

The Health Cost Guidelines Dental are used to determine claim costs for a wide variety of dental benefit plans provided through traditional and managed care programs.

The Dental Cost Guidelines have several features to provide flexibility, including:

- Separate sections providing pricing details specific to indemnity and managed care plans. Each pricing section provides a step-by-step approach to evaluating utilization, average charges, and cost sharing for a variety of plan designs.
- A separate section that provides pricing details specific to orthodontia.
- A fee level worksheet allows for adjustments to reflect a fee schedule by dental procedure code.
- The claim probability distributions are provided for several combinations to assist in evaluating many cost-sharing alternatives or benefit-specific limits.
- The Dental Rating Model (DRM), a Microsoft Excel® rating tool that accepts plan (benefit-specific, cost-sharing, annual maximum, deductible, inclusion, and other adjustments), census, orthodontia, and other miscellaneous inputs to simplify plan rating and further claim cost development.

Indemnity Rating Structure

The Dental Indemnity Rating Structure provides a flexible basis for estimating claim costs for a variety of dental plans. Claim costs are developed on a per-member-per-month basis for three service classes. Various adjustments reflect deductibles, coinsurance, plan limits, and contract provisions. Orthodontia costs are presented separately.

HMO/PPO Rating

The Dental HMO/PPO Rating Structure provides a flexible basis for estimating claim costs for dental programs within a managed delivery system. This rating structure allows a user to modify the composite claim costs for age/gender mix of the members, geographic area, benefit plan coverage, trend, and negotiated reimbursement. The final results produced by this rating structure are premiums by rating tier reflecting retention and contract loads.

Orthodontic Rating

The Orthodontic Rating Structure contains orthodontic starting claim costs, claim probability distributions, and rating section based on the latest research and claims experience. Prior orthodontic claim probability distributions reflected only trend updates. The rating section is enhanced to allow pricing for plans compliant with the pediatric coverage requirements in the Patient Protection and Affordable Care Act (ACA). Six claim probability distributions: three pediatric medically necessary orthodontic distributions (one each for stringent, moderate, and lenient medical necessity definitions), and three pediatric non medically necessary/cosmetic orthodontic distributions (one each for stringent, moderate, and lenient medical necessity definitions) are included.

Basic Tables

The Basic Tables summarize the underlying utilization and charge level assumptions used throughout the Dental Cost Guidelines. Utilization and charge level information is provided by age and gender for employees, spouses, and children for each dental service category.

Composite costs are expressed on a per-employee, per-spouse, per-adult, per-child, and per-member basis. Employee composite costs are based on an employee distribution representative of the U.S. adult labor force.

Negotiated Reimbursement Worksheets

The Negotiated Reimbursement Worksheets are used to evaluate the impact of fee limitations on claim costs. If the plan to be priced has a fee schedule or if average fee levels are available, the Alternate Fee Level Worksheet can be used to adjust the average charge levels. The Alternate Assumptions Worksheet can be used to develop revised claim costs.

Trend Factors

The claim costs presented in the Dental Cost Guidelines are representative of claims incurred on July 1. For an experience period with a midpoint other than July 1, an adjustment is necessary to reflect estimated changes in the utilization and cost of dental services. Dental trend assumptions will vary significantly depending on factors that are often unique to each situation. Such factors include type of plan, benefit structure, and geographic area.

Moreover, these factors tend to be dynamic, requiring continuous analysis and subjective evaluation. For these reasons, it is difficult to establish a set of recommended trend factors for all users of the Guidelines. Rather, we have developed a framework for establishing trend assumptions for a variety of situations. This section includes considerations in establishing trend assumptions, guidelines for current year secular trend factors, and a trend assumption worksheet.

Area Factors

The claim costs contained in the Dental Cost Guidelines represent average costs based on nationwide average utilization and charge levels. Separate utilization and charge level adjustment factors are shown by Metropolitan Statistical Area and by state. Charge level adjustment factors vary by class of service. Composite factors are also provided.

Claim Probability Distributions

The Dental Claim Probability Distributions are a flexible resource useful for a wide variety of applications. These applications include deductible variations, selection factors, pooling charges, and benefit maximum factors. These distributions are consistent with the Basic Tables. The distributions can be modified to obtain distributions for specific situations and plans.

Dental Rating Model (DRM)

The Dental Rating Model (DRM) is a menu-driven rating tool that incorporates all aspects of the methodology described in the HMO/PPO rating structure in the Rating Instructions. The DRM simplifies the application of area factors, trend factors, age/gender factors, contractual and coverage utilization adjustments, and negotiated reimbursement adjustments for a variety of provider arrangements. The model also allows for simple application of various benefit plan limitations and other adjustments affecting utilization. The DRM includes a multiple plan rating functionality that allows the user to rate multiple plans within the same workbook. The DRM is also expanded to include the capability to rate ACA pediatric dental plans, which includes Actuarial Value output for use in rate filings. The DRM is included with the license of the Dental Cost Guidelines.



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