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Correspondence Memorandum

Date: January 18, 2022

To: Group Insurance Board

From: Tom Rasmussen, Life Insurance and Dental Insurance Program Manager
 Office of Strategic Health Policy

Subject: Supplemental Dental Benefit Change

The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) consider and approve one of the three proposed supplemental dental benefit change options for dental crowns effective January 1, 2024.

Background

The Board oversees several supplemental benefit plans, including supplemental dental. Supplemental dental plans are offered to state and local members with no employer contribution. Supplemental Insurance Plan(s) refers to “other group insurance plans” as provided for in Wis. Stat. § 40.03 (6). This includes any insurance plan other than group health, life, income continuation, or long-term care insurance approved by the Board as a voluntary group plan.

Supplemental dental is an employee-pay-all program. It is offered to all active state employees as well as all retirees, including local retirees since 2020. Since 2020, local employers have had the option to opt into the program and offer the program to their employees.

In April 2021, the Board approved awarding a two-year contract to Delta Dental of Wisconsin (Delta) to administer the supplemental dental plans beginning January 1, 2022, through December 31, 2023.

Current State of Supplemental Dental

Current plan benefits include coverage for major/restorative services with the Select Plan covering 50% of the cost of the procedures up to a \$1,000 per person, and the Select Plus Plan covering 60%-80% with an annual benefit maximum of \$2,500. The Preventive Plan offers all basic dental services currently covered by the Uniform Dental Benefit (UDB) as an employee-pay-all supplemental option. This option is only available to those members who do not receive their health insurance through ETF. Table 1 illustrates the current supplemental dental benefits.

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy Electronically Signed 01/27/2022

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GIB	2.16.22	8

Table 1 – Supplemental Dental Benefits

Benefit	Preventive Plan	Select Plan	Select Plus Plan
Annual deductible	None	\$100/person	\$25/person
Annual benefit maximum	\$1,000/person	\$1,000/person	\$2,500/person
Waiting period	None	None	None
Routine evaluations, dental cleanings, sealants, bitewings and panoramic X-rays, fluoride treatments, pulp vitality tests.	100%	No coverage	No coverage
Fillings	100%	No coverage	No coverage
Anesthesia (general and IV sedation)	80%	50%	80%
Emergency pain relief	80%	No coverage	No coverage
Periodontal maintenance	100%	No coverage	No coverage
Crowns, bridges, dentures, implants	No coverage	50%	60%
Surgical extraction, root canal (endodontics), periodontics (except maintenance), oral surgery	No coverage	50%	80%
Non-surgical extractions (above gumline)	90%	No coverage	No coverage
Orthodontic coverage	50% (Under age 19)	No coverage	50% (Any age)
Orthodontics lifetime maximum	\$1,500	No coverage	\$1,500

ETF staff regularly reviews benefit plan designs to remain current with benefit trends and standards. ETF also receives, reviews, and brings to the Board for consideration pertinent benefit change recommendations made from a variety of other sources including members, legislators, vendors, and other stakeholders.

Benefit Change for Consideration

ETF received a legislative request to explore increasing the coverage of crowns to 100% after deductible. This could be accomplished a couple of different ways which will be discussed in more detail below.

The benefit for crowns is currently paid at either 50% after deductible for the Select Plan or 60% after deductible for the Select Plus Plan. According to data from Delta, in calendar year 2019, there were 1,738 crowns billed for the Select Plan and 9,425 for the Select Plus Plan. These numbers represent 11% of the total members enrolled in the Select Plan and 16% enrolled in the Select Plus Plan.

In calendar year 2020, there were 1,618 claims for crowns submitted for members on the Select Plan and 8,881 on the Select Plus Plan. These numbers represent 9% of the total members enrolled in the Select Plan and 13% enrolled in the Select Plus Plan.

An examination of dental benefits offered by other states to their employees found that eight states offered a richer benefit for crowns than the State of Wisconsin (Attachment A). Only one state, New York, offers 100% coverage for crowns. Eight states offer comparable coverage to Wisconsin, and 31 states offer coverage lower than what Wisconsin offers. Information on dental offerings for two states was not found.

Options

Considering the facts noted, a variety of options are available for the Board to consider. The options include, but are not limited to, the following:

Option 1

Increase the coverage of the Select Plus Plan for crowns from the current 60% coinsurance to 100% after deductible is met. Maintain current coverage for bridges, dentures, and implants at the current coinsurance level of 60%.

Advantages:

- Maintain the same number of supplemental plan offerings available.

Disadvantages:

- According to Delta, premiums could increase by approximately 29% for the first year of implementation.
- Most members would experience an increase in premiums without utilizing the increased benefit.
- This would potentially cause members to cancel supplemental dental coverage.

