



*American Association*  
for Medicare Supplement Insurance™

# Market Overview: Senior Dental

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# Dental Market: Overview

## Senior Dental Market Overview

- **Need For Care**
- **Market Size**
- **Product Design**
- **Projections**
- **Opportunity**

# Dental Market Overview: Need For Care

## Individuals Eligible for Medicare

- Majority (65%-71%) have no dental coverage
- Many (34%-49%) have not been to the dentist in the past year
- 19% of those using dental services spent \$1000+ out-of-pocket

## Connections between oral health and overall health

- Dry mouth is side effect of many medications
- Many diseases interrelated with oral health (diabetes, osteoporosis)
- Higher rates of edentulism, untreated caries and periodontal disease among seniors

Sources: Kaiser Family Foundation analysis of the Medicare Current Beneficiary Survey, 2016; National Health and Nutrition Examination Survey 2013-2016; NCHS, National Health Interview Survey, 2017; Gerontological Society of America Newsletter, 2017

# Dental Market Overview: Need For Care

## Medicare Limitations

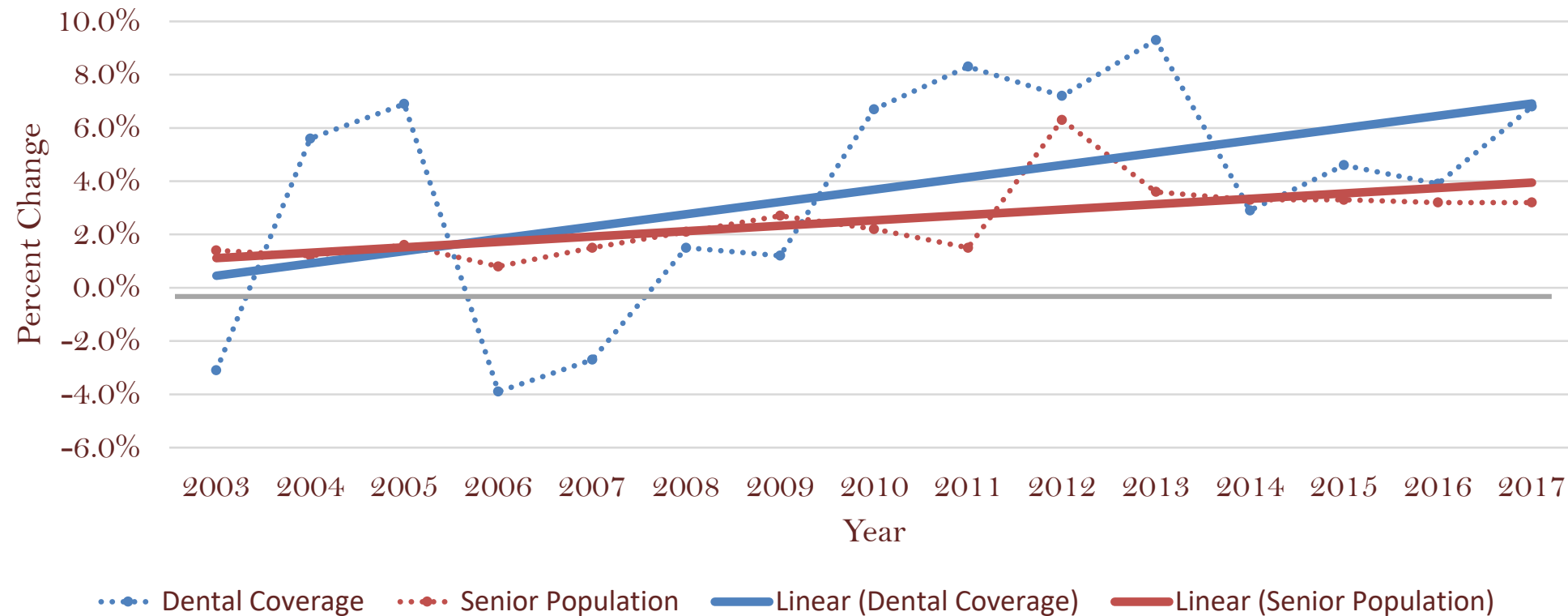
- Statutory exclusion of routine dental care, dental prostheses
- Very limited circumstances when dental services covered

## Efforts to add Dental to Medicare

- Cardin – January 2019 (S. 22)
- Roybal-Allard – January 2019 (H.R. 576)
- Oral Health America - ceased operations February 2019

