

# IMPACT OF TAXATION ON EMPLOYER-SPONSORED DENTAL PLANS

July 2009

# Survey Background:

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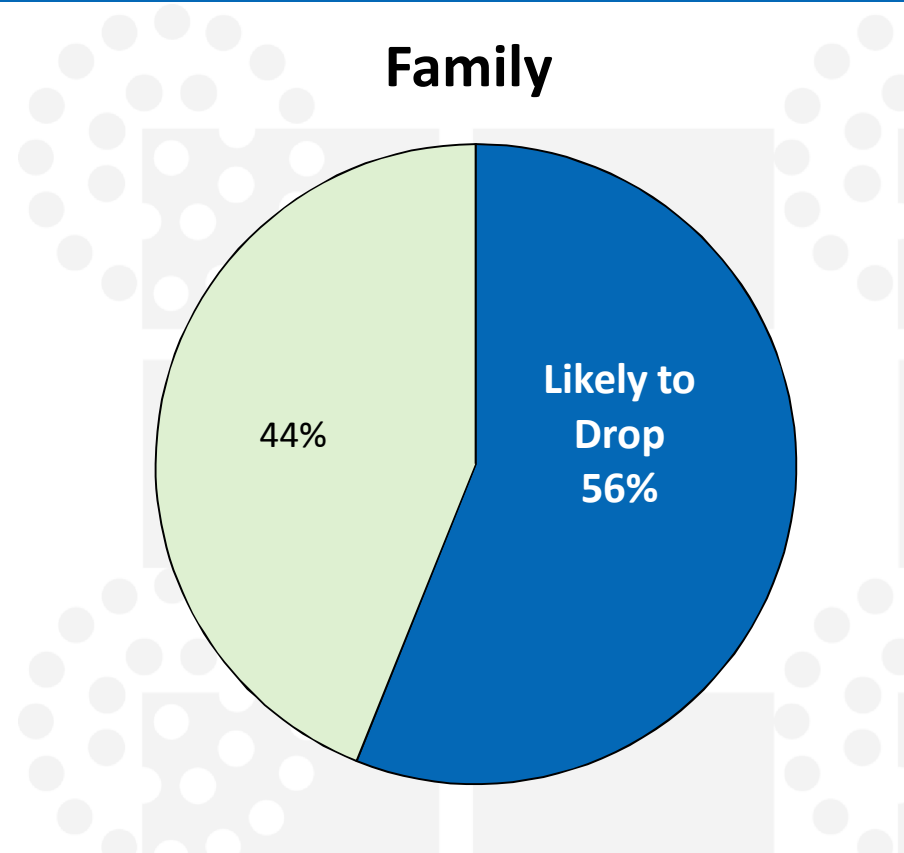
- Opinion Research Corporation was commissioned to poll 1001 Americans to determine the impact of taxation on continuation of dental coverage.
- Annual tax amounts were estimated using National Bureau of Economic Research (NBER) average marginal tax rates and NADP data for average annual dental premiums (\$1,000 for families, \$300 for employee only).

Percent of Premium Taxed	Annual Tax on Family Coverage	Annual Tax on Employee Only Coverage
100%	\$300	\$100
50%	\$150	\$50

- Telephone surveys on July 2-3 & 5 yielded 507 qualified respondents with employer-sponsored dental coverage for a margin of error of +/- 4%.

