the 85th percentile. This is very good; note that the very best group dental plans offered by employers pay at the 90th percentile. The really neat thing is that you can find out exactly how much UCT will allow for any given service, via this website: https://fairhealthconsumer.org/dental_cost.php. Enter your zip code, then enter the CDT code for whichever service you need (your dentist can provide the code). For example, let's say you enter D7240, 'removal of impacted tooth'. Click through to the 'estimated out of pocket costs' page and you'll see that UCT will cover a charge of up to \$500 for that service. Your UCT policy will pay at whatever percentage you qualify for at the time of the needed service (percentage paid grows over time). I keep mentioning 'coverage after the deductible is met' but note that you can buy UCT coverage with a \$0 deductible if you so choose.

- Most dental plans restrict you to a limited network of dentists. Dental care received from a dentist outside of the preferred dentist network is either covered a much lower benefit, or not at all depending on the plan. UCT covers care received from any licensed dentist in the US. This is great news, but it does come with a potential downside: UCT offers an 'indemnity' plan. They will indemnify you for money you've spent on dental, vision, or hearing care, according to the contractual benefits. Because UCT has no contract with the dentist, the dentist is not required to submit their billing to UCT and wait for reimbursement. It's up to each dentist. Most dentists will bill any insurance company, but your dentist may require you to pay cash for your care, then submit your expenses to UCT to be indemnified.

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A little more about UCT:

- UCT also covers vision and hearing services. The vision coverage is nice, but fairly minor; check out the brochure. The hearing coverage is amazing; it will really help with the purchase of hearing aids.
- Benefits increase over time. Eventually, UCT will pay 90% of covered dental and hearing services.
- UCT (United Commercial Travelers) is a non-profit association. You join the association when you purchase the insurance, and the association fees are built into the premiums. They offer discounts on travel, car rentals, etc., as well as contributing to the Special Olympics and other worthy causes. You'll find more information about their charitable activities in the dental brochure. Your association membership fees and insurance premiums support these organizations. Check out their website: www.uct.org.

Sincerely,

Jeff Tomlin

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