



STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: March 22, 2013
TO: Group Insurance Board Strategic Planning Workgroup
FROM: Bill Kox, Deputy Administrator, Division of Insurance Services
SUBJECT: Uniform Dental Update

This memo updates the Workgroup on discussion to date concerning the proposed Uniform Dental program design.

At the February 5, 2013 GIB meeting, staff received GIB approval to proceed with developing a uniform dental plan that would replace existing plans offered on an optional basis by participating health plans. The concept was developed to reflect our recommendation for a cost-neutral average of the range of benefits currently offered. The February 5 GIB memo is attached for your reference.

In general, plans did not have significant concerns with the concept as presented, with the exception of a requirement for out-of-network benefits. Plans commented that out-of-network benefits would add to the cost of the program and require additional claims payment administrative capacity. Several plans with relatively higher benefit levels also commented that their members would be adversely impacted and this could result in "benefit rush" before year's end.

Staff worked with Deloitte to remove the requirement for out-of-network benefits. We also identified a plan (Unity) that has a dental benefit that reflects the revised cost-neutral approach. In working with Deloitte, we will need to fine tune the certificate to ensure that the limited Endodontic and Periodontal benefits are also appropriately addressed. The revised draft Schedule of Benefits and Exclusions/Limitations for the dental plan are attached.

We have shared this draft certificate with the plans for comment and will report back to the Strategic Planning Workgroup in May, and seek approval of a final certificate at the GIB at the May 21, 2013 meeting.

Staff will be available to answer at the Workgroup meeting to answer questions.

Attachments: February 5 GIB Memo & Schedule of Benefits (Draft)

Board	Mtg Date	Item #
GIB-SPW	4.8.13	6



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CORRESPONDENCE MEMORANDUM

DATE: January 11, 2013
TO: Group Insurance Board
FROM: Lucien Adams
Manager, Self-Insured Health Plans
Division of Insurance Services
SUBJECT: Uniform Dental Benefit Plan Design

Staff recommends the Group Insurance Board (Board) approve a low deductible, cost-neutral uniform dental plan design for benefit year 2014.

At the November 13, 2012 Board meeting, several options pertaining to a uniform dental benefit plan design were discussed. These options included:

- Implementing a cost-neutral uniform dental benefit plan design starting in 2014.
- Maintaining the current program, where dental benefits are offered as optional benefits through the insured health plans and plans are allowed to increase or decrease benefits at their discretion.
- Implementing a dental plan design similar to the current dental plan with the highest actuarial value to avoid the reduction of any benefits for current members.
- Implementation of stand-alone dental plan design.

Staff indicated they would bring this discussion to the Board in February 2013. Details of the key plan design provisions included and the analysis of these scenarios can be found in Attachment 1. After this discussion, staff will proceed consistent with the direction provided by the Board, with any necessary follow up information being presented at the May 2013 meeting.

Board	Mtg Date	Item #
GIB	2.5.13	4B

Reviewed and approved by Lisa Ellinger, Division of Insurance Services.

Signature *Lisa Ellinger* Date 1/18/13

Background

At the November 13, 2012, meeting staff recommended a uniform dental benefits design be developed in response to plans' concerns that previously frozen levels of dental benefits left them at a competitive disadvantage.

Deloitte Consulting, the program actuary, reviewed each plan's current dental offerings to construct a preliminary composite dental plan design based on a weighted average actuarial value for the 19 plans offering dental benefits. To verify the accuracy of this composite design, staff worked with each plan to confirm that all covered services were captured in Deloitte's assessment of each plan's benefit structure.

Discussion

Deloitte reviewed the current dental offerings for the 19 plans and has developed four separate uniform dental plan designs. Three of the designs were developed to be cost-neutral while the fourth design was developed to mirror the richest current dental benefit plan offering. The development of these plans was based on Deloitte's 2012 dental pricing model, adjusted to replicate the actual claims experience provided for each of the plans.

Deloitte estimated the actuarial value for each plan. The average actuarial value calculated was .358 and represents the value of a cost-neutral uniform dental plan design. This .358 value means a plan would cover approximately 35.8% of all expected services for a normalized population. According to Deloitte, the three cost-neutral uniform plan designs cover the same benefits, and only differ by the following: deductibles, annual benefit maximum, lifetime orthodontic maximum and coinsurance levels. The plans were designed to include a majority of the benefits currently offered, in order to avoid reducing benefits or introducing coverage for previously uncovered dental benefits.