# Most Families Will Drop Dental Plan with \$300 Annual Tax on Premium

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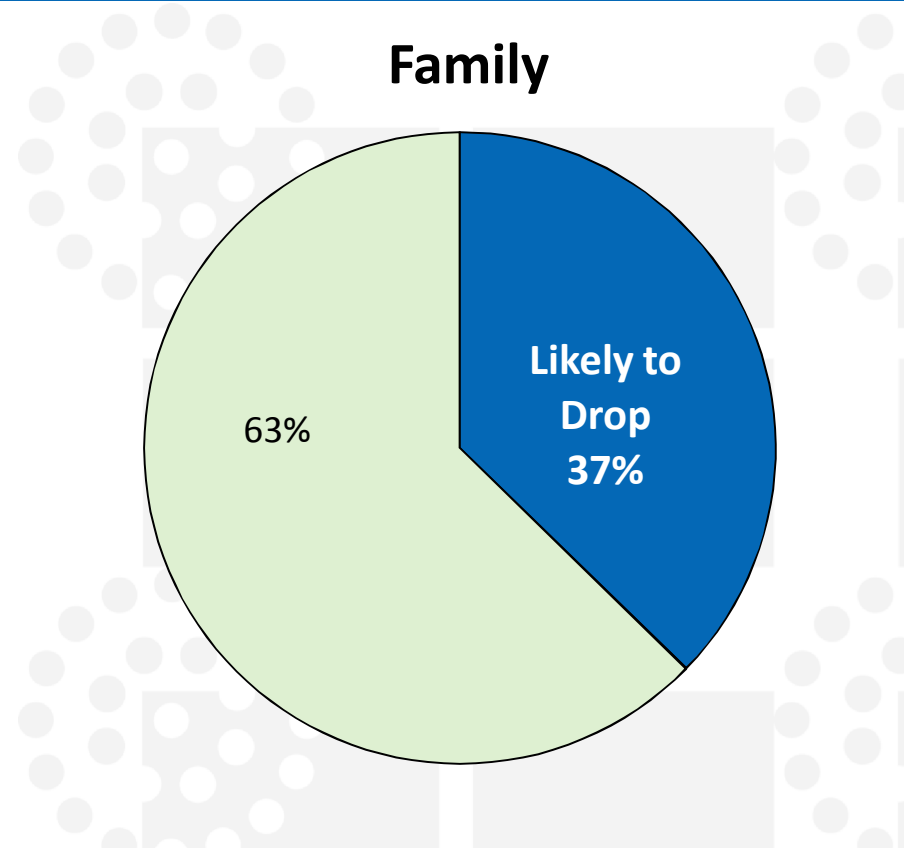


**Of the 131 million Americans with employer-sponsored family dental coverage, 56% or 73.4 million are likely or very likely to drop their benefit at \$300 annual tax.**

NOTE: Tax Amounts based on Average Marginal Income Tax Rate according to the NBER

# Over 1/3 of Families Drop Dental Plan with \$150 Annual Tax on Premium

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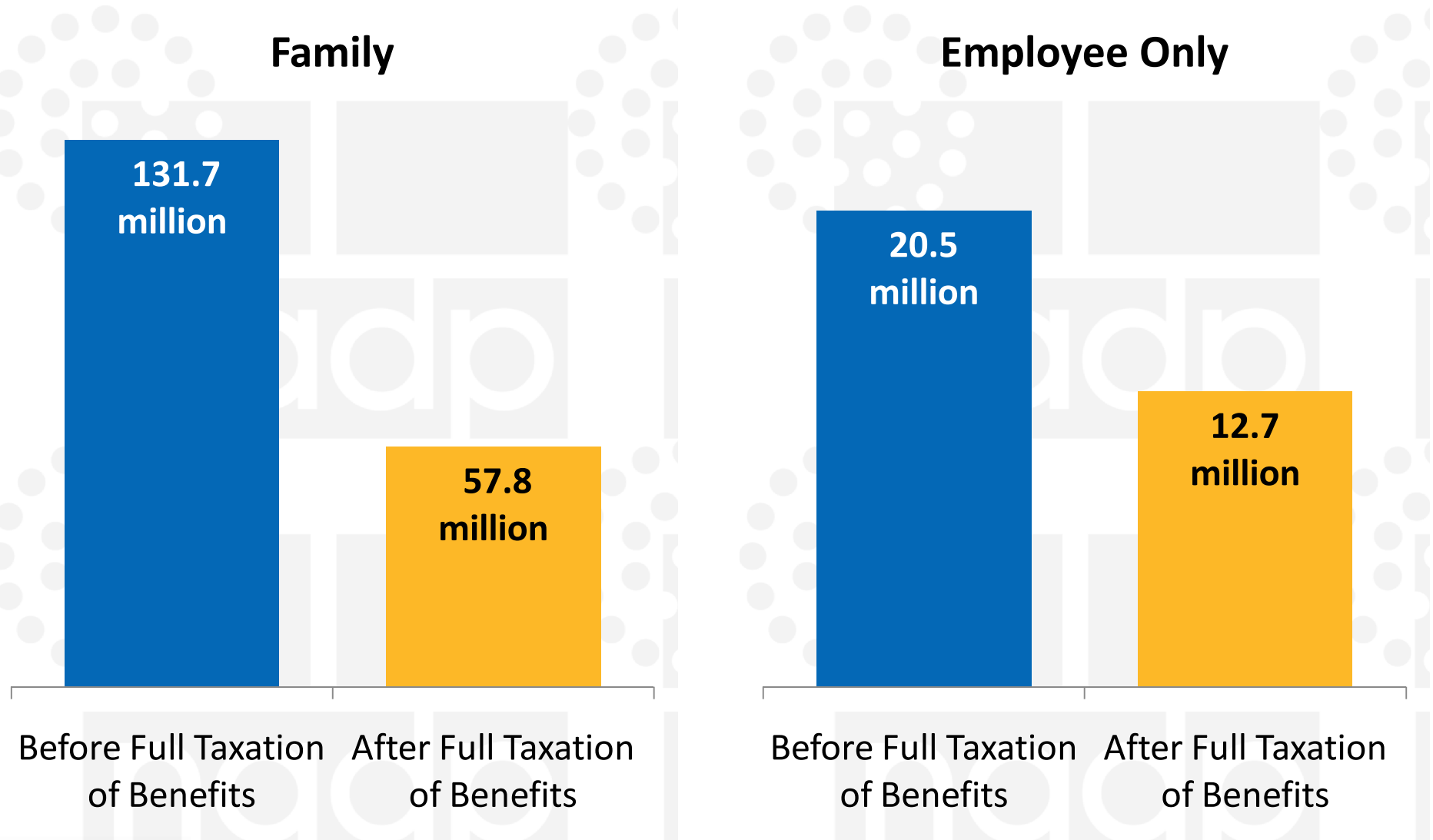


