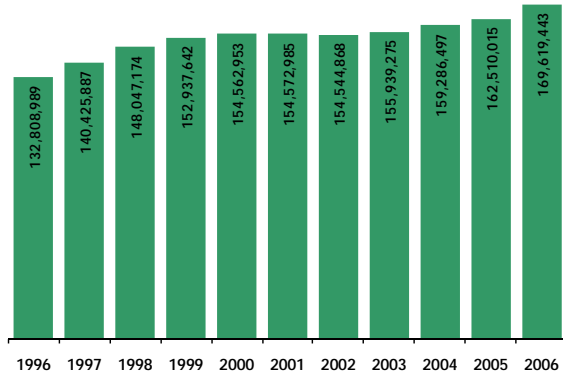


Press

Coverage

How many Americans are covered by dental benefits?

The overall dental benefits market is projected to increase slightly more than population each year. In 2006, some 57% of all Americans had dental benefits. (NOTE: For actual enrollment for a specific year, please contact NADP.)



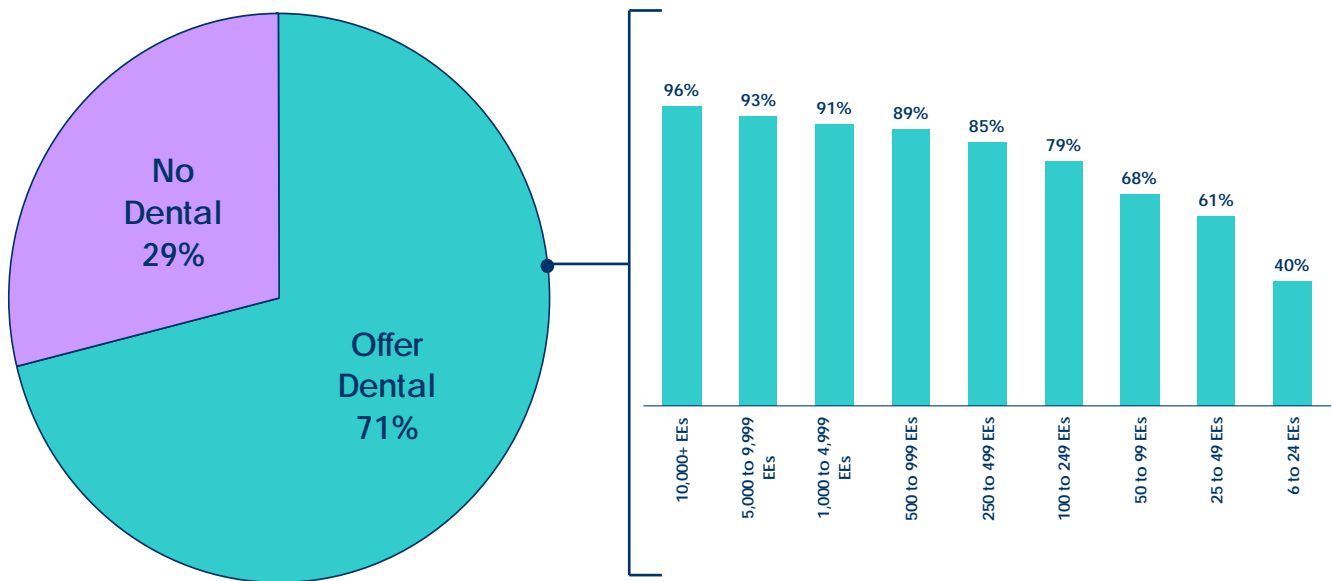
Source: 2004 NADP/DDPA Enrollment Model

How are most dental benefits provided?

The dental benefits market is dominated by group coverage with 96% of dental benefits provided through employers, associations, government programs or other groups.

In 2005 NADP contracted with Forrester Research to conduct a survey of Employer Purchasing Behavior¹ with regard to dental benefits. That survey found that 71% of all employers offer dental benefits. With 5.9 million firms in the US with employees; this means that approximately 4.2 million employers offer dental benefits. While most offer standard products, many large employers self-insure so they design their own benefits. The penetration by employer size is shown in the following chart.

¹ 2005 NADP Purchaser Behavior Survey

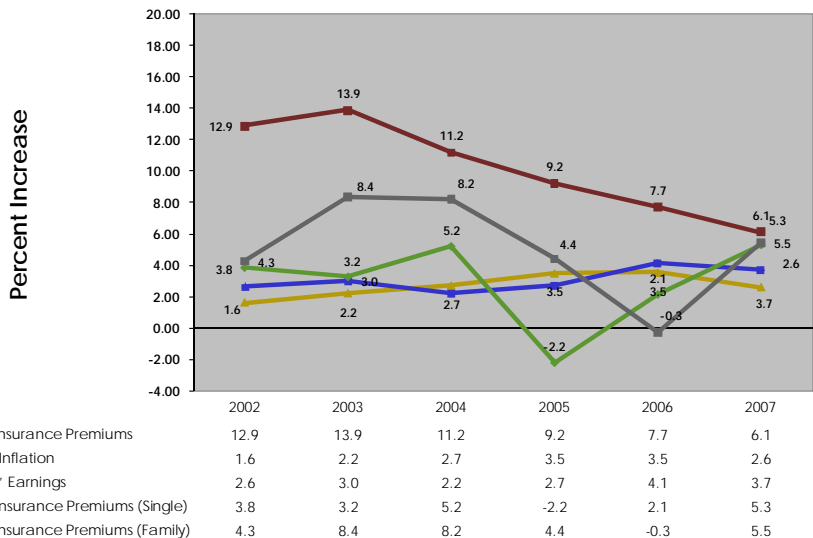


SOURCE: NADP 2005 Purchaser Behavior Study

How is the cost of dental benefits changing?