Option 2

Add a fourth supplemental plan option that includes 100% coverage after deductible is met for crowns as well as increase coverage levels for bridges, dentures, and implants to 100% after deductible.

Advantages:

- Offers members an option for a benefit plan with more robust coverage levels.
- Maintains freedom of choice between different supplemental plans depending on dental needs.
- The increased cost would be the responsibility to members who chose to enroll.
- Allows for members to maintain consistency for services at the same benefit level.

Disadvantages:

- According to Delta, premiums would increase by approximately 36% from current Select Plus Plan design for the new plan design.
- May lead to member and employer confusion with the offering of a fourth supplemental dental plan in addition to the Uniform Dental Benefit.

- Over time a greater disparity in premiums could be realized for the other supplemental dental plans.
- This change would require ETF Information Technology (IT) resources that are currently allocated to implementing the Insurance Administration System (IAS).
- Would require employers to allocate IT resources (time/money) to build the necessary files to implement.
- Deviates from the Board's decision in 2017 to streamline supplemental dental plan offerings.

Option 3

Maintain the current level of coverage.

Advantages:

- Maintains freedom of choice between different supplemental plans depending on dental needs.
- Maintains coverage that exceeds the majority of what other states offer.
- Members will not experience an unexpected large premium increase.
- Members will still be free to get additional dental coverage in the open market that can be used with their ETF supplemental dental coverage.
- Does not cause any additional disruption to employers during a vital time of IAS implementation.

Disadvantages:

- The level of coverage does not meet the expectations of some members.

Recommendation

ETF's recommendation to the Board is to approve Option 3, maintain the current level of coverage. Maintaining the current level of coverage is consistent with the Board's decision in November of 2017 to streamline the number of supplemental dental plans and vendors. Utilization data shows that a relatively small percent of members have claims submitted for crowns each year. Increasing the benefit would cause the majority of membership to experience an unexpected increase in premiums for a benefit they likely will not utilize.

ETF has not received any additional requests from members or stakeholders asking for the increase benefit structure, this was the first-time staff heard any concern over the benefit coverage. Also, during the supplemental dental procurement process in 2021, none of the potential vendors submitting bids recommended changing the current benefit structure to include 100% coverage for crowns.

The comparison of dental benefits offered by other states to their employees found that Wisconsin dental benefits are equal to or more robust than the majority of states. Only one state offered the benefit of 100% coverage for crowns to their employees.

Wisconsin members can voluntarily enroll in whatever plan design that best fits their dental needs.

Maintaining the current benefit level will help minimize member confusion and errors during open enrollment caused by too many plan designs. Members will remain free to choose between the different supplemental dental plan designs depending on their needs and are not restricted to purchase additional dental coverage in the open market.

Next Steps

If the Board votes to change the supplemental dental benefits to include 100% coverage of crowns, the change will be effective January 1, 2024, with the implementation of the next supplemental dental contract. Prospective vendors will be made aware of the benefit change with the procurement release in November/December 2022.

Members will be able to enroll in the updated benefit during the 2023 open enrollment period. Communication of the benefit change will be made via open enrollment materials from ETF and employers. The 2024 supplemental dental vendor may choose to also send communications to employees, employers, and retirees regarding the 2024 Supplemental Dental offerings.

If the Board decides that no benefit change is necessary, the supplemental dental benefit procurement will proceed as planned with the release of the procurement and bids being accepted in early 2023.

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

Attachment A: Crown Benefit Offered by State

Crown Benefit Offered by State

State	Benefit
Alabama	80%
Alaska	50%
Arizona	50%
Arkansas	60%
California	80%
Colorado	50%
Connecticut	70%
Delaware	50%
Florida	50%
Georgia	60%
Hawaii	60%
Idaho	50%
Illinois	Fixed cost. Maximum benefit \$580-\$961
Indiana	60%
Iowa	50%
Kansas	30-50%
Kentucky	50%
Louisiana	Not found
Maine	40-60%
Maryland	Fixed cost. Benefit amount of \$270-\$290
Massachusetts	50%
Michigan	90%
Minnesota	80%
Mississippi	Not found
Missouri	50%

State	Benefit
Montana	50%
Nebraska	50%
Nevada	50%
New Hampshire	50%
New Jersey	65%
New Mexico	35-60%
New York	100%
North Carolina	50%
North Dakota	50%
Ohio	60%
Oklahoma	60%
Oregon	75%
Pennsylvania	60%
Rhode Island	80%
South Carolina	50%
South Dakota	50%
Tennessee	50%
Texas	60%
Utah	30- 50%
Vermont	50%
Virginia	50%
Washington	50%
West Virginia	50%
Wisconsin	60%
Wyoming	50%