**Of the 131 million Americans with employer-sponsored family dental coverage, 37% or 49.1 million, are likely to drop their benefits at \$150 of annual tax.**

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# Full Taxation of Benefits Severely Reduces the Number of Americans with Dental Plans

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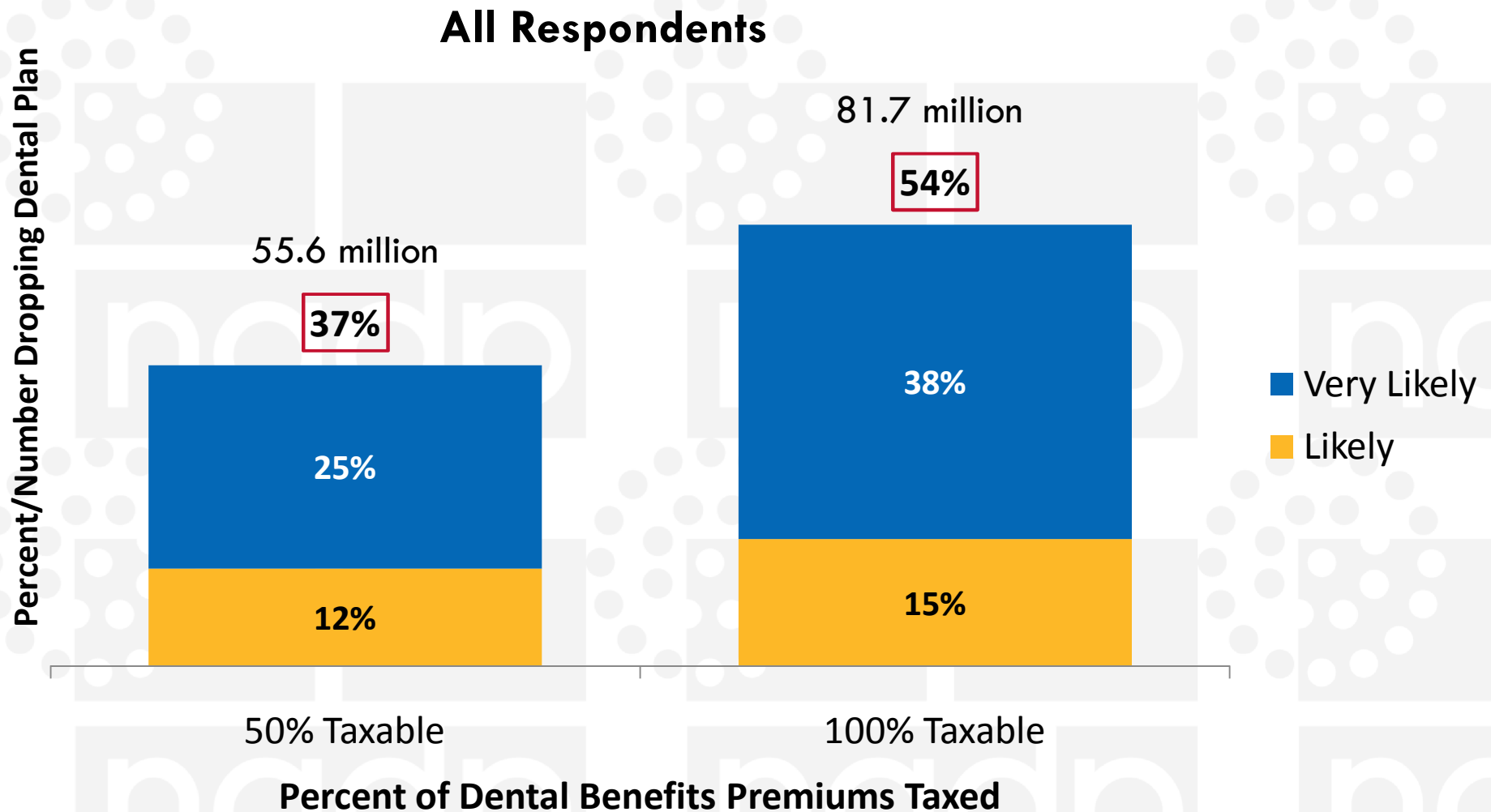
# Taxing Dental Plans = Less Dental Care