With more of the premium coming out of employees' pockets, cost is a critical factor in sales. More than two-thirds of groups and individuals cite cost as the primary factor for selecting a particular dental benefits plan according to some individual company surveys. No other factor—even personal dentist participating—ranks higher than one-third as a factor in selection.

Dental premiums increased barely a point above inflation in 2005 according to NADP's Dental Benefits Report: Premiums. In 2006 this report found the rate of change in group dental insurance premiums (employee only) remains below increases in health insurance premiums at 5.3%. That is between \$9 and \$18 a year or \$0.75 to \$1.50 cents a month for an individual. Family dental premiums rose by 5.5% in 2006, unchanged from the prior year. Premium increases in 2008 are expected to range between 4.7% for DHMO and 6.8% for Dental Indemnity.



Is dental coverage provided under Medicaid?

As of 2004, 26 states have chosen to either eliminate these services entirely or reduce them to emergency services only. Another 18 states list their services as “limited,” which is often so limited as to provide virtually no real options for dental care.

Why are dental benefits important?

Dental benefits play a critical role in access to dental care. Individuals without dental benefits are 2.5 times more likely not to receive needed dental care. The NADP 2007 Consumer Survey found that lack of insurance was the most common reason for not visiting the dentist—over seven times more common than fear.

Dental health is an integral component of overall health for both children and adults. Former U.S. Surgeon General C. Everett Koop said it best, “You’re not healthy without good oral health.”

What is the impact of dental disease today?

There are two types of dental disease, tooth decay and gum disease. Both are preventable yet dental disease is prevalent across the nation, second only to heart disease and stroke in cost of treatment according to the Center for Chronic Disease Prevention.

The consequences of poor dental health can be deadly if left untreated. While death is extreme, it is a real consequence.

- Dental disease accounts for over 20 million lost work days
- 12 million days of restricted activity
- 117,000 lost school hours per 100,000 children
- 6 million days of disability

According to the Center for Disease Control, tooth decay (dental caries) is the single most common chronic disease of childhood – five to eight times more common than asthma.

The most frequent symptom of dental disease is pain, which can distract children from learning and playing, and limit their ability to eat and speak. Extensive early childhood caries has been shown to inhibit attainment of normal weight and height in toddlers. Oral diseases and conditions can impact growth, function, ability to learn, self-image, and employability. Dental diseases are increasingly understood to compromise general health.

The growing number of children suffering from tooth decay is cause for concern. Tooth decay affects 59 percent of children with permanent teeth, i.e. 12-19 years old. Decay in baby teeth among 2- to 5-year-olds has increased from 24 percent to 28 percent from 1988 to 2004².

Eighty percent of tooth decay is found in 25 percent of children. Asian and Pacific Islanders suffer the most tooth decay, followed by Hispanics, African-Americans and Caucasian children.

While tooth decay is decreasing in permanent teeth, studies are beginning to show that gum disease is connected to other health conditions:

- Heart disease and stroke³
- Diabetes⁴
- Pulmonary disease (aspiration pneumonia)⁵
- Premature births⁶
- Alzheimer's⁷

² “Trends in Oral Health Status -- United States, 1988-1994 and 1999-2004,” Series 11, Number 248. 104 pp. (PHS) 2007-1698 U.S. Centers for Disease Control and Prevention's National Center for Health Statistics

³ U.S. Department of Health and Human Services. Oral Health in America: A Report of the Surgeon General. Rockville, MD: U.S. Department of Health and Human Services, National Institute of Dental and Craniofacial Research, National Institutes for Health, 2000.

⁴ Journal of Public Health Dentistry December 2000, “Impact of Oral Diseases in Systemic Health to the Elderly: Diabetes Mellitus and Aspiration Pneumonia”

⁵ Journal of Public Health Dentistry December 2000, “Impact of Oral Diseases in Systemic Health to the Elderly: Diabetes Mellitus and Aspiration Pneumonia”

⁶ Journal of the American Dental Association, July 2001 "Oral Health During Pregnancy: An Analysis of Information."

⁷ First Alzheimer's Association International Conference, June 2007, Washington, D.C.

Cost

How much do benefits cost under a group policy?