# Dental Market Overview: Market Size

## Historical Changes in Senior Dental Coverage



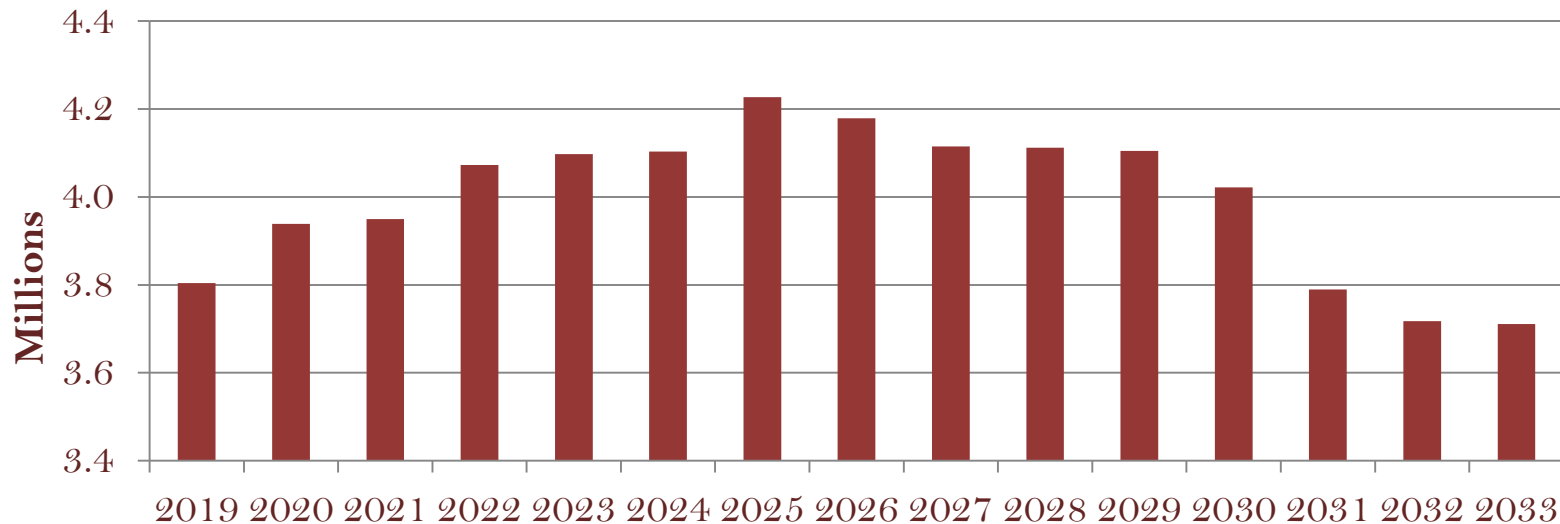
Sources: CSG Actuarial analysis of AHRQ Medical Expenditure Panel Surveys, 1996-2015; Census Bureau Current Population Surveys, Annual Social and Economic Supplements, 2003-2017

# Dental Market Overview: Market Size

## Individuals Aged 65+

- **2018: Over 51 million**
- **Projected: 75 million by 2033**

## Turning 65 - Projected



# Dental Market Overview: Market Size

## Public Programs

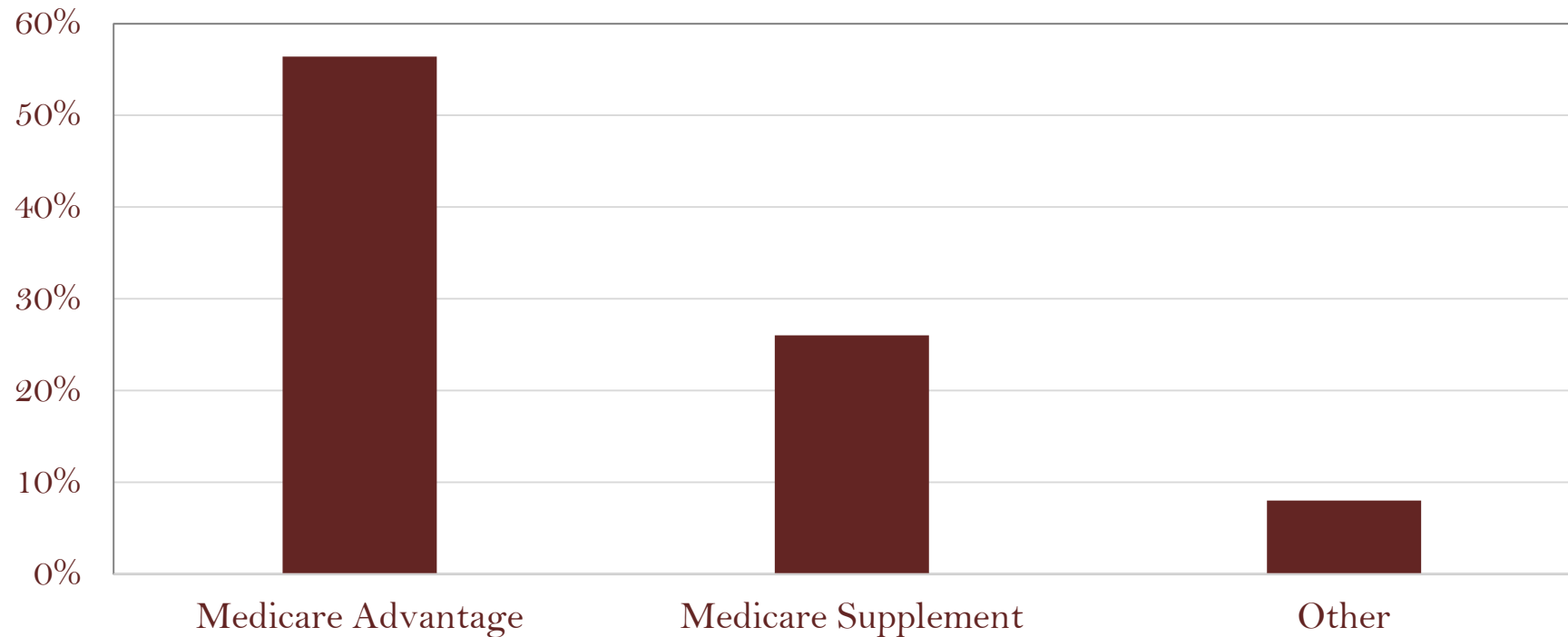
- Medicaid – eligibility expansion following Affordable Care Act

## Private Providers

- Individually purchased dental coverage
- Some Medicare Advantage plans embed dental coverage or offer as an option

# Dental Market Overview: Market Size

## Seniors with Dental Coverage - 2018

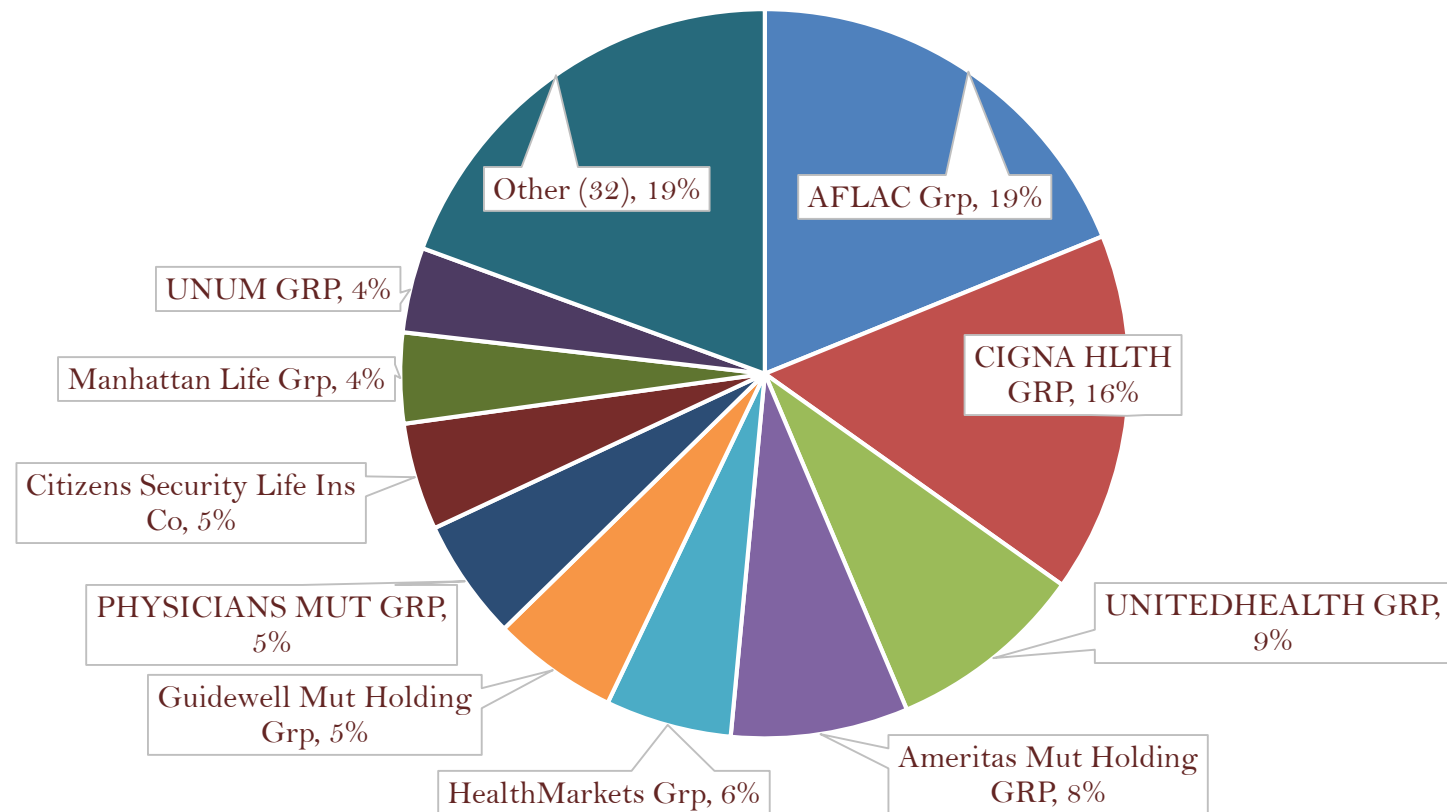


**Sources:** CSG Actuarial analysis of Medicare Current Beneficiary Survey, 2016; Kaiser Family Foundation analysis of the Medicare Current Beneficiary Survey, 2016; National Health and Nutrition Examination Survey 2013-2016; NCHS, National Health Interview Survey, 2017;



# Dental Market Overview: Market Size

## Individual Dental Market Share - 2018



# Dental Market Overview: Product Design

## Dental Product Overview

- No standardized set of benefits
- Often utilize benefit structure similar to group coverage: annual deductible, annual maximum, waiting periods, coinsurance
- Dental services often divided into Preventive, Basic and Major categories

# Dental Market Overview: Product Design

| Service Type | Common Dental Procedures                              | Typical Coinsurance | Other Notes   |
|--------------|---|---------------------|---|
| Preventive   | Exams, Cleanings, Bitewing X-rays                     | 100%                | Usually no waiting period, annual limit on number of covered exams and cleanings, costs may not count towards annual maximum                          |
| Basic        | Fillings, Non-surgical extractions                    | 80%                 | Often subject to 3-6 month waiting period or graduated coinsurance  |
| Major        | Crowns, Dentures, Bridges, Root canals, Inlays/Onlays | 50% - 60%           | Usually subject to 6-12 month waiting period or graduated coinsurance, may include frequency limits on timing of dentures and denture repair services |

# Dental Market Overview: Product Design

## Other Design Considerations

- **Networks**
  - Lower fees charged for in-network providers
  - Higher coinsurance for in-network services
  - Payments for services at out-of-network providers may be capped at in-network levels
  - Estimate 55% of individual dental products include network, another 15% offer network as option

# Dental Market Overview: Product Design

## Other Design Considerations

- **Age Considerations**
  - About 40% of individual dental products available only through age 65
  - Two-thirds of products available to seniors have a higher premium rate above age 50 or 60

# Dental Market Overview: Projections

## Assumptions

- No material change in lapse and replacement rates
- No material change in dental cost, claim and rate increase trends
- Coverage provided will remain materially similar to current offerings
- No significant changes in delivery of dental care
- No significant changes in medical coverage
- No significant changes in the systems providing health care coverage