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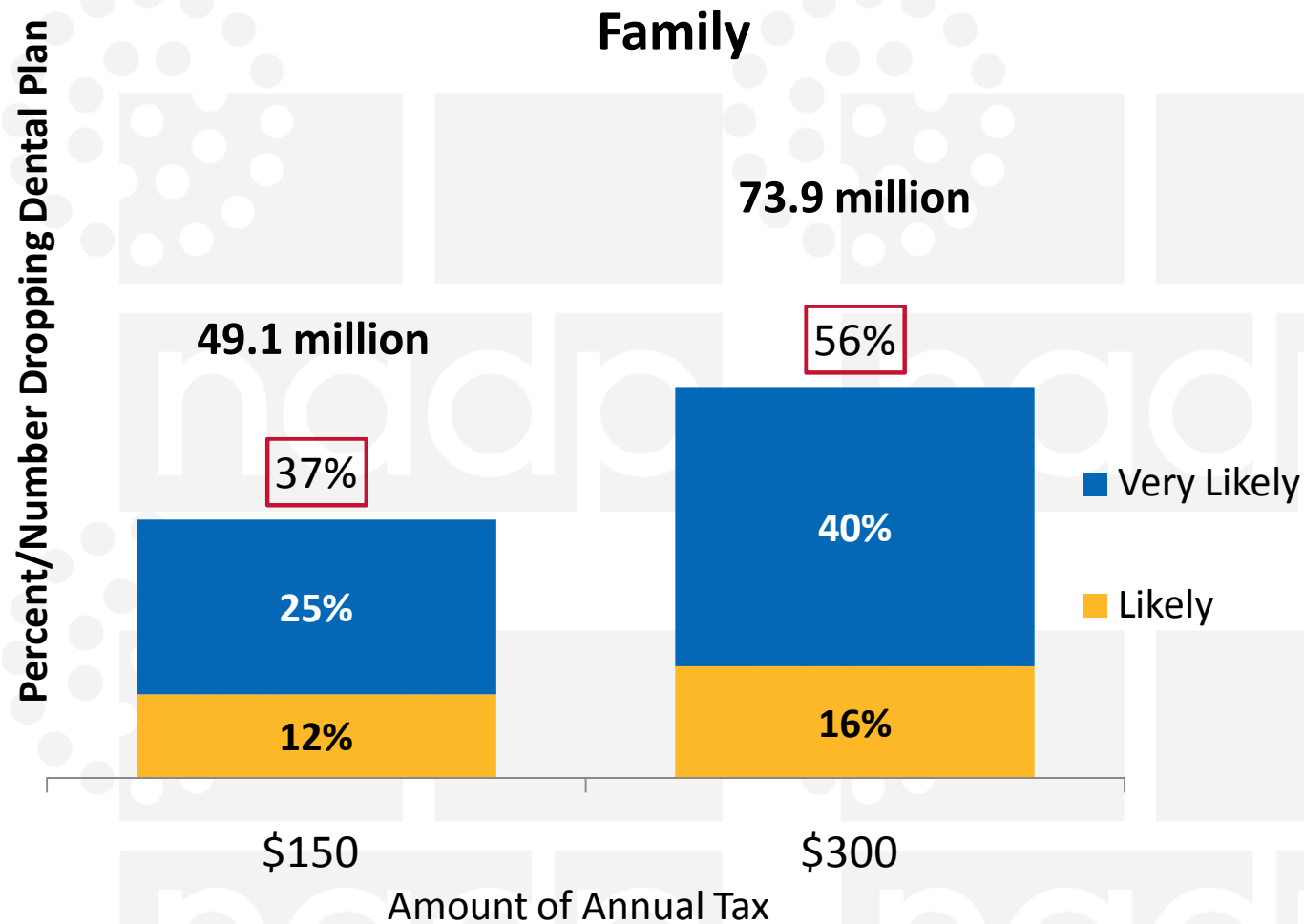
- Fewer Americans with dental benefits will increase the:
  - ▣ Number of children with cavities,
  - ▣ Adults with gum disease,
  - ▣ Costs of treatment for chronic diseases,
  - ▣ Dental related emergency room visits, and
  - ▣ Public health program costs.
  
