

Dental Coverage in Medicare Advantage Plans: The New Table Stakes

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Agenda

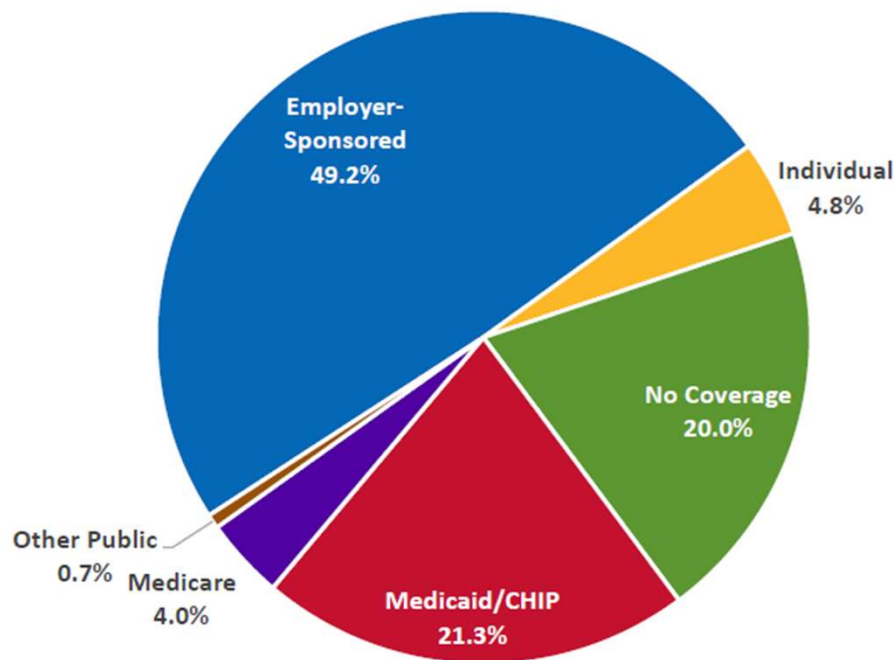
How can dental be offered in Medicare Advantage?

Medicare Advantage dental landscape

Network strategies and results of 2021 MA DAA study

Sources of Dental Coverage in United States

Dental Enrollment Based on Coverage Sponsor



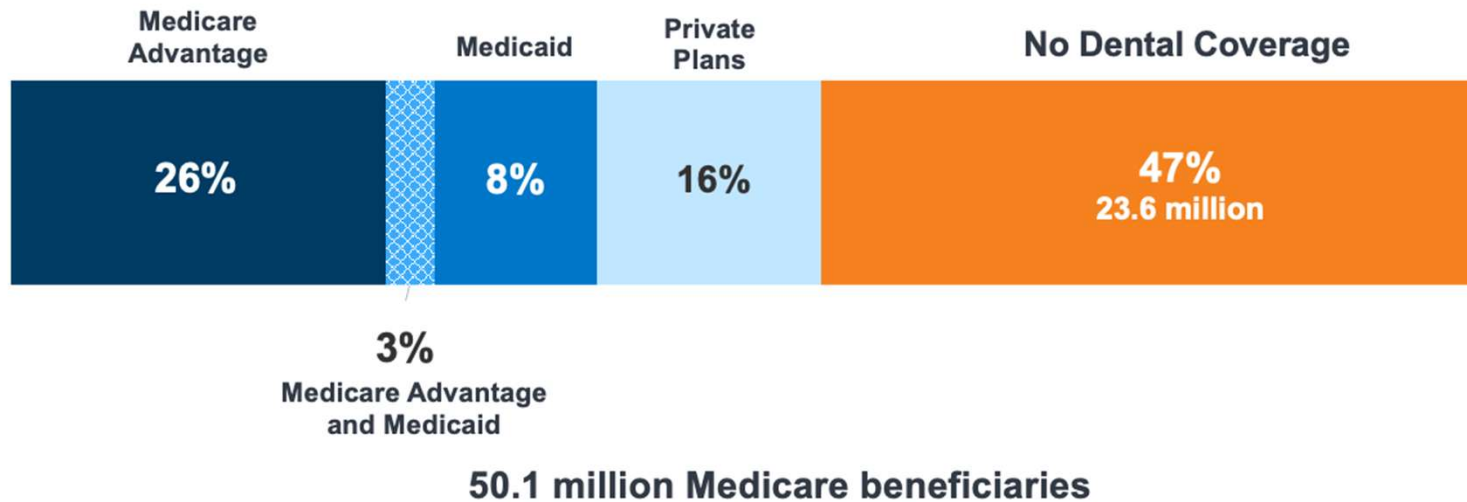
NOTE: Population of the USA in 2020 according to the US Census Bureau was estimated to be 329,484,123.

