

# DR UPDATE.....



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Welcome to our first edition of DR Update. Now, I don't want you to think we are going to bombard you with useless information on any daily or weekly schedule. On the contrary. I will wait until there is plenty to say and a lot of good stuff to inform you about. I hope this update is helpful and informative. Please don't hesitate to respond with an opinion, agreement/disagreement or story about how wonderful we are! And thanks for being our clients, without you, we would just sit around thinking about teeth.

First, I would like to tell you about an idea on the horizon that members of the CDBA and I have been working on for several years. And that is the idea of a DR debit card. That's right a debit card that your employee could bring into the dental office, have the claim processed on site immediately and the dentist paid, all before leaving the front desk. How is this beneficial to your organization. Well for starters, your employee knows how much they owe the dentist and can pay immediately using a check, credit card or if they have one a debit card from their FSA. Less time spent on dental paperwork. Also, the dentist would have to accept some discounted amount for immediate payment. Savings to the plan. Of course checks and balances are built into the system so you won't have to worry. More on this later as we get closer to implementation.

Just a reminder that vision plans are getting more and more popular as a benefit. Employers have "seen the light" as to the value of these plans and they are growing. When we do a vision plan in the DR methodology, it fits right in and brings the consumer driven concept to this benefit.

This is an ugly issue to discuss, but one I think is very important to get out in the open. Whenever the economy struggles, the volume of fraudulent claims rises. This is true in almost every form of insurance including auto, homeowners, medical and of course dental. In an effort to keep on top of this we have implemented several initiatives to keep the occurrences of fraud down. Now while we can't reveal too much, I can say that our method is fairly straight forward. We use a red flag system which will single out claims that meet certain criteria for additional review. At some point in the process we may have to deny a claim or contact you for further discussion. I am hoping that, as has been in the past, there will be very few problems.

I usually don't like to toot my own horn, but here goes. We now administer 25 DR plans that have been in existence for at least 10 years (some more). Since the average time an employer stays on an insured dental plan is 3.5 years, I think we are on to something here. Imagine making that decision at the time when almost no one had heard of DR.

*Just a few words about dental provider networks. Now I know everyone talks about the need for both medical and dental networks, but, lets keep the discussion here focused on dental. We have done some old fashioned investigative work and come to the following conclusions. You have to ask yourself two questions based on the following assumption made by those that tout networks: networks equal savings. Well then answer the following: If networks save money, how come dental insurance premiums continue to rise? And secondly, if networks lower the claim payments, how come dentist earnings continue to rise? Any sane person would think that both of those would be the opposite. After all, if you pay dentists less, they earn less. Or if you pay out less claim dollars, then the premium should go down.*

*Now I'm not saying that networks can't be useful. They can. I have used them in a number of situations as those of you who have them know. My concern is that you may meet with someone who is trying to get you to switch to another plan solely on the premise that it has a network. And that would be a mistake.*

*Now you may be curious as to why the questions I listed above are so. Well let's look at them and understand why. First off, the premiums go up because of the incredibly high cost to run a dental plan. The cost of administration, the network, profit, taxes, commission and advertising alone can run as high as 50% of the total premium collected. As those costs rise, so does the premium. Secondly, dentists are businessmen (even though you may not think so). They know what their costs are per hour in the chair and how to earn that. Like any businessman they know the system and how to work within it. Understand, there is no accusation of any impropriety here. Every businessman knows their own system and how to profit within it.*

*Just some ideas I thought you might find interesting. Comments are surely welcome.*

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