Depending on the type of dental benefit—DHMO, DPPO or Dental Indemnity, the employee's premium is about the cost of having dinner out once a month—ranging from \$16.10 to \$32.90 monthly or \$193 to \$395 on an annual basis in 2007. Even at the high end of that range—dental benefits cost annually what medical premiums cost an individual on a monthly basis. Estimated annual dental premiums for 2007 are outlined below as national averages for typical group coverage⁸:

Employee Only (including orthodontia):

DHMO --	\$16.10 a month--\$193 annually
DPPO --	\$29.42 a month--\$353 annually
Indemnity --	\$32.90 a month--\$395 annually

Employee only (without orthodontia):

DHMO --	\$15.60 a month--\$187 annually
DPPO --	\$28.93 a month--\$347 annually
Indemnity --	\$32.04 a month--\$385 annually

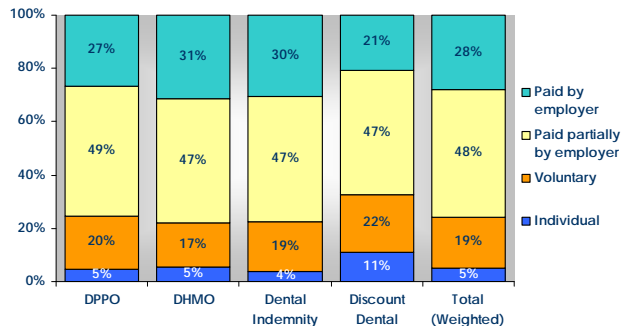
Employee & Family (including orthodontia)⁹:

DHMO --	\$49.92 a month--\$599 annually
DPPO --	\$94.90 a month--\$1139 annually
Indemnity --	\$104.13 a month--\$1250 annually

Discount Dental Plan fees can range from a few dollars a month to \$10 or \$12 dollars a month for an individual or \$20 to 30 a month for a family.

Are employers changing the amount they pay for dental benefits?

More of the employer group dental benefits market is going voluntary and those employers that aren't going voluntary are decreasing contributions to employees' dental benefits premiums. (Voluntary means the employer arranged for the group coverage but the employee pays 100% of the premium.)



In a 2005 survey conducted by NADP of 1,279 consumers with dental benefits, about one-quarter of all beneficiaries pay for 100% of their dental benefit. Just over one-quarter of all beneficiaries have 100% of their dental benefit paid for by their employer. This data is comparable to data collected the same year in NADP's Purchaser Behavior Survey.

What is the trend in deductibles and annual maximums for dental benefits?

Deductibles and annual maximums for dental benefits have not changed dramatically over the past decade. The deductible for most plans is still about \$50 and the most commonly reported annual maximum is \$1200 according to Mercer. There is a trend to higher limits in DPPO and Dental Indemnity plans with about 1/3 of all plans reporting \$1500+ as the Annual Maximum. Some companies have introduced roll-overs of a portion of the unused annual maximum to provide greater flexibility for consumers.

⁸ The reported premiums are national averages for the most common coverage sold by the carriers that reported; premiums will vary in different parts of the country based on the coverage selected.

⁹ Family coverage extends to the insured, spouse and dependents—no matter the number. There are usually separate, lower rates for an insured with a single dependent so family coverage is usually 3 or more individuals.

	Dental Indemnity			DPPO		
	2004	2005	2006	2004	2005	2006
<\$500	0%	0%	0%	0%	0%	0%
\$501 to \$999	4%	6%	5%	3%	2%	3%
\$1,000 to \$1,499	57%	54%	53%	59%	57%	54%
\$1,500 to \$1,999	25%	28%	33%	26%	30%	31%
\$2,000 to \$2,999	12%	9%	7%	10%	11%	10%
\$3,000 +	1%	1%	0%	1%	0%	1%
No Maximum	2%	1%	1%	2%	0%	1%

SOURCE: 2004 -2006 NADP Dental Benefits Report on Premium Trends

How many individuals use the Annual Maximum?

Most dental benefit companies report that less than 6% of all covered individuals hit the annual maximum.

What is the impact of higher Annual Maximums?

NADP's 2007 Consumer Survey found that employees whose dental insurance includes higher benefit maximums are 18% more likely to consider their dental health to be very good or excellent, and are 12% more likely to have visited the dentist for a cleaning/exam within the past 6 months.

What is the value of dental benefits to an employer?

The US Chamber of Commerce annual *Employee Benefits Study* routinely shows that dental benefits rank third in the number of employers offering or providing the benefit—behind medical and pharmacy benefits.

Dental disease accounts for more than 164 million lost work hours annually, or an estimated 82,000 work years¹⁰. The *NADP 2007 Consumer Survey* found that individuals without dental coverage are 2.5 times more likely not to visit their dentist. The dentally uninsured are more likely to lose time from work due to untreated dental problems.

That survey found that consumers with dental benefits are far more likely to obtain needed services than those who lack coverage. For many employees, access to dental coverage encourages a diversity of healthy behaviors and preventive practices that forestall the onset of more serious and costly dental disease.

For more details on the impact of dental benefits on your employees and bottom line, get a copy of NADP's Employer White Paper ([link](#)).

¹⁰ Oral Health in America: A Report of the Surgeon General, National Institutes of Health, 2000