In 2020, NADP estimates that only 20% of Americans had no dental benefits. Just over half (54%) of all consumers were covered by dental benefits available in the commercial market – either employer-sponsored or purchased individually. Just over a quarter of the population gets dental benefits through a public program.

Medicare Dental Coverage

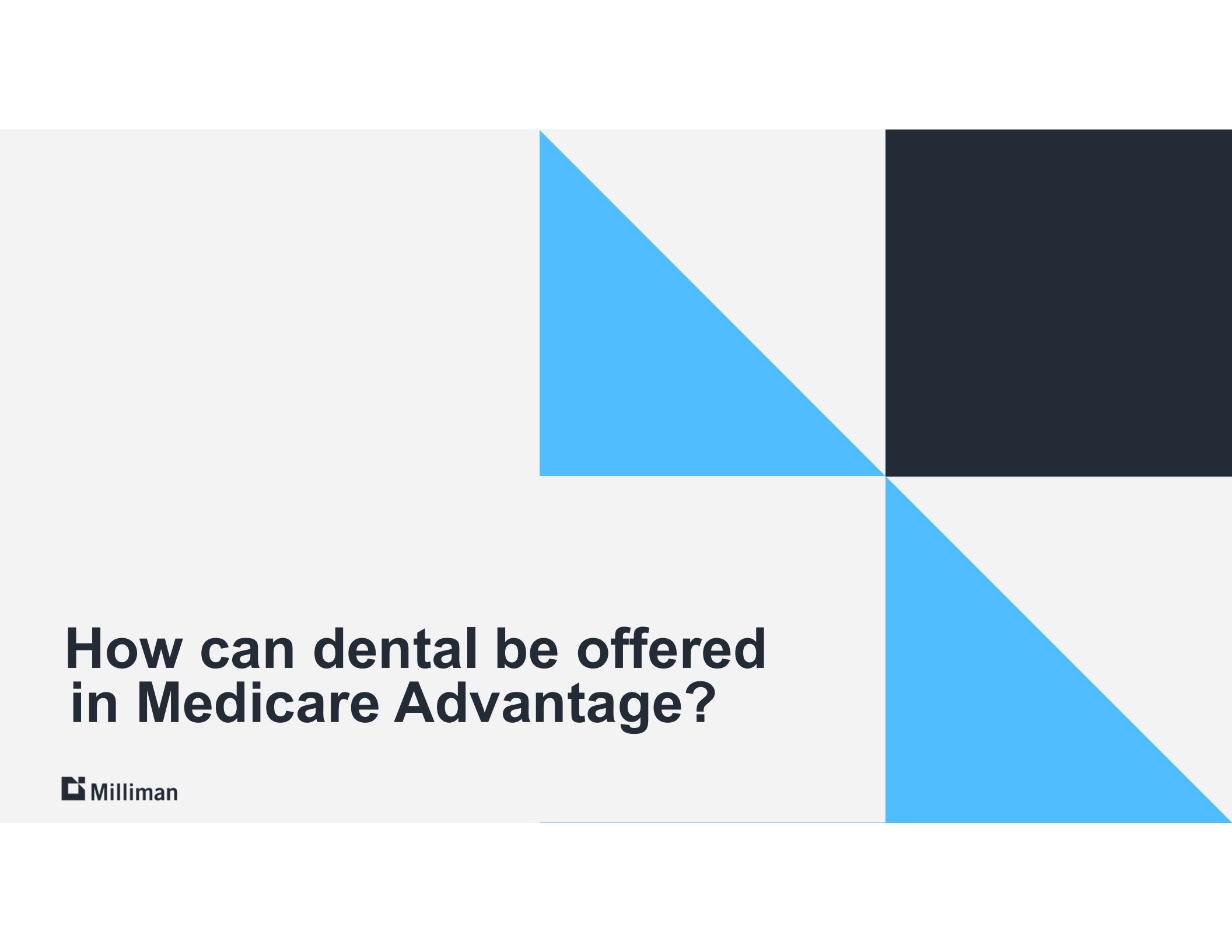
Nearly half of all people on Medicare (47%) have no dental coverage

Share of Medicare beneficiaries with access to dental coverage, 2019



SOURCE: KFF analysis of 20% Sample, Medicare Advantage Benefits files, MCBS, and CHCS - Medicaid Adult Dental Benefits, 2019. See data and methods for more details.

