



**First Ameritas Life Insurance Corp.**  
**Statement to the New York Division of Insurance**  
**Exchange Stakeholder Comments**  
**May 23, 2011**

Thank you for the opportunity to provide comments on behalf of First Ameritas Life Insurance Corp., a New York domiciled insurer that has provided dental and vision benefit plans for several decades.

- We, along with our affiliate, Ameritas Life Insurance Corp., provide or administer coverage to almost 5,328,000 lives nationally under stand-alone dental and vision plans
- Our dental plans provide nearly 162,000 access points nationally

Dental and vision benefits sold in separate policies of insurance are considered “excepted benefits” and thus are exempted from many of the provisions of the federal Affordable Care Act (“ACA”). However, dental and vision benefits for children are required under ACA for the Individual and Small Business markets beginning in 2014. Qualified dental plans can be certified to offer the pediatric dental benefits inside Exchanges, although not in the private market at this time. The required pediatric vision benefits cannot be offered through stand-alone vision plans, so we will limit our comments today to dental issues.

Although the pediatric age and the pediatric benefits are not yet prescribed, our present concerns relate primarily to:

- Maximizing the ability of stand-alone dental plans to offer the pediatric benefit in an equitable manner both inside and outside Exchanges
- Minimizing the fragmentation of the current family purchase of dental benefits, and resulting impact on adult purchasing and access to care

Oral health is an important component of overall health, and people with dental insurance are much more likely to see the dentist than those without. However, dental insurance is primarily a voluntary benefit. As a result, the more expensive it is, the less likely people are to subscribe. Also, the more difficult it is to obtain, the less likely people are to subscribe. Toward those ends, we are asking the state to consider the following to maintain availability and affordability of dental benefits:

- Establish definitions of pediatric age and essential pediatric oral health benefits to promote affordable appropriate care while still conforming with ACA requirements
- Protect the HIPAA “excepted benefit” status of Essential pediatric oral health benefits, so that only consumer protections appropriate for dental benefits are applied and affordability is maintained
- Provide for separate pricing and proportionate cost sharing, subsidies, and out-of-pocket maximums for Essential pediatric oral health benefits inside Exchanges, to promote transparency, consumer understanding, and choice
- Maximize the number of qualified dental plans to be offered inside Exchanges to provide consumer choice; avoid carrier Medicaid participation as a requisite for Exchange participation
- Maximize dental benefit availability by enabling the offer inside Exchanges of voluntary adult and “buy up” children’s dental benefits
- Allow the Small Business employers who purchase benefits through Exchanges to select plans as well as benefit levels for their employees, as they do in the current marketplace
- Limit expense sharing for Exchange operation to only those carriers participating in the Exchange
- Preserve the private marketplace, as the environment where competition and innovation thrive

We applaud the American Health Benefit Exchange Model Act developed by the National Association of Insurance Commissioners, particularly Section 7. 3.

A fact sheet with background on the dental benefits industry is provided for your review. We recognize the many perspectives the Division will need to evaluate, and we appreciate your consideration of the information and issues we have presented. We would be glad to provide additional information at any time.

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## **Dental Benefits Fact Sheet**

- 97% of private dental benefits are offered through employers or other groups
- 72% of employers offer dental benefits.
- 39% of the market is Small Business (under 100)
- 99% of employer coverage is offered in a policy separate from medical benefits
- Dental benefits are a discretionary purchase, therefore affordability is critical.
- Employers may offer dental on an employee-pay-all basis.
- Dental premiums are about 7-10% of medical premiums
- Over the past two decades, the number of Americans with dental benefits has almost doubled.
- 176 million Americans had dental benefits in 2009 – 132 million were families covered through the employer market
- Dental enrollment went down about 10 million in 2010, due to economic conditions
- The U.S. Surgeon General reports that good oral health supports overall health
- Clinical research continues to point to connections between certain oral conditions and heart disease and diabetes.
- People with dental insurance are 2.5 times more likely to visit a dentist than those without insurance
- Deferred dental care often requires more complex and costly treatment
- Expensive emergency room visits often result when people delay dental care because they do not have insurance