

Testimony of

Stanley Shapiro, D.D.S.

Vice Chairman, CompBenefits Corporation

To the

Subcommittee on Civil Service and Reform,

United States House of Representatives

Committee on Government Reform

February 24, 2004

Rayburn House Office Building
Room 2247
200 Independence Avenue, S.W.
Washington, D.C. 20201

INTRODUCTION

Chairwoman Davis and members of the subcommittee: My name is Dr. Stanley Shapiro, and for more than 33 years, I have been privileged to provide dental care both as a practicing dentist as well as an executive officer of one of America's leading dental benefits companies. I am grateful for the opportunity to speak with you today in support of HR 3751, which may potentially lead to expanding federal employees healthcare benefits to include voluntary dental and vision plans.

Our nation has made great strides in educating Americans about the importance of oral health, and there is a growing recognition that oral health is integral to general health. New products, therapies, and technologies have enabled people to retain their natural teeth throughout their lives, thereby enhancing their health and well being.

Today, the percentage of Americans who receive dental care is higher than ever before, and I believe this has occurred as the result of third party

funding through government programs for the underserved and private dental coverage offered in the workplace. Statistics indicate that 54 percent of all Americans currently have dental coverage. Yet, throughout my career, I have witnessed the role that cost has played as a barrier to accessing dental care. This is unfortunate since it is well established that dental disease is preventable, and children who receive routine preventative care have the opportunity to live their lives free from dental caries and periodontal disease. “Oral Health in America: A Report of the Surgeon General” in 2000 stated that children from families without dental insurance are three times more likely to have dental needs than children from families with dental insurance.

FEHB is a successful model for demonstrating the purchasing leverage of the Federal Government and the ability to provide choice among the types of plans offered. But while some of these medical plans include dental and vision benefits, they are difficult to evaluate and typically provide very low levels of coverage when compared to the wide array of plans that are readily available to both the public and private sectors.

To demonstrate this point, we have evaluated 150 FEHB medical plans to define the levels of dental benefits coverage. Out of 150 plans, only one provided preventive dental care for children. Only 14 out of 150 offered orthodontic coverage. Furthermore, reimbursement levels and annual maximum benefits were limited. Similar results occur for vision benefits, creating a confusing basis for FEHB participants to evaluate the cost of high option medical plans against the actual benefits received. All too often, there are failed expectations and the perception is that the dental and vision benefits offered by FEHB are inadequate and disappointing. This is exacerbated by the escalating costs and structural changes in health plans that Federal employees encounter when selecting the appropriate medical coverage for their families.

FEHB acknowledges the low dental benefit levels and communicates this fact on its Web site to Federal employees. It responds to a frequently asked question by stating: “Everyone wants to keep premium increases as low as possible, so, generally, to increase benefits, plans make trade-offs. We would not want to sacrifice medical benefits to get dental or vision benefits.”

In contrast, employees of 48 state governments have voluntary dental benefits, and 44 are stand-alone plans that offer benefits that are superior to those included in the FEHB medical plans.

In my home state of Florida, for instance, state employees may select from eight different stand-alone dental plans and more than 50 percent of employees currently participate. For the past three years and despite rising medical costs, enrollment in the voluntary dental plans has increased as a percentage of the workforce from 49 percent in 2001 to 55 percent in 2003. The same trends hold true for the voluntary vision plan.

In the private sector, dental plans are both varied and affordable. Of the three most popular plan types that include orthodontic coverage, the average monthly premium for an employee is \$14.10 for a DHMO, \$22.07 for a DPPO, and \$28.20 for an indemnity plan. An employee can cover his or her spouse and children through a DHMO for an average monthly premium of \$36.35. Once enrolled in the plan, there are typically no charges for

preventative care, minimal direct cost for restorative care, savings up to 50 percent on major services, and reduction of 25 to 50 percent in the cost of orthodontic treatment. It is no surprise that employees appreciate this purchasing leverage and utilize dental plans to facilitate their access to care.

Employers have learned that dental benefits are an important component of employee benefit programs. Surveys indicate that 95 percent of employers with 500 or more employees provide dental benefits, as well as 48 of the 50 state governments, and thousands of county, city and municipal government and school districts.

In the competition for quality employees, voluntary dental and vision benefits fulfill employee expectations and create a competitive advantage for an employer. With the largest workforce in American, the Federal government can establish, without cost, a more comprehensive ancillary benefits program that will enhance the oral and general health of Federal employees and be perceived with value by all participants. To that end, I urge you to support HR 3751.

Testimony of Stanley Shapiro, D.D.S., Vice Chairman, CompBenefits Corporation, to the
Subcommittee on Civil Service and Reform, United States House of Representatives Committee
on Government Reform
Page 6

Thank you.