- As more Americans forego preventive and early treatment, greater incidence of untreated dental disease will lead to:
  - ▣ More missed work days,
  - ▣ More missed school days,
  - ▣ Lower overall productivity.

# Americans Likely to Drop Dental Plans if Taxed

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# Greatest Impact of Taxation is on Families

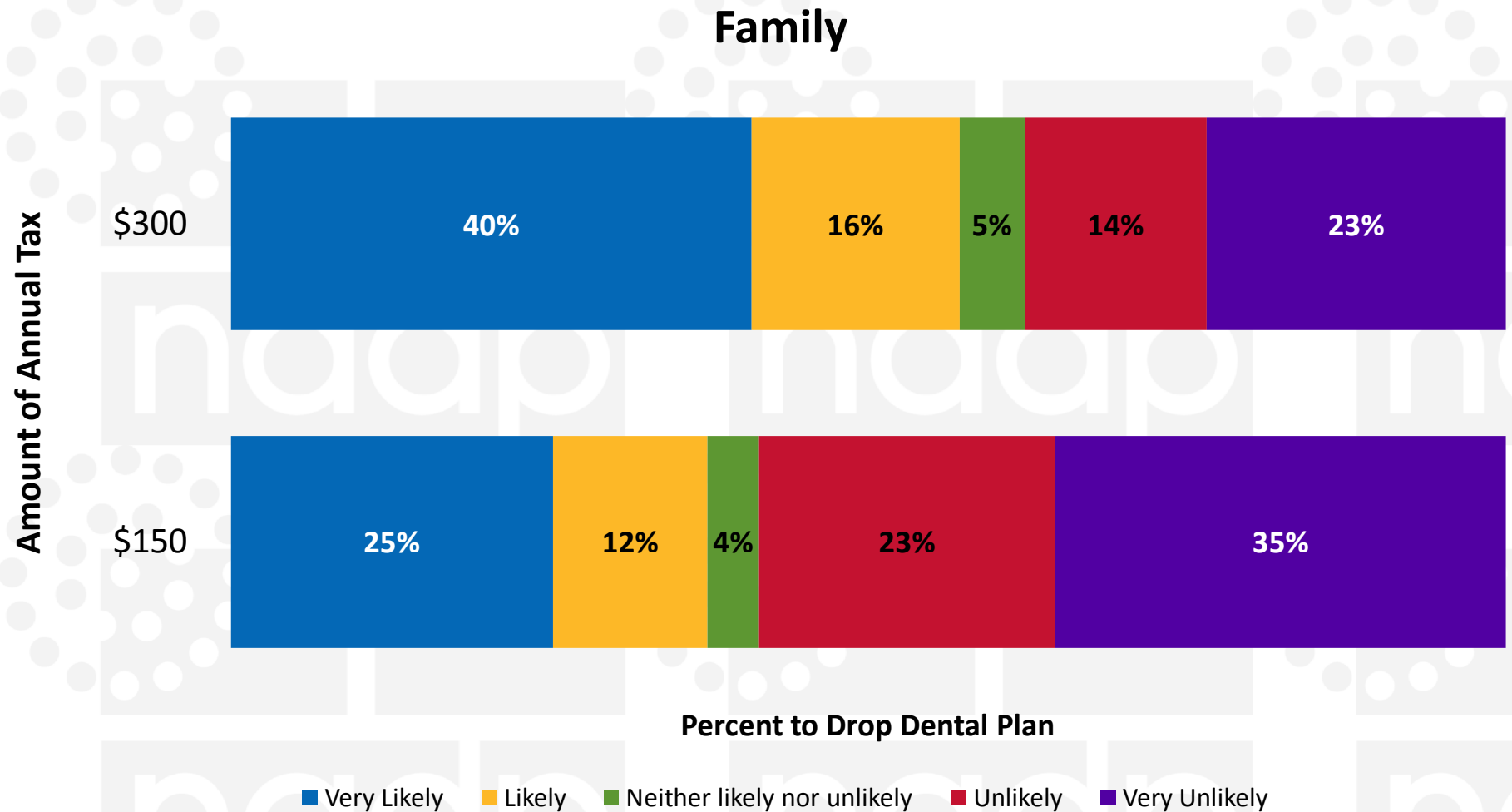


NOTE: Tax Amounts based on Average Marginal Income Tax Rate according to NBER



# Likelihood to Drop Dental Plan Due to Taxation

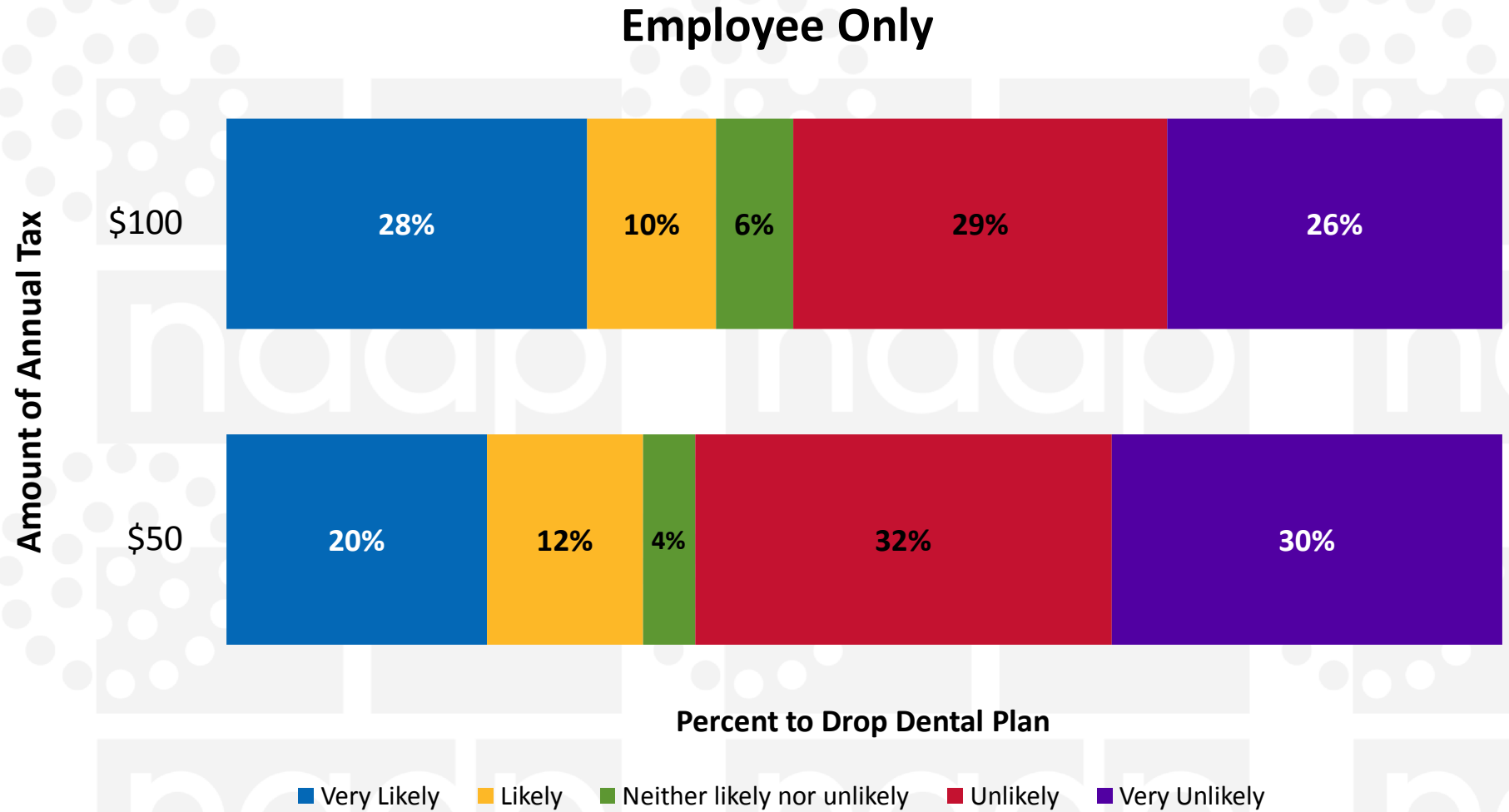
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# Likelihood to Drop Dental Plan Due to Taxation

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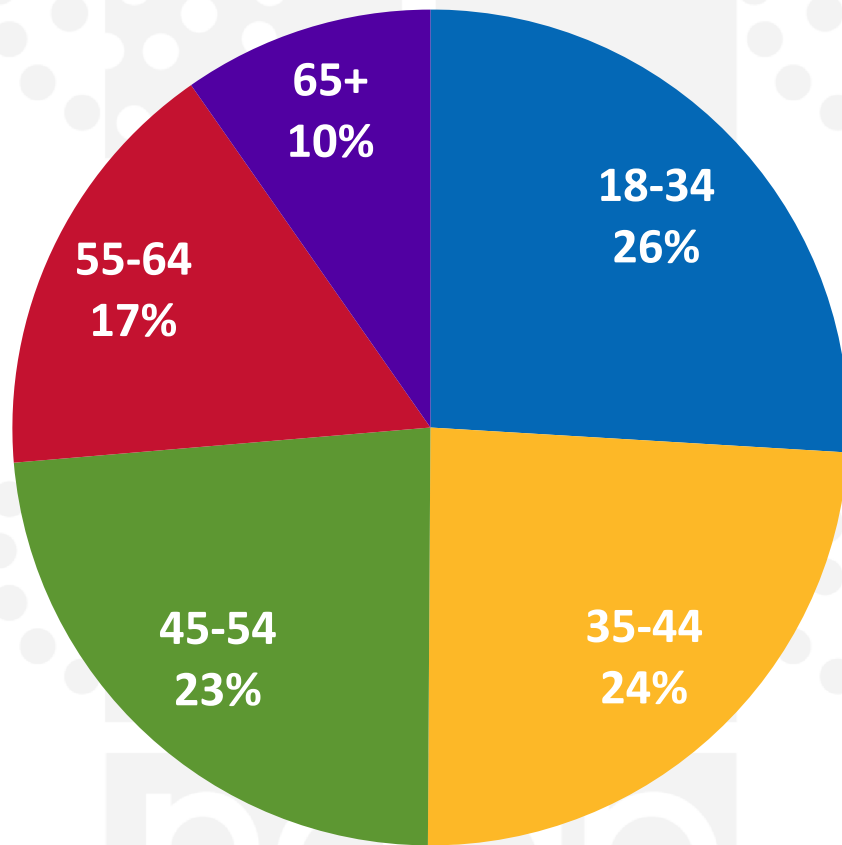


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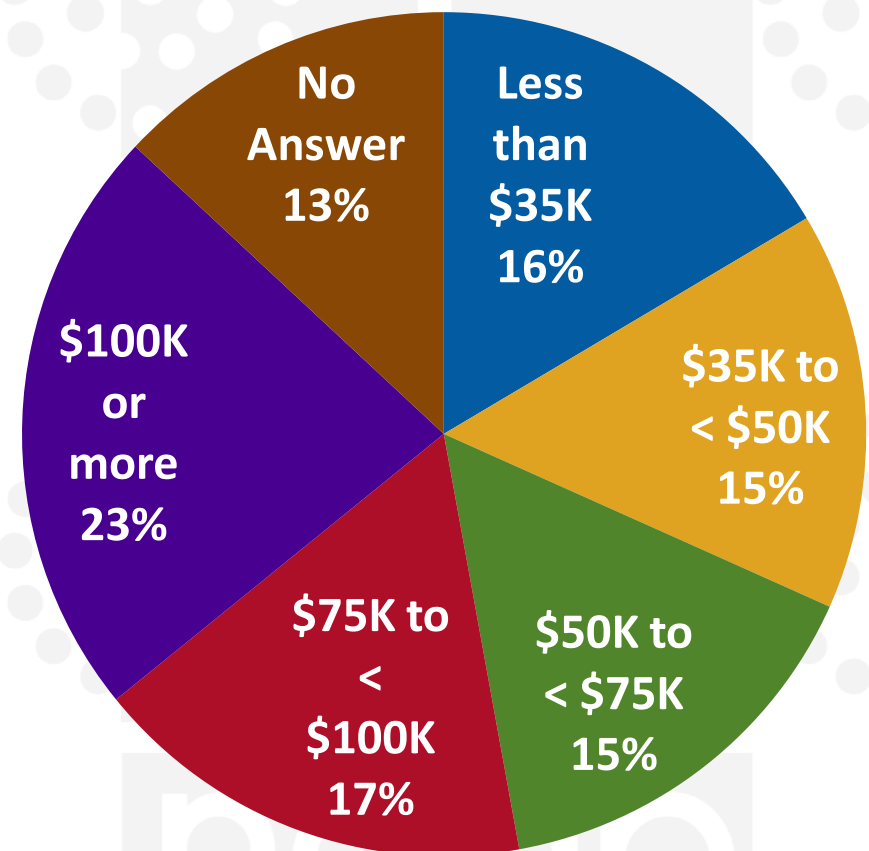
# Demographics: Qualified Respondents

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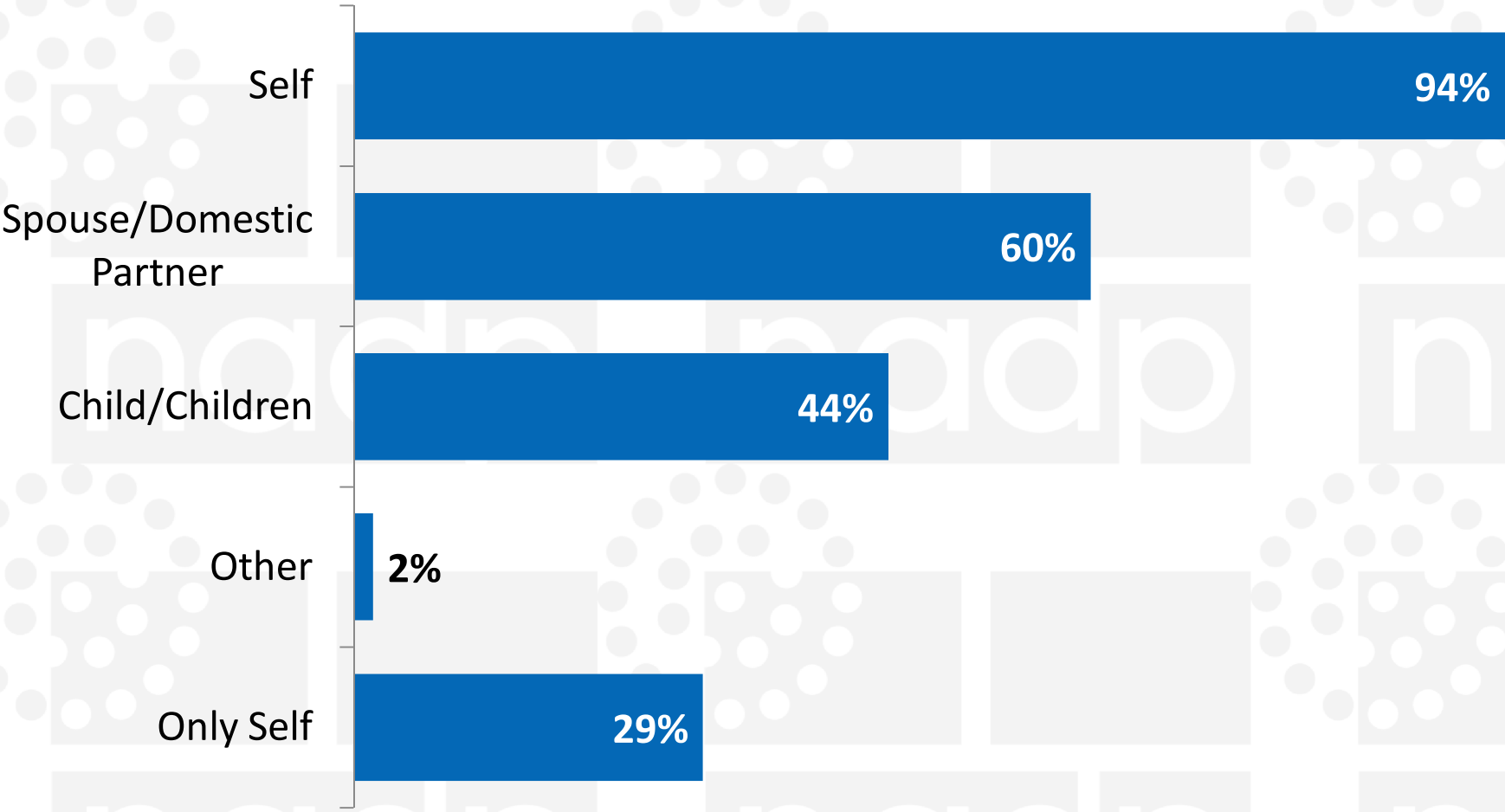
## Age



## Household Income



# Demographics: Who is Covered by Employer-Sponsored Dental Plan?



# SURVEY METHODOLOGY

This report presents the findings of a telephone survey conducted among a national probability sample of 1,001 adults comprising 501 men and 500 women 18 years of age and older, living in private households in the continental United States. Interviewing for this CARAVAN® Survey was completed during the period July 2-3, 5, 2009.

All CARAVAN interviews are conducted using Opinion Research Corporation's computer assisted telephone interviewing (CATI) system. CATI ensures that interviews are conducted in the most efficient manner and allows interