



*Dept. of Public Health
Dentistry*

FINANCE IN DENTAL
CARE

By. Dr. Kajal Patel

Mechanism of payment for dental care

1. Private fee - for - service
2. Post payment plans
3. Private third - party prepayment plans
 - (a) Commercial insurance companies
 - (b) Non profit health service corporations
e.g. Blue Cross/ Blue Shield; Delta dental plans
 - (c) Prepaid group practice
 - (d) Capitation plans
4. Salary
5. Public programs

1. Private Fee- For - Service

- ▶ Two party arrangement
- ▶ Traditional, most common
- ▶ Culturally acceptable
- ▶ Flexible system: price discrimination
- ▶ Administratively simple
- ▶ Cannot be applied to non affording patients

2. Post payment plans

- ▶ Individual purchase of service
- ▶ The patient borrows money from a bank or finance company to pay dentist's fee.
- ▶ After the application is approved by lending institution, the dentist is paid the entire fee
- ▶ The patient then repays the loan to the bank
- ▶ Used primarily by middle income group.

3. Private third - party prepayment plans

- ▶ ‘Payment for services by some agency rather than directly by the beneficiary of those services.’
- ▶ Third party: party to a dental pre payment contract that may collect premiums, assume financial risk, pay claims & provide administrative services
- ▶ Third party also known as carrier, insurer, underwriter or administrative agent. i.e. insurance company.

S.N.

Different types of payment

1. Deductible: a stipulated flat sum a patient has to pay before benefits of the program go into effect. “ front end payment ”
2. Co- Insurance/ co-payment: the patient pays a percentage of the total cost of treatment.
‘An arrangement under which a carrier & the beneficiary are each liable for the share of the cost of dental services provided.’ (helps to keep premiums down)
3. Group Insurance: Health Insurance was offered only to groups. Use of waiting periods so that persons do not use the plan to get the disease treated & then drop out.

ONE

Reimbursement of dentists

- ▶ Concept of Usual, Customary, Reasonable fee (UCR FEE) in prepayment plans.
- ▶ Usual: fee charged usually by the dentist to private patients.
- ▶ Customary: within range of fee charged by dentists of similar training & experience for the same service within the same area.
- ▶ Reasonable: If it meets the above 2 criteria/ if it is justifiable considering the special circumstances of the patient.

ONE

Table of allowances

S.N.

- ▶ List of covered services that assigns to each service a sum that represents the total obligation of the plan with respect to payment for such service but that does not necessarily represents a dentist's full fee for that service.
- ▶ If the dentist's fee exceeds than that assigned by the reimbursement plan, the remainder will be collected by the dentist from the patient.
- ▶ Not entirely satisfactory for the patient because he might not be aware of it.

a) Commercial insurance companies

- ▶ Operate for profit, charge high premiums.
- ▶ Selective of the group they want to offer.
- ▶ No obligations towards the community.
- ▶ May provide specific cash reimbursement for specified covered services.
- ▶ Can organize their levels of reimbursement differently.
- ▶ Do not conduct fee audits/ post treatment dental examination.

b) Non profit dental service corporation

1. Delta dental plans

S.N.

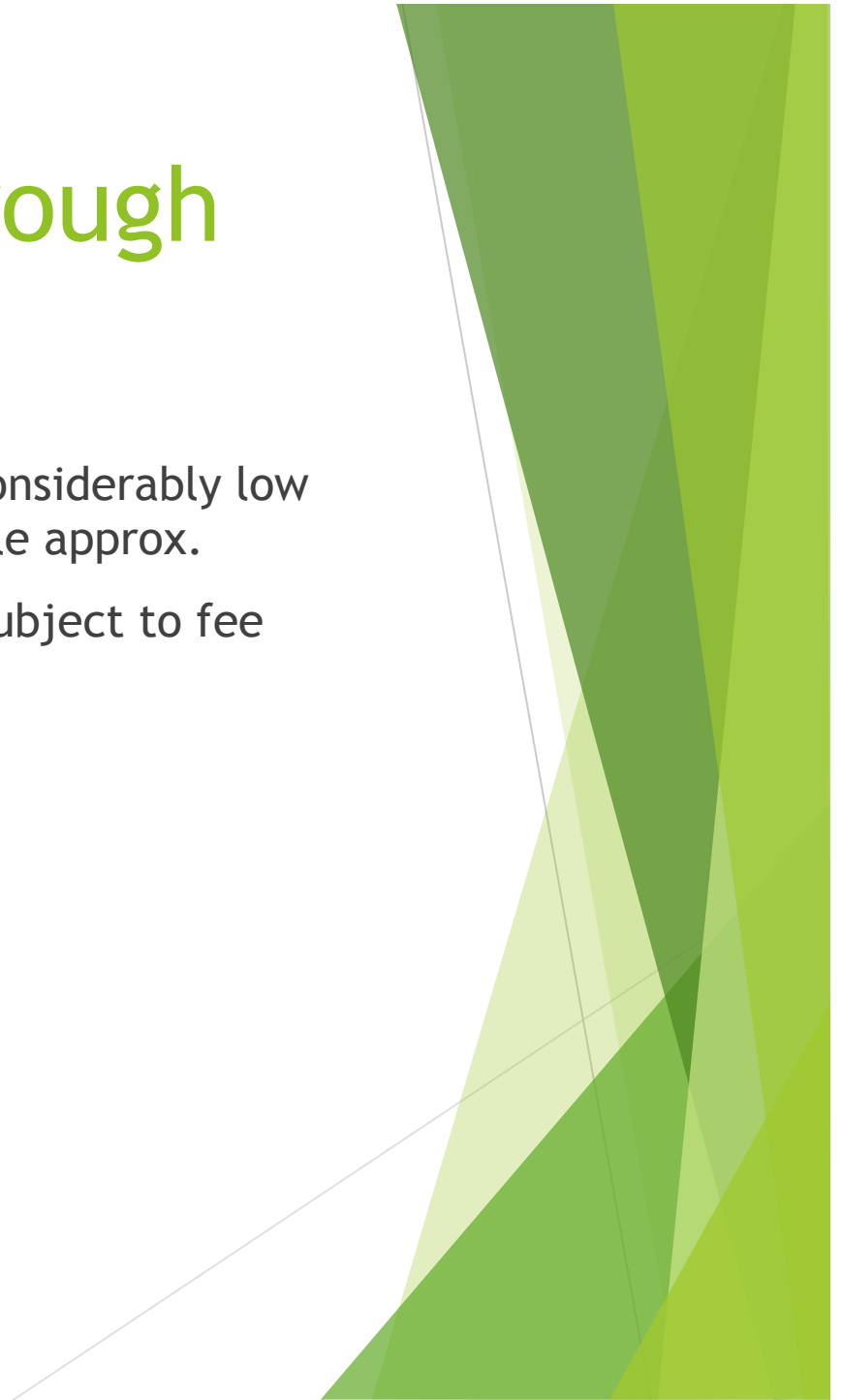
- ▶ National association of dental service plans formed in 1966 with help from ADA; changed name in 1969 to delta dental plans.
- ▶ Legally constituted non profit organization
- ▶ Demand for group purchase of dental care is met with traditional pattern of practice.
- ▶ Quality of care is monitored to ensure that care claimed & paid has been provided & it is of acceptable quality
- ▶ Board includes majority dentists besides people from insurance, finance & consumer groups.

Reimbursement through delta dental plans

- ▶ Participating dentists have to:
 1. Profile their usual & customary fee.
 2. Accept payment 90th percentile of fees as payment in full.
 3. Fee audits by auditors of delta plans.
 4. Post treatment inspection of random patients to monitor care.
 5. Small amount of cash withheld is to go into delta capitation reserve fund.

Reimbursement through delta dental plans

- ▶ Non participating dentists are paid a considerably low percentile than the 90th :50th percentile approx.
- ▶ Do not need to profile fees & are not subject to fee audits.



BLUE CROSS/ BLUE SHIELD:

S.N.

- ▶ Limited dental coverage as a part of medical policies.
- ▶ For dental coverage hospitalization is required.
- ▶ Adopted many cost control features of delta dental plans

c) Prepaid group practice

- ▶ Group practice that provides dental services on a prepaid basis.
- ▶ Dentists, sometimes in association with the members of other health professions agree formally between themselves on certain arrangements designed to provide efficient dental health service.
- ▶ A practice formally organized to provide dental care through the services of 3 or more dentists, using office space, equipment &/or personnel jointly.

Types of practice groups

- ▶ General practitioners only
- ▶ Single specialty group
- ▶ Multi specialty group

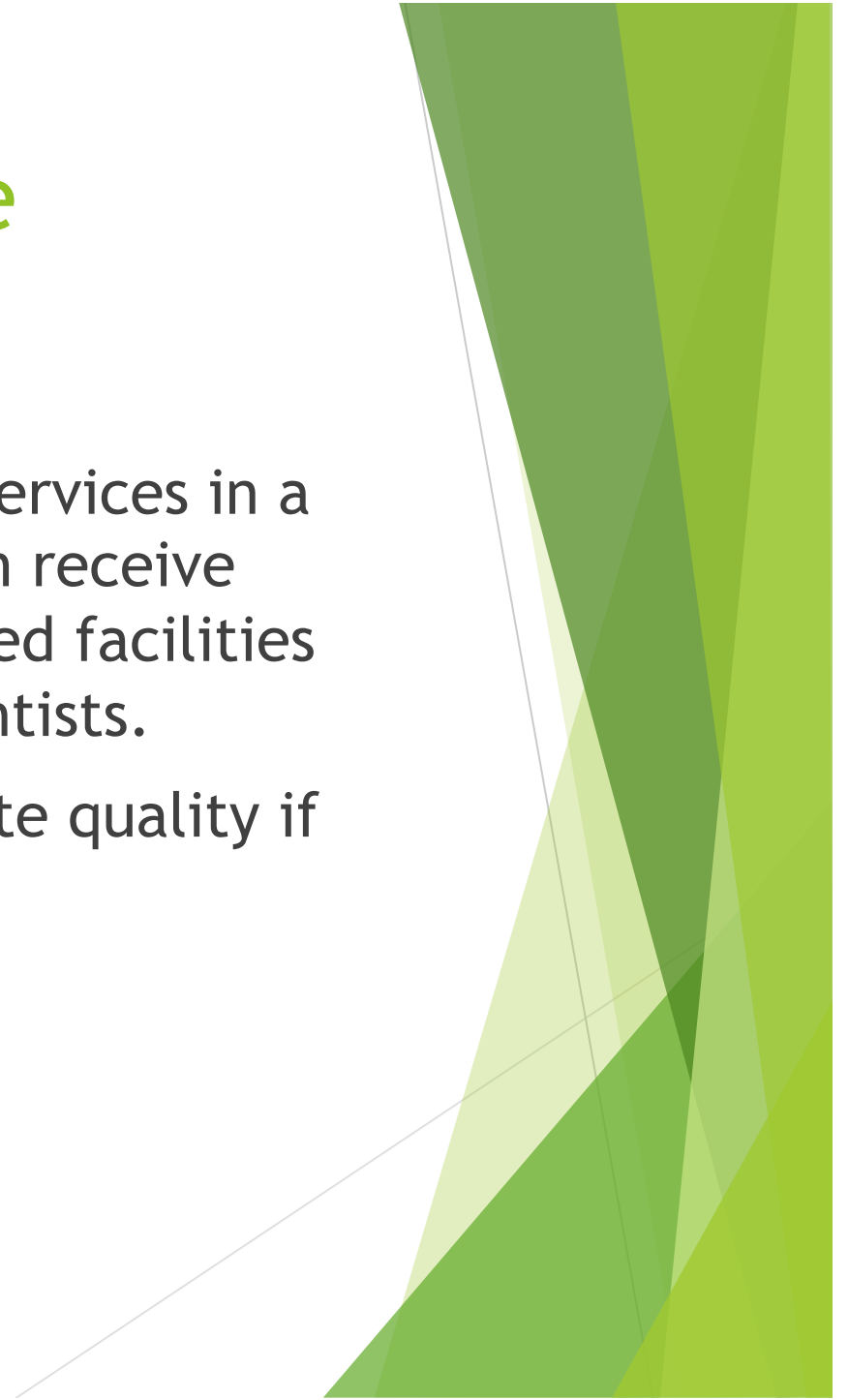


Advantages of practicing in a group

1. Better way of organizing one's life i.e. vacations & CDE.
2. Less disruption of practice caused by an illness.
3. Quality of care is improved.
4. Financial fringe benefits such as sick leave & pension plans can be incorporated.

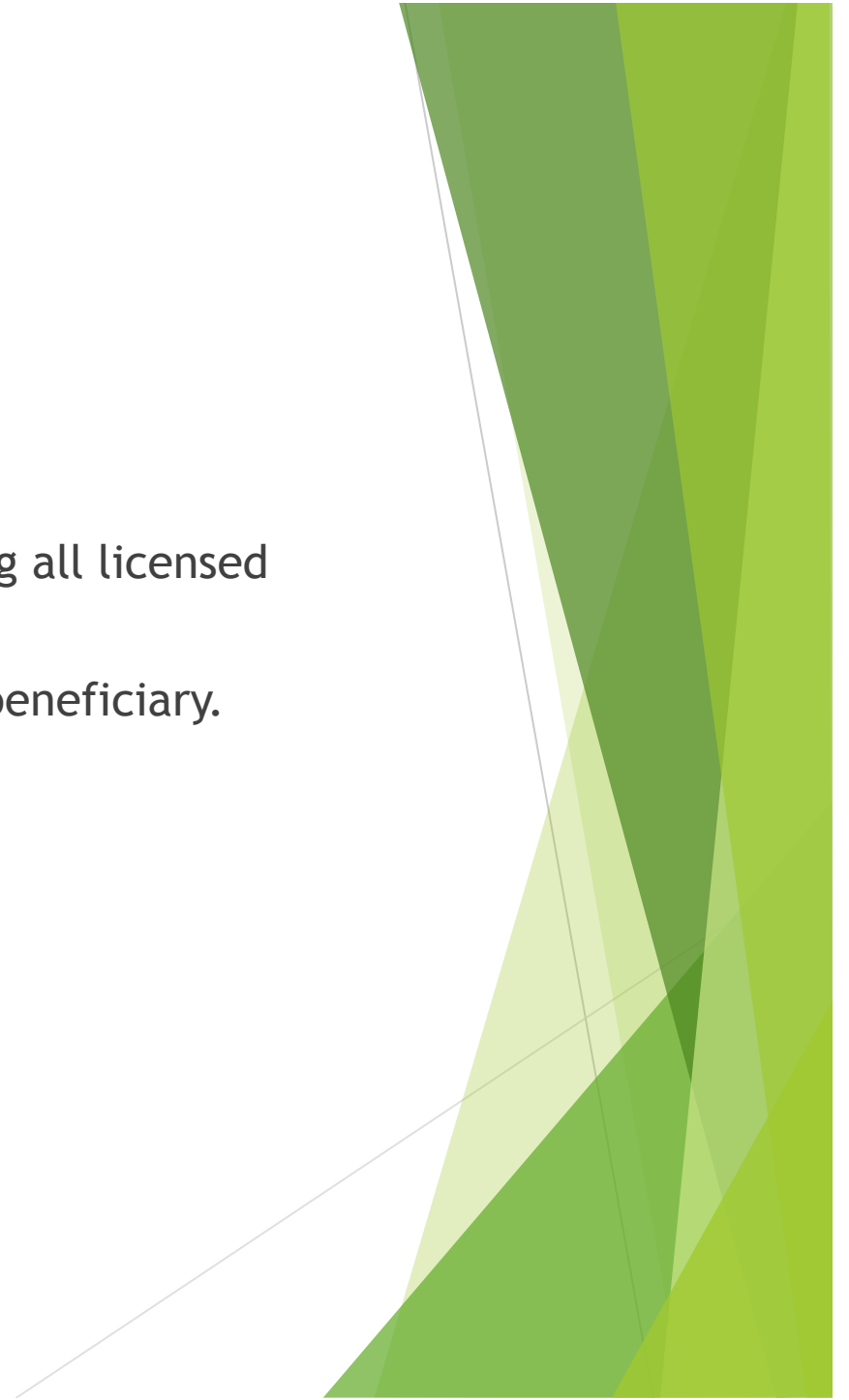
Closed panel practice

- ▶ patients eligible for dental services in a public or private program can receive these services only at specified facilities from a limited number of dentists.
- ▶ May deliver care of inadequate quality if done unethically.



Open panel practice

- ▶ Any licensed dentist may participate
- ▶ The beneficiary can choose from among all licensed dentist.
- ▶ The dentist may accept or refuse any beneficiary.



Health maintenance organizations HMO: a prepaid group practice

S.N.

- ▶ Definition: Legal entity which provides a prescribed range of health services to each individual who has enrolled in the organization, in return for a prepaid, fixed & uniform payments.

Health maintenance organizations HMO: a prepaid group practice

- ▶ An organized system: capable of bringing together directly, or arranging for services of physicians & other health professionals with the services of
- ▶ inpatient & outpatient facilities for preventive,
- ▶ acute & other care as well as
- ▶ any other health services that a defined population might reasonably require.

Health maintenance organizations HMO: a prepaid group practice

- ▶ Comprehensive health maintenance & treatment services: including primary care, emergency care, hospital care & rehabilitation.
- ▶ Primary care: services aimed at preventing the onset of illness or disability, the maintenance of good health continuing evaluation & management of early complaints, symptoms, problems & the chronic aspects of disease.
- ▶ An agreed upon set of services: consumers & HMO agree on which services will be purchased from HMO in return for the prepayment figure.

Health maintenance organizations HMO: a prepaid group practice

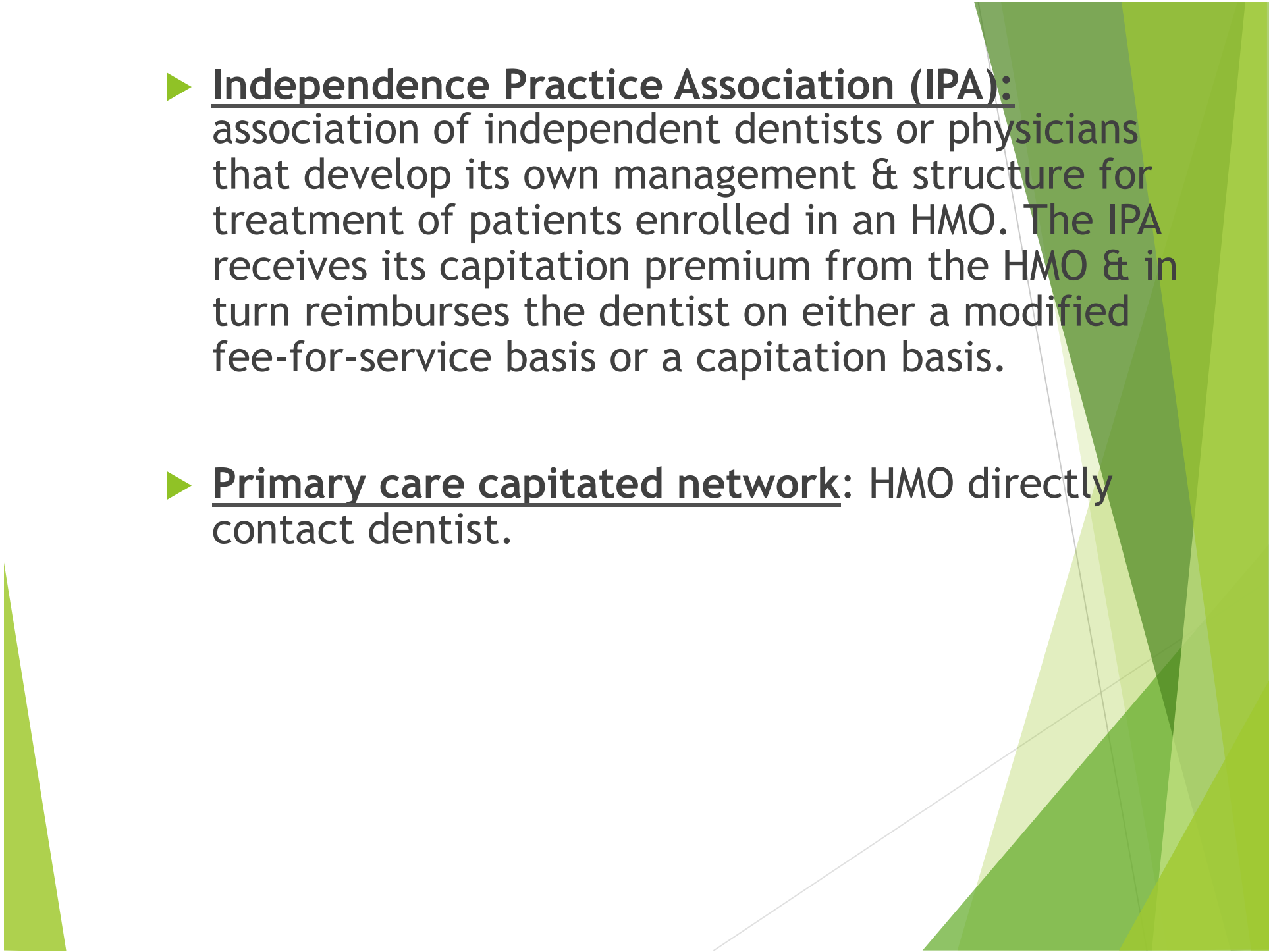
- ▶ An enrolled group: people who voluntarily join HMO through a contract arrangement in which enrolled agrees to pay fixed monthly or other periodic payment to the HMO.
- ▶ Only a small proportion of HMO's offers dental services. If they are offered they are included in the capitation premium, subject to a separate premium, paid for by fee- for service..

Dental personnel in HMO's:

4 MODELS

1. Staff model: dentists, hygienists & dental assistants are salaried employees of HMO

2. Group model: the HMO contracts directly with a group practice, partnership or corporation for the provision of dental services. Group receives regular capitation fee from the HMO.

- 
- ▶ **Independence Practice Association (IPA):** association of independent dentists or physicians that develop its own management & structure for treatment of patients enrolled in an HMO. The IPA receives its capitation premium from the HMO & in turn reimburses the dentist on either a modified fee-for-service basis or a capitation basis.
 - ▶ **Primary care capitated network:** HMO directly contact dentist.

d)Capitation plans

- ▶ HMO, group practice, IPA or individual dentist receives an established, negotiated sum on a monthly or yearly basis for each eligible patient. Money is paid whether the patients utilize care or not.
- ▶ In return, the patient is entitled to receive a prescribed set of services over a specified period.

4. Salary

- ▶ Group practices, armed services, public agencies are salaried
- ▶ Advantages: free of concerns, can concentrate on clinical matters, fringe benefits.
- ▶ Disadvantage: lack of financial incentive



5. Public programs

- ▶ Medicare: 65 years or more...hospital insurance, supplemental medical insurance; include services requiring hospitalization
- ▶ Medicaid: joint federal state program covering basic practices like hospitalization, outpatient care, lab & x ray services, early periodic screening, diagnosis & treatment under 21 yrs, family planning. Dental care not mandatory except under 21 yrs.

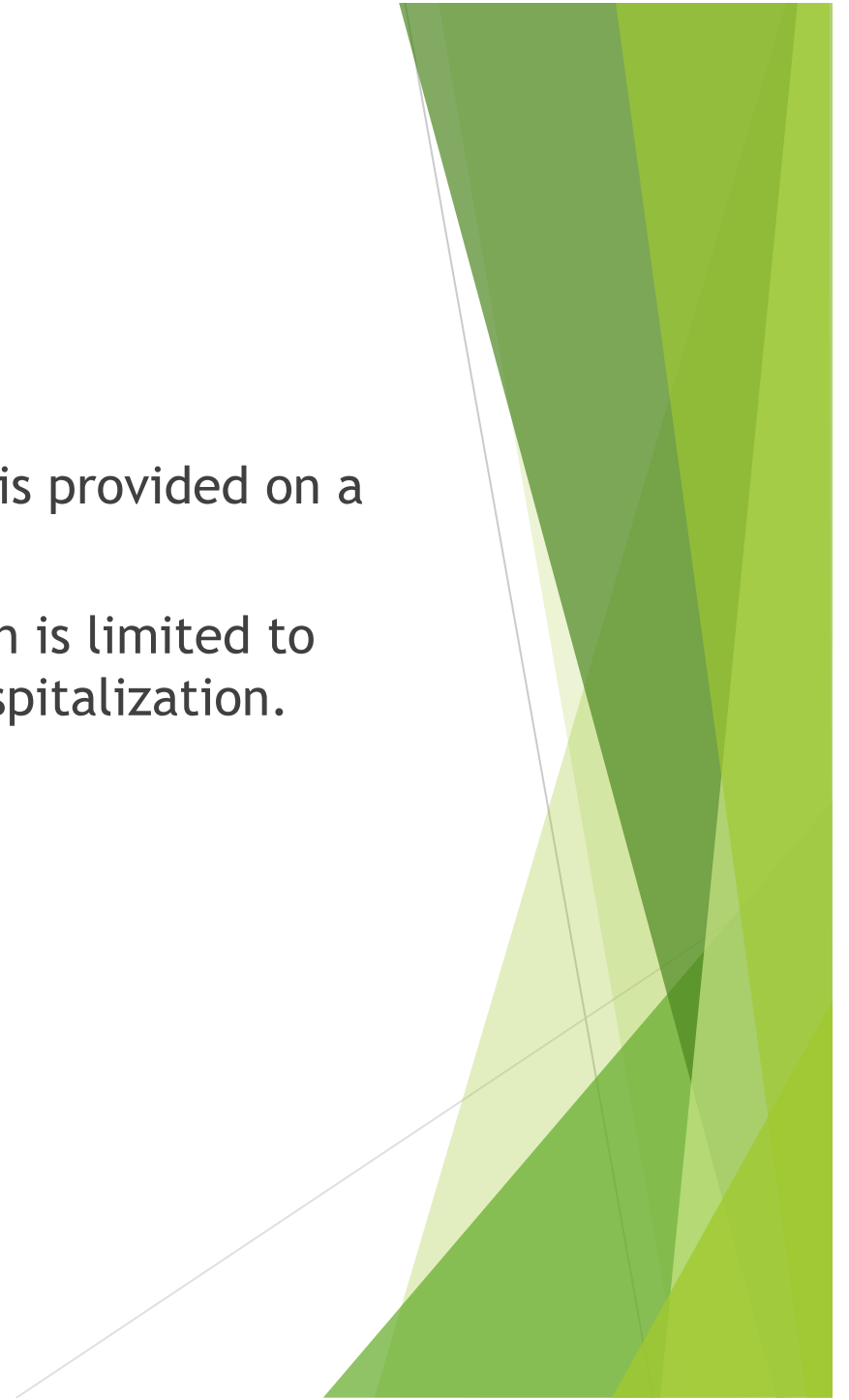
National health insurance

- ▶ Financing mechanism by which health care services are paid from a publicly organized fund.
- ▶ Introduced in Germany in 1880 & in Britain in 1910.



Conclusion

- ▶ In India, most of dental treatment is provided on a fee-for-service basis.
- ▶ Private third Party prepayment plan is limited to those dental services requiring hospitalization.



Questions asked

Short notes on:

- ▶ HMO
- ▶ Third party payment plans
- ▶ Delta dental plans
- ▶ Blue cross/ blue shield dental plans
- ▶ Table of allowances