Deloitte noted that coverage for services within each of the four main dental groups (Preventive, Basic, Major Restorative, and Ortho) may vary and/or be limited. A list of the major services covered under the four different scenarios developed by Deloitte is included in the attachment.

As an alternative to a cost-neutral uniform dental benefit design that would lower dental benefits for some members, a plan design offering the richest current benefits available was reviewed as well. Under this option, the plan design would be similar to the current dental benefits offered through the WEA Trust plan design, with an actuarial value estimated at .531 compared to the .358 weighted-average for all 19 plans. This plan design would prevent any current member from losing benefits but the approximately 42% richer benefit would result in an estimated \$19.3 million in additional cost if implemented for all plans in 2014.

Deloitte also noted that its analysis does not account for any potential "benefit rush". This term refers to the accelerated utilization of benefits in order to take advantage of a current level of coverage set to decrease after a certain date. The impact of a benefit rush is excluded from this analysis but is not expected to have a significant impact on plan cost. There is also the possibility that, due to pent up demand, the plan would experience excessive initial utilization of previously unavailable services. Again, the plan proposals were designed to minimize this impact.

In addition, over the next several years, federal healthcare reform will begin requiring health plans to cover "pediatric oral" service costs. It is expected that ETF will be required to offer these services within the medical plans beginning in 2017. Currently there is no definition for the services that would be included as a part of "pediatric oral" services. However, Deloitte was able to use a published report developed by consulting firm Milliman to estimate the effect of this change would be \$3.1 million for ETF in 2014 without any plan design changes. Based on the information in Milliman's report, approximately .124 actuarial value of the .358 neutral plan design value would shift to the medical plan. Approximately 81% of the .124 value is already included in the proposed plan design. This indicates that making these plan changes may better position the plans for the future requirements.

On several occasions in the past, the Board explored the implementation of a stand-alone dental plan design. As an example, in 2000 a dental study group was established by the Department of Employment Relations (now the Office of State Employment Relations -- OSER) to examine dental benefits and the possibility of a stand-alone dental plan, but under Wis. Stats. 40.03 (6) (c), the Board was prohibited from making material changes to the benefit plan. Again in 2002, the Board adopted a recommendation that a separate stand-alone statewide dental program be implemented. The recommendation was not supported, as the optional dental benefits provided by the health plans were deemed essentially "cost-free" to members; whereas any proposal for a stand-alone benefit would result in additional premium for employees.

Recommendation

Based on the analysis provided by Deloitte, the implementation of a uniform plan will benefit the majority of members while at the same time maintain a neutral cost structure. Staff recommends the implementation of Option 1 (No Deductible) uniform dental plan design. Option 1 has an estimated difference in cost impact of less than .01% of current premiums. This is recommended because most of the plans do not currently require a deductible. In addition, the annual benefit maximum of \$1,000 under the no deductible plan option is similar to what is being currently offered by most plans.

The table on the following page outlines the benefits for Option 1.

Uniform Scenario 1	Key Plan Provisions
No Deductible	Deductible: \$0 / \$0 Annual Benefit Max: \$1,000 Diagnostic / Preventive: 100% IN / 100% OON Restorative: 75% IN / 50% OON Endodontic: 75% IN / 50% OON Periodontic: 75% IN / 50% OON Oral Surgery: 50% IN / 50% OON Adjunctive Services: 75% IN / 50% OON Ortho: 50% (Children Only) Ortho Lifetime Max: \$1,425

Conclusion

Selection of a uniform dental plan at this time may move the Board closer to the implementation of a stand-alone dental plan design in the future, if desired. However, we do not believe that a stand-alone dental plan is feasible for 2014, due to the lead time involved in implementation.

While the option of increasing benefits to the richest level would prevent a reduction in member benefits, there are substantial implementation costs. Consideration must also be given to the health plans that will experience the greatest impact as a result of these changes—specifically, some plans may find it a challenge to meet these requirements.

To gain a better understanding of any limitations plans may have with implementing the uniform dental benefit, the next steps should be to confirm their ability to administer its provisions.

Finally, the valuation of the dental plan design was based on Deloitte's dental pricing model. Actual pricing may vary, depending upon each plan's evaluation of the benefit requirements.

As recommended, staff believes Option 1 best meets the needs of the program at this time.

Staff will be available at the Board meeting to answer any questions.

Attachment A: Uniform Dental Plan Design

State of Wisconsin – Uniform Dental Plan Design
Schedule of Benefits - DRAFT

Deductibles:

Per Member, per Benefit Year:	\$0
Per family, per Benefit Year:	\$0

Benefit Maximums:

Per Member, per Benefit Year:	\$1000
Orthodontic Maximum Benefit per Lifetime:	\$1500

Per Member to age 19

LIMITATIONS

The following services *are limited* under this **Plan**:

- Oral Exams limited to 2 per year.
- Full Mouth or Panoramic x-rays limited to once every 36 months.
- Bite wing x-rays limited to 2 sets per year.
- Cleaning of teeth limited to 2 times per year.
- Fluoride treatment allowed only for a child under age 19, limited to 2 times per year.
- Sealants allowed only for a child under age 16, and must be applied to non-restored, non-decayed first and second permanent molars, limited to once per tooth per lifetime.
- Space Maintainers are only allowed when primary teeth are lost prematurely.
- Amalgam or Resin Composite filling replacements are only allowed if at least 24 months have passed since the existing filling was placed; or a new surface of decay is identified on that tooth.

Special note on Fillings: On anterior (front) teeth you will have 100% coverage subject to your benefit maximum for both amalgam (silver) and composite/resin (tooth colored) fillings. On posterior (back) teeth, you have 100% coverage subject to your benefit maximum for amalgam (silver) fillings only. If you have a composite/resin (tooth colored) filling on a posterior tooth, you will be responsible for the difference between the amount your provider charges for an amalgam and a composite/resin filling.

EXCLUSIONS

The following are not **Covered Services** under this **Plan**:

1. Services for injuries or conditions that can be compensated under Workers' Compensation or

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Employer Liability laws.

2. Services or appliances, including prosthetics (crowns, bridges or dentures), started prior to the date the patient became eligible under this dental **Plan**.
3. Prescription drugs, pre-medications or relative analgesia; charges for anesthesia other than charges by a licensed dentist for administering general anesthesia in connection with covered oral surgery procedures.
4. Preventive control programs; charges for failure to keep a scheduled visit with a dentist; charges for completion of forms; charges for consultation.
5. Charges by any hospital or other surgical or treatment facility, or any additional fees charged by a dentist for treatment in any such facility.
6. Charges for treatment of, or services related to, temporomandibular joint dysfunction.
7. Services that are determined to be partially or wholly cosmetic in nature.
8. Appliances, restorations or procedures for increasing vertical dimension; for restoring occlusion; for correcting harmful habits; for replacing tooth structure lost by attrition; for correcting congenital or developmental malformations, including replacement of congenitally missing teeth, unless restoration is needed to restore normal bodily function; for temporary dental procedures; for implantology techniques or for splints, unless necessary as a result of accidental injury.
9. Treatment by other than a **Plan Provider**, his or her employees, or his or her agents
10. Dental care injuries or diseases caused by war or act of war, riots or any form of civil disobedience; injuries sustained while committing a felony; injuries intentionally inflicted; injuries or diseases caused by atomic or thermonuclear explosion or by the resulting radiation.
11. Claims not submitted to **Plan Provider** within 90 days from the date the procedure was provided.
12. Dental procedures in cases where, in the professional judgment of the attending dentist, a satisfactory result cannot be obtained.
13. Procedures and services not specifically provided under this **Certificate of Coverage and** procedures and services excluded by **Plan Provider**.

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Services for which benefits are paid under the State of Wisconsin Group Health Insurance Program offered through **this Insurance Company**.

Covered Codes – coverage includes only the codes listed below subject to the benefit maximums.

Code	Description	Coverage	Notes
D0120	PERIODIC ORAL EVALUATION	100%	Exams are limited to 2 per year
D0140	LIMITED ORAL EVALUATION - PROBLEM FOCUSED	100%	
D0145	ORAL EVALUATION - PATIENT UNDER 3 YRS	100%	Exams are limited to 2 per year
D0150	COMPREHENSIVE ORAL EVALUATION - NEW/ESTABLISHED PATIENT	100%	Exams are limited to 2 per year
D0160	DETAILED & EXTENSIVE ORAL EVALUATION	100%	Exams are limited to 2 per year
D0180	COMPREHENSIVE PERIO EVALUATION - NEW/ESTABLISHED PATIENT	100%	Exams are limited to 2 per year
D0210	INTRAORAL IMAGES - COMPLETE INCLUDING BITEWINGS	100%	Limited to once every 36 months
D0220	INTRAORAL PERIAPICAL FIRST RADIOGRAPHIC IMAGE	100%	
D0230	INTRAORAL PERIAPICAL ADDITIONAL RADIOGRAPHIC IMAGE	100%	
D0240	INTRAORAL OCCLUSAL RADIOGRAPHIC IMAGE	100%	
D0250	EXTRAORAL FIRST RADIOGRAPHIC IMAGE	100%	
D0260	EXTRAORAL EACH ADDITIONAL RADIOGRAPHIC IMAGE	100%	
D0270	BITEWING SINGLE RADIOGRAPHIC IMAGE	100%	Limited to two sets per year
D0272	BITEWINGS TWO RADIOGRAPHIC IMAGES	100%	Limited to two sets per year
D0273	BITEWINGS THREE RADIOGRAPHIC IMAGES	100%	Limited to two sets per year
D0274	BITEWINGS FOUR RADIOGRAPHIC IMAGES	100%	Limited to two sets per year
D0277	VERTICAL BITEWINGS 7-8 RADIOGRAPHIC IMAGES	100%	Limited to two sets per year
D0330	PANORAMIC RADIOGRAPHIC IMAGE	100%	Limited to once every 36 months

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D0460	PULP VITALITY TESTS	100%	
D1110	PROPHYLAXIS (CLEANING) - ADULT	100%	Limited to twice per year
D1120	PROPHYLAXIS (CLEANING) - CHILD	100%	Limited to twice per year
D1206	TOPICAL APPLICATION OF FLUORIDE VARNISH	100%	Limited to twice per year up to age 19
D1208	TOPICAL APPLICATION OF FLUORIDE	100%	Limited to twice per year up to age 19
D1351	SEALANT - PER TOOTH	100%	Limited to once per lifetime up to age 16, first and second molars only
D1510	SPACE MAINTAINER FIXED UNILATERAL	100%	Limited to primary teeth lost prematurely
D1515	SPACE MAINTAINER FIXED BILATERAL	100%	Limited to primary teeth lost prematurely
D1520	SPACE MAINTAINER REMOVABLE UNILATERAL	100%	Limited to primary teeth lost prematurely
D1525	SPACE MAINTAINER REMOVABLE BILATERAL	100%	Limited to primary teeth lost prematurely
D1550	RECEMENTATION SPACE MAINTAINER	100%	Limited to primary teeth lost prematurely
D1555	REMOVAL OF FIXED SPACE MAINTAINER	100%	Limited to primary teeth lost prematurely
D2140	AMALGAM FILLING - ONE SURFACE	100%	
D2150	AMALGAM FILLING - TWO SURFACES	100%	
D2160	AMALGAM FILLING - THREE SURFACES	100%	
D2161	AMALGAM FILLING - FOUR/MORE SURFACES	100%	
D2330	RESIN FILLING - ONE SURFACE ANTERIOR	100%	
D2331	RESIN FILLING - TWO SURFACES ANTERIOR	100%	
D2332	RESIN FILLING - THREE SURFACES ANTERIOR	100%	
D2335	RESIN FILLING - FOUR/MORE SURFACES ANTERIOR	100%	

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D2390	RESIN CROWN ANTERIOR	100%	
D2391	RESIN FILLING - ONE SURFACE POSTERIOR	100%	Benefits limited
D2392	RESIN FILLING - TWO SURFACES POSTERIOR	100%	Benefits limited
D2393	RESIN FILLING - THREE SURFACES POSTERIOR	100%	Benefits limited
D2394	RESIN FILLING - FOUR/MORE SURFACES POSTERIOR	100%	Benefits limited
D2930	PREFABRICATED STAINLESS STEEL CROWN PRIMARY TOOTH	100%	Limited to once every 3 years per tooth
D2931	PREFABRICATED STAINLESS STEEL CROWN PERMANENT TOOTH	100%	Limited to once every 3 years per tooth
D2932	PREFABRICATED RESIN CROWN	100%	Limited to once every 3 years per tooth
D2933	PREFABRICATED STAINLESS STEEL CROWN RESIN WINDOW	100%	Limited to once every 3 years per tooth
D2934	PREFABRICATED STAINLESS CROWN - ESTHETIC COAT (PRIMARY)	100%	Limited to once every 3 years per tooth
D2940	SEDATIVE FILLING	100%	Limited to once per lifetime per tooth
D2951	PIN RETENTION PER TOOTH	100%	Limited to once per day
D2999	UNSPECIFIED RESTORATIVE PROCEDURE BY REPORT	100%	
D3110	PULP CAP DIRECT	100%	
D3120	PULP CAP INDIRECT	100%	
D3220	THERAPEUTIC PULPOTOMY	100%	
D3221	PULPAL DEBRIDEMENT PRIMARY AND PERMANENT TEETH	100%	
D3222	PARTIAL PULPOTOMY FOR APEXOGENESIS	100%	
D3230	PULPAL THERAPY ANTERIOR PRIMARY TOOTH	100%	
D3240	PULPAL THERAPY POSTERIOR PRIMARY TOOTH	100%	
D7111	CORONAL REMNANTS - DECIDUOUS TOOTH	100%	If done for orthodontic purposes, covered at 50% to age 19
D7140	EXTRACT ERUPTED TOOTH/EXPOSED ROOT	100%	If done for orthodontic purposes, covered at 50% to age 19

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D7210	SURGICAL REMOVAL ERUPTED TOOTH	100%	If done for orthodontic purposes, covered at 50% to age 19
D7220	REMOVAL IMPACTED TOOTH SOFT TISSUE	100%	If done for orthodontic purposes, covered at 50% to age 19
D7230	REMOVAL IMPACTED TOOTH PARTIAL BONY	100%	If done for orthodontic purposes, covered at 50% to age 19
D8010	LIMITED ORTHODONTIC TREATMENT OF PRIMARY DENTITION	50%	Limited to age 19
D8020	LIMITED ORTHODONTIC TREATMENT OF TRANSITIONAL DENTITION	50%	Limited to age 19
D8030	LIMITED ORTHODONTIC TREATMENT OF ADOLESCENT DENTITION	50%	Limited to age 19
D8040	LIMITED ORTHODONTIC TREATMENT OF ADULT DENTITION	50%	Limited to age 19
D8050	INTERCEPTIVE ORTHODONTIC TREATMENT OF PRIMARY DENTITION	50%	Limited to age 19
D8060	INTERCEPTIVE ORTHODONTIC TREATMENT OF TRANSITIONAL DENTITION	50%	Limited to age 19
D8070	COMPREHENSIVE ORTHODONTIC TREATMENT OF TRANSITIONAL DENTITION	50%	Limited to age 19
D8080	COMPREHENSIVE ORTHODONTIC TREATMENT OF ADOLESCENT DENTITION	50%	Limited to age 19
D8090	COMPREHENSIVE ORTHODONTIC TREATMENT OF ADULT DENTITION	50%	Limited to age 19
D8660	PRE-ORTHODONTIC TREATMENT VISIT	50%	Limited to age 19, may also be billed out as any combination of D0330, D0340, D0350, and D0470
D8680	ORTHODONTIC RETENTION(REMOVAL OF APPLIANCES, CONSTRUCTION/PLACEMENT)	50%	Limited to age 19
D8690	ORTHODONTIC TREATMENT(ALTERNATIVE BILLING TO A CONTRACT FEE)	50%	Limited to age 19
D8999	UNSPECIFIED ORTHODONTIC PROCEDURE, BY REPORT	50%	Limited to age 19
D9110	EMERGENCY TREATMENT/PALLIATIVE	100%	
D9220	GENERAL ANESTHESIA-30 MIN	50%	Covered in association with orthodontics up to age 19
D9221	GENERAL ANESTHESIA-15 MIN	50%	Covered in association with orthodontics up to age 19
D9230	NITROUS OXIDE SEDATION	50%	Covered in association with orthodontics up to age 19

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D9241	INTRAVENOUS SEDATION ANALGESIA-30 MIN	50%	Covered in association with orthodontics up to age 19
D9242	INTRAVENOUS SEDATION ANALGESIA-15 MIN	50%	Covered in association with orthodontics up to age 19
D9310	CONSULTATION – DIAGNOSTIC SERVICES OTHER THAN REQUESTING PROVIDER	50%	Covered in association with orthodontics up to age 19
D9612	THERAPEUTIC PARENTERAL DRUGS	100%	
D9910	APPLICATION OF DESENSITIZING	100%	
D9911	APPLY DESENSITIZING RESIN	100%	
D9930	TREATMENT OF COMPLICATIONS	100%	
D9999	UNSPECIFIED ADJUNCTIVE PROCEDURE	100%	

To be eligible for benefits under this Certificate of Coverage, dental services must be received from a Plan Provider.