KFF



How can dental be offered in Medicare Advantage?

Medicare Dental Options

Original Medicare

- Covers limited emergency procedures when you are in a hospital
- Can purchase an individual dental insurance plan

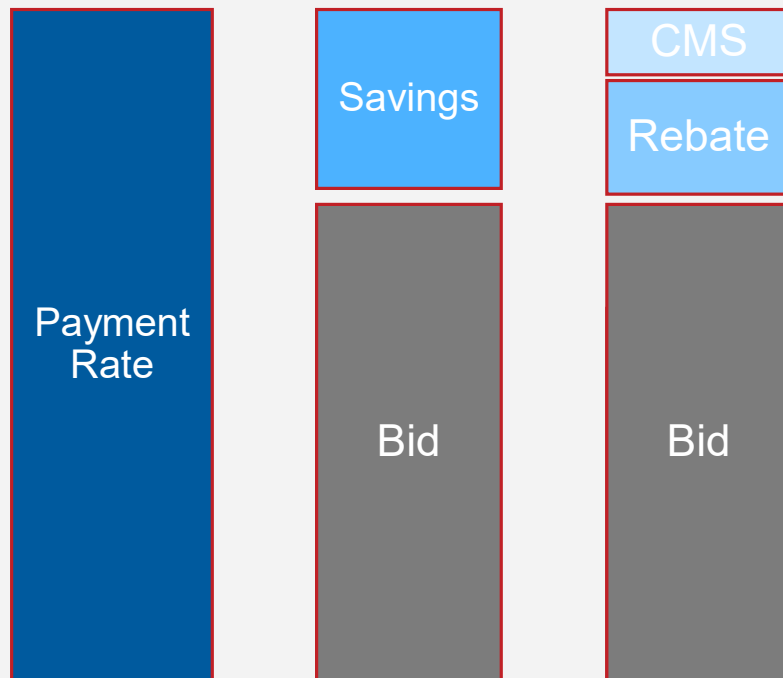
Medicare Supplement

- Can be included as an innovative benefit with the standardized plan offering
- Challenged by regulation that is vague and varies by state
- Difficult to provide a benefit that does not hurt overall rate competitiveness

Medicare Advantage

- Can offer a number of benefits with plan rebate, including dental benefits
- Wide variety of coverage at various limits and premium levels

MA Benefit Funding



- **MA plans receive a fixed payment to provide services**
Payments are adjusted for member mix and area
- **Plans estimate the cost to provide services**
The estimate must include administrative costs and profit
- **The remaining savings are shared between CMS and the health plan**
- The plan can use their portion of the savings (called a “rebate”) to provide additional services

MA Dental Coverage Options

- Mandatory Supplemental Benefit
 - Dental benefits are provided as part of the plan coverage
- Optional Supplemental Benefit
 - Special coverage is available to members of an MA plan for an additional premium
- Combo or Flexible Benefit
 - Members in an MA plan have a choice between benefits they can use
- Special Supplemental Benefits for the Chronically Ill (SSBCI) or Value Based Insurance Design (VBID)
 - Certain members of an MA plan are eligible for dental benefits

MA Dental Coverage Options

	Mandatory	Optional	Combo / Flex	SSBCI / VBID
Can offer any dental services	Yes	Yes	Yes	Yes
Separate monthly premium	No	Yes	No	No
Target individuals with certain characteristics	No	No	No	Usually
Shared limit with other benefits	Sometimes	Rarely	Often	Rarely
Prevalence in 2023 landscape	High*	Moderate	Growing*	Growing

**CMS required many plans that have a shared limit with preventive and comprehensive to have the benefit included as a mandatory dental and combo benefit.*

Medicare Advantage Procedure Categories

Preventive Categories

- Oral Exams
- Prophylaxis (Cleaning)
- Fluoride Treatment
- X-Rays

Comprehensive Categories

- Medicare Covered Dental Services
- Diagnostic Services
- Restorative Services
- Endodontics
- Periodontics
- Extractions
- Prosthodontics, Other Oral / Maxillofacial Surgery, Other Services

To be covered in a PBP category, offer coverage on at least one procedure.

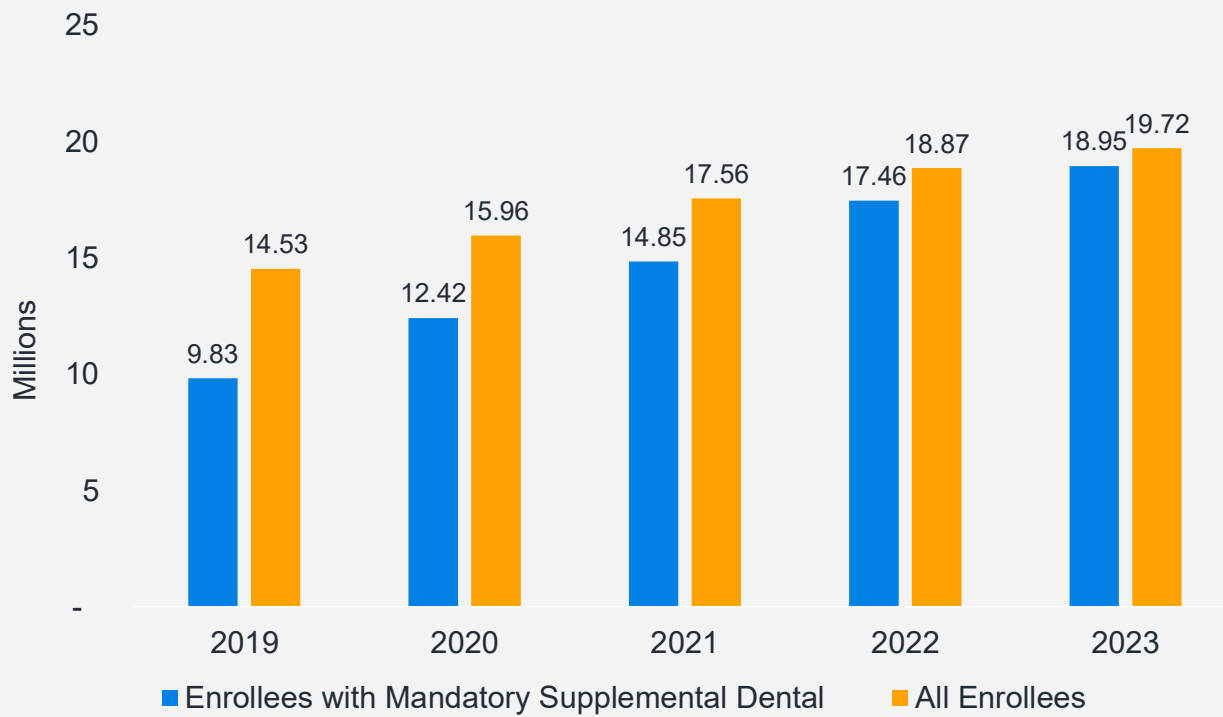


Medicare Advantage Dental Landscape



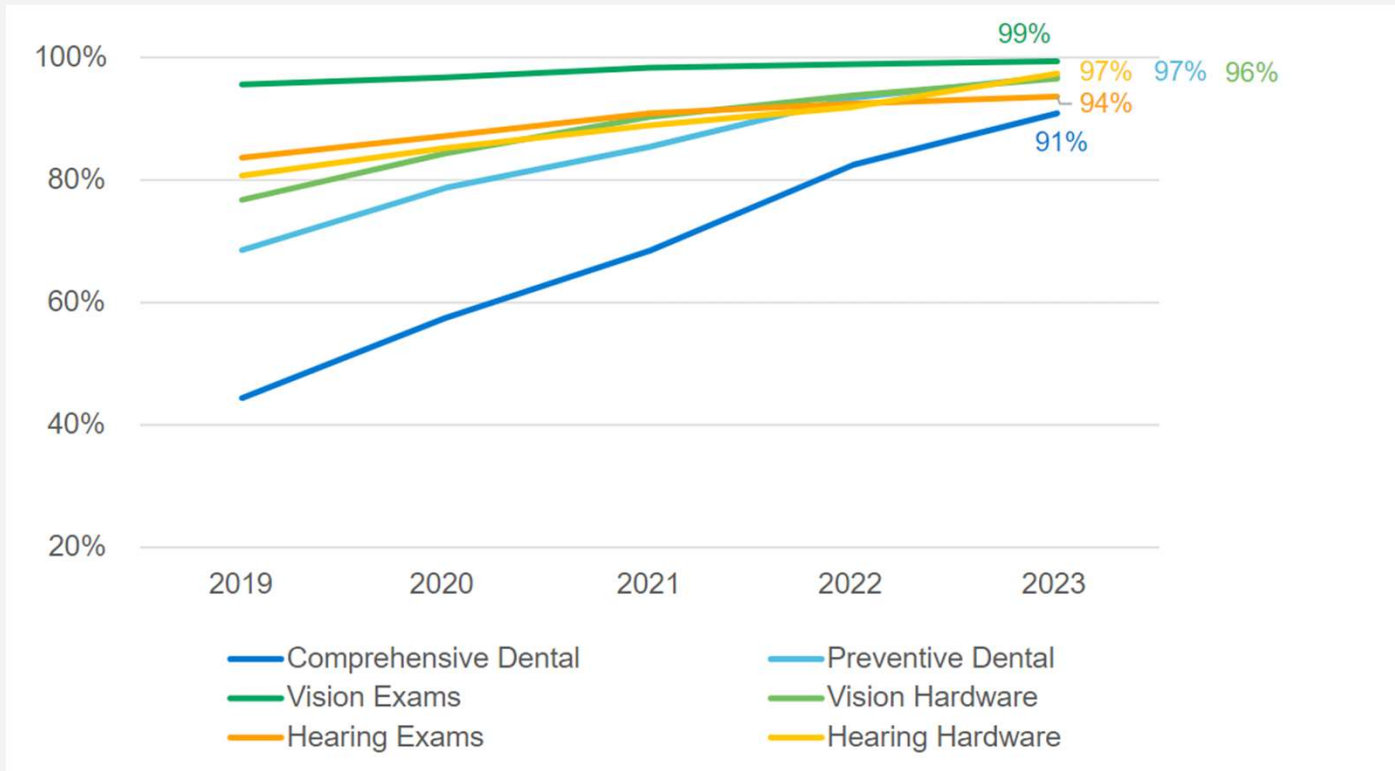
Enrollment Growth

Enrollment in general enrollment MA plans with mandatory dental benefits



MA Dental Growth

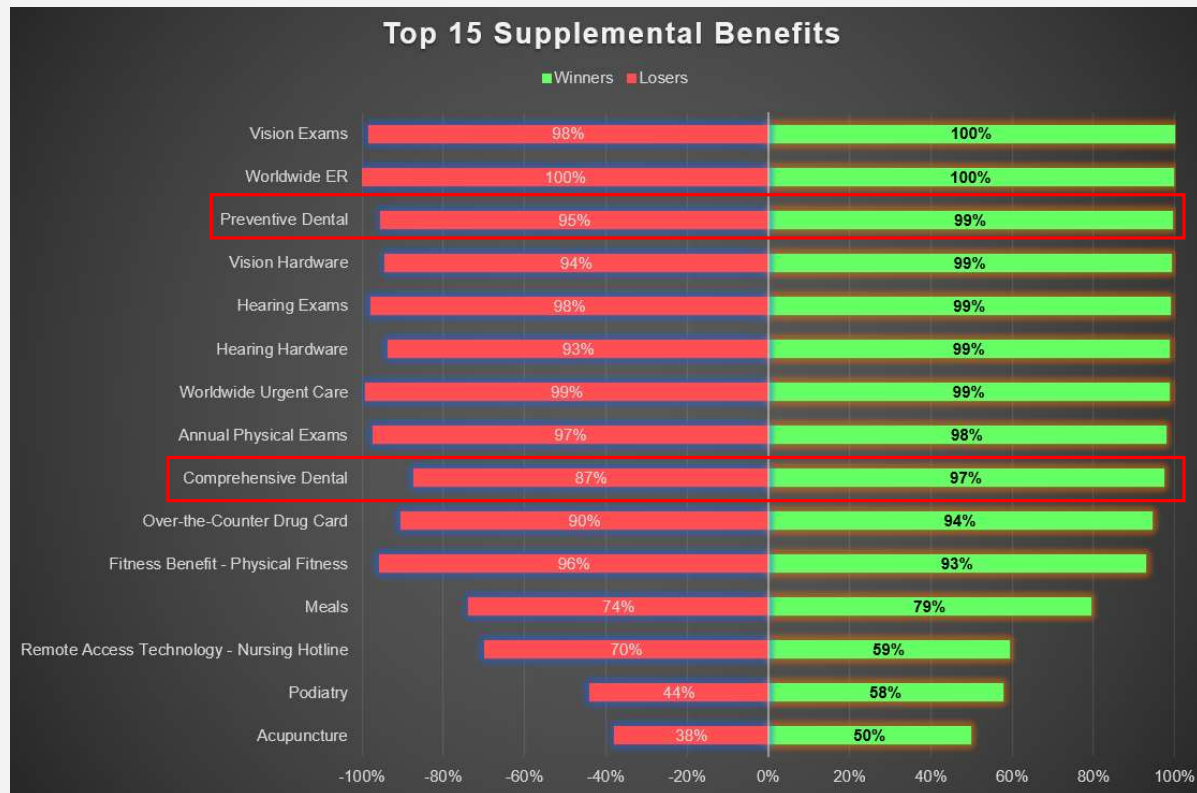
Percent of Members Enrolled in Plans offering Select Supplemental Benefits, Nationwide — Non-SNP Enrollees