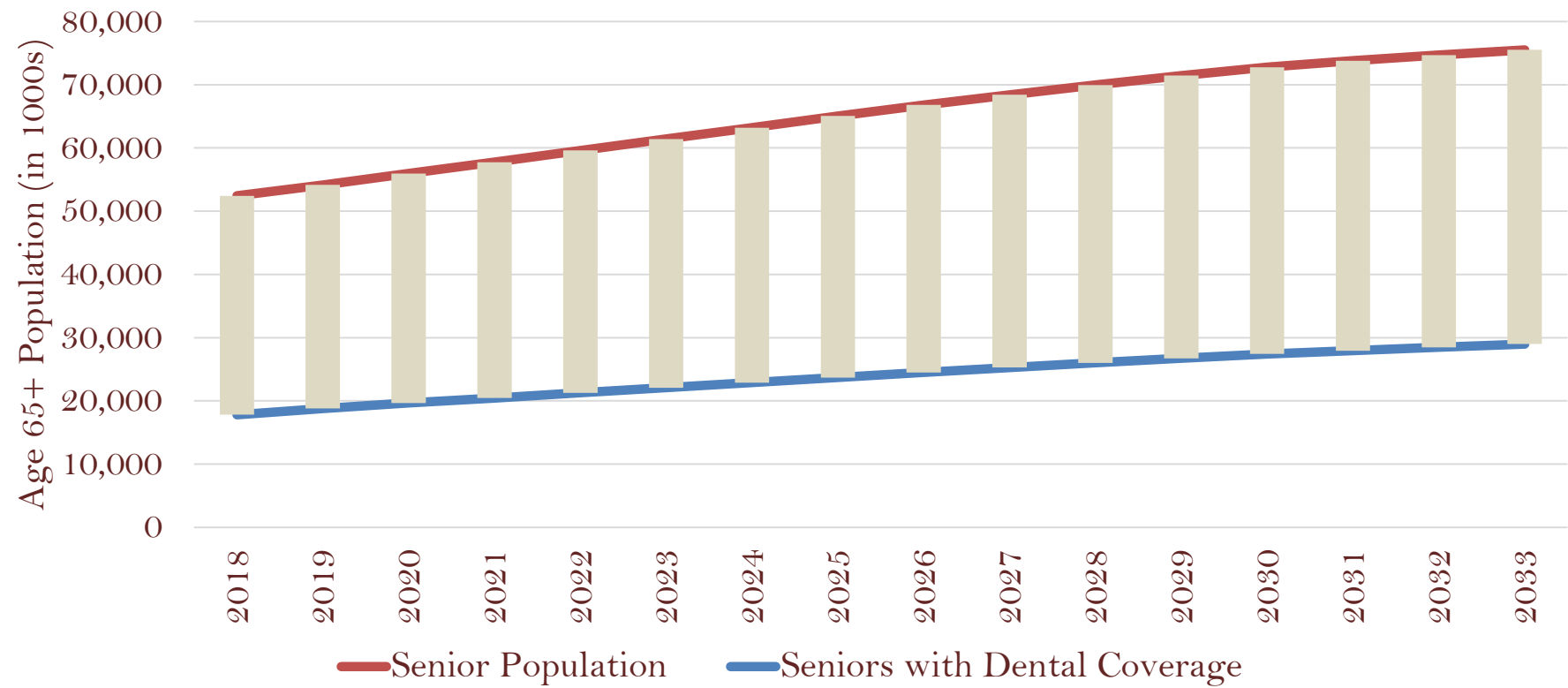
# Dental Market Overview: Projections

## Data & Methodology

- Potential purchasers: only seniors with income exceeding 300% of Federal Poverty Level
- Average annual premium of \$520: typical for individual dental plans currently sold
- Product performance assumptions
  - Loss ratios: 55%-65%
  - Lifetime commissions: 15%-20%
  - Pre-tax profit: 4%-10% of premium

# Dental Market Overview: Projections

## Projected Senior Population and Dental Coverage





# Dental Market Overview: Opportunity

## Projected Senior Dental Opportunities (in 1000s)

| Year | Potential Purchasers | Annual Commissions | Annual Profits |
|------|----------------------|--------------------|----------------|
| 2019 | 13,703               | 1,086,428          | 308,311        |
| 2020 | 14,126               | 1,136,795          | 322,604        |
| 2021 | 14,538               | 1,187,523          | 337,000        |
| 2022 | 14,967               | 1,240,908          | 352,150        |
| 2023 | 15,388               | 1,294,887          | 367,468        |
| 2024 | 15,794               | 1,349,003          | 382,825        |
| 2025 | 16,215               | 1,405,750          | 398,929        |
| 2026 | 16,607               | 1,461,352          | 414,708        |
| 2027 | 16,966               | 1,515,363          | 430,035        |
| 2028 | 17,308               | 1,569,012          | 445,260        |

## Questions?

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# Q&A and Discussion