Prevalence of supplemental benefits in the general enrollment Medicare Advantage marketplace: 2019 to 2023 (milliman.com)

MA Winners and Losers

2023 Supplemental Benefit Offerings Between Winners and Losers – General Enrollment Plans



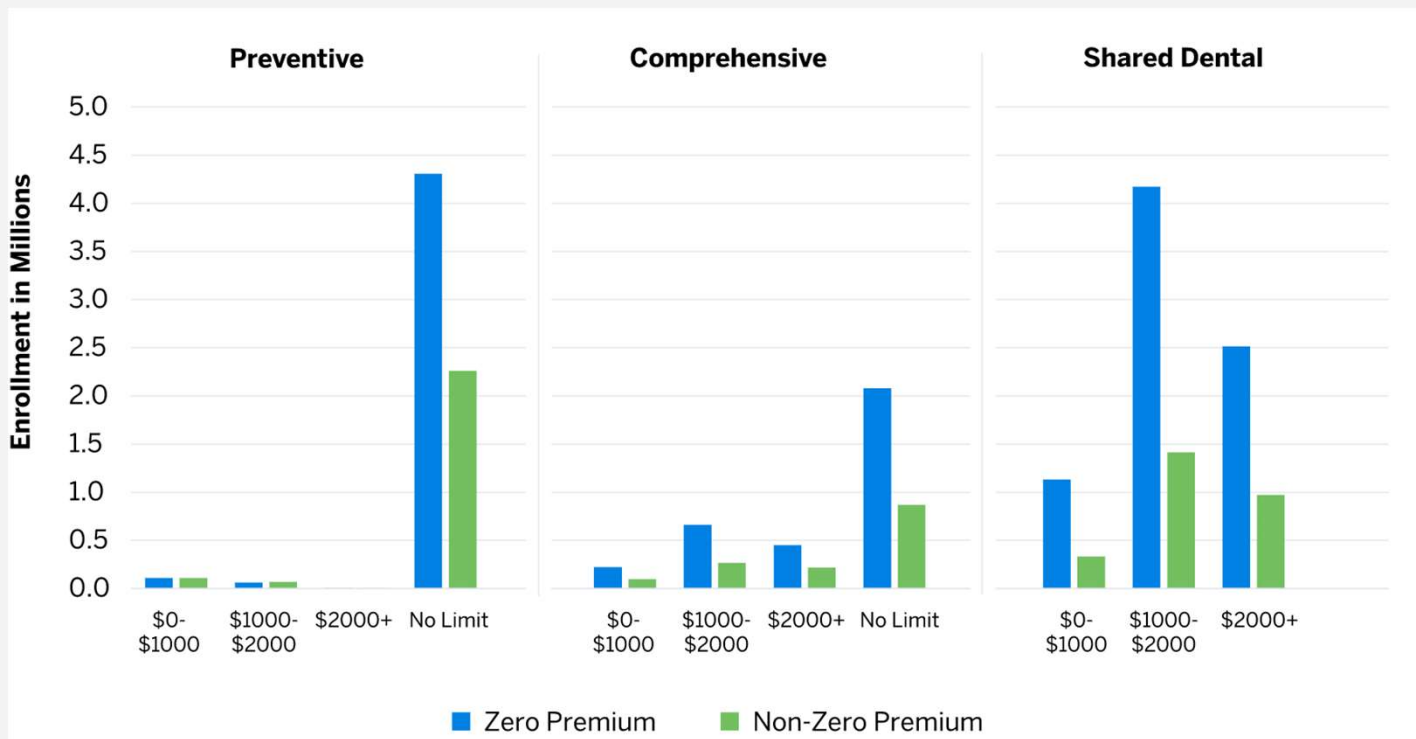
Winners defined as gaining at least 100 net members and increased enrollment by 5% or greater during AEP.

Losers defined as losing at least 100 net members and decreased enrollment by 5% or greater during AEP.

Source: 2023 Milliman MACVAT.

MA Dental Limits

2023 Enrollment in MA general enrollment plans with mandatory dental benefits by limit



MA Dental Services Covered

Percentage of enrollment in MA plans with preventive and comprehensive dental coverage in plans with various covered services: 2022 vs. 2023

Category	Zero Premium Plans		Non-Zero Premium Plans	
	2022	2023	2022	2023
Prosthodontics	78%	88%	67%	79%
Non-Routine Services	62%	80%	56%	67%
Diagnostic Services	70%	92%	66%	84%
Restorative Services	93%	93%	84%	87%
Endodontics	63%	86%	61%	80%
Periodontics	78%	94%	80%	90%
Extractions	82%	95%	81%	89%

Source: Dental coverage in Medicare Advantage plans: Nationwide market landscape, 2023 update.

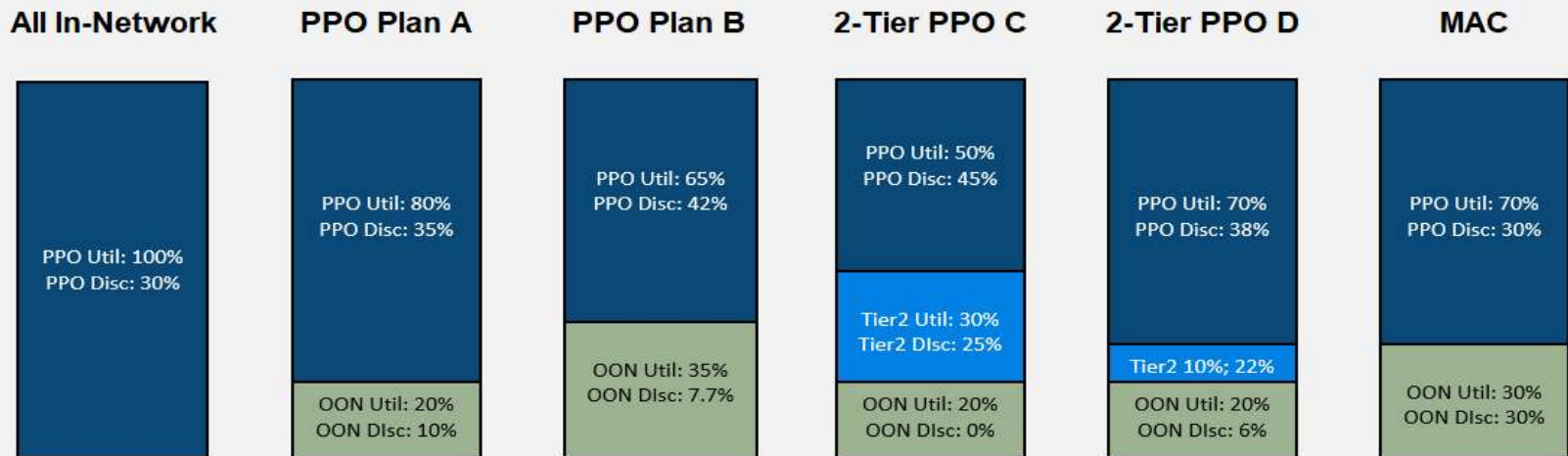


Network strategies and results of 2021 MA DAA Study

Milliman MA DAA Study

- Competitive benchmarking study of MA dental unit costs and utilization / 1,000
- Have done this study for years in commercial dental market, looked at MA dental for first time this year
- ~60% of the MA dental market participated, including a mix of MAOs and dental vendors

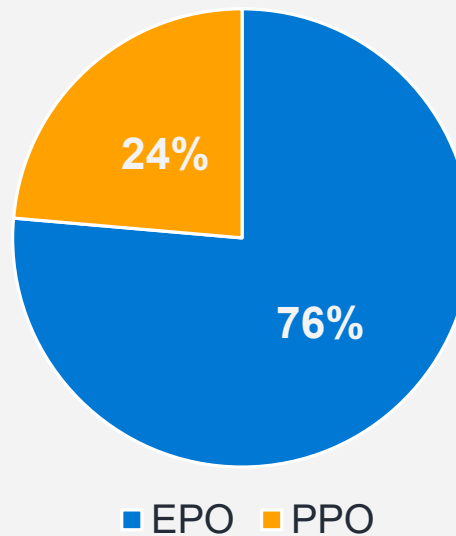
Different Ways to Build a Competitive Network



PPO Discount:	30.0%		35.0%		42.0%		45.0%		38.0%		30.0%
PPO Utilization:	100.0%		80.0%		65.0%		50.0%		70.0%		70.0%
Net Contracted Discount:	30.0%		28.0%		27.3%		30.0%		28.8%		21.0%
OON Discount:	0.0%		10.0%		7.7%		0.0%		6.0%		30.0%
Effective Discount:	30.0%	=	30.0%	=	30.0%	=	30.0%	=	30.0%	=	30.0%

MA Dental Network Constructs – Network Types

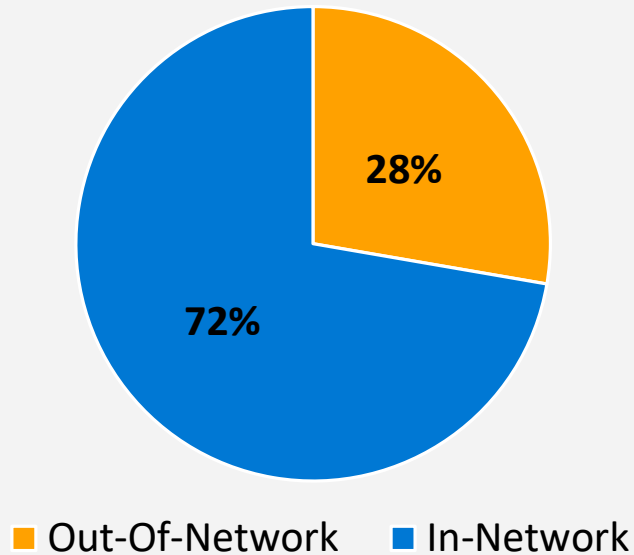
Percentage of Charges in MA plans
with EPO and PPO network constructs



**Total does not include plans with DHMO constructs.*

MA Dental Network Constructs – PPO Network Utilization

MA PPO Plans



MA Dental Network Constructs – Utilization

Population Utilization Change Compared to Total Average

Population / Plan Type	Preventive Utilization	Total Utilization
General Enrollment	-0% – 5%	-5% – 0%
General Enrollment Preventive + Comprehensive Plans	10% – 15%	5% – 15%
D-SNP Enrollment	-10% – -5%	20% – 30%
D-SNP Preventive + Comprehensive Plans	-10% – -5%	20% – 30%
Preventive + Comprehensive plans	5% – 10%	10% – 15%
Low Benefit Limit	0% – 5%	-10% – -5%
Mid-Level Benefit Limit	15% – 20%	15% – 20%
High Benefit Limit	-10% – -5%	20% – 25%

MA Dental Actuarial Challenges

- Predicting utilization and cost for MA dental benefits is uniquely challenging!
- Coverage of MA dental has significantly grown over the last 5 years, the benefit itself has changed considerably, and awareness of benefit among members has skyrocketed
- Traditional “trend historical experience” pricing method is insufficient
- Many factors impact final cost of dental benefit, including:

MSB or OSB

Geography

Member cost-sharing

Covered population (e.g.,
SNP/general)

Specific covered services

Marketing of dental benefit

Preventive/ Comprehensive

Benefit maximum level and
shared/non-shared

Medical plan characteristics

- Different network strategies exist to achieve different cost and benefit options
 - These provide different combinations of benefits to members and costs to plans
- Important to keep open communication between MA plan and dental plan

Caveats

Joanne Fontana and Tory Carver are actuaries with Milliman. They are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of our knowledge and belief, this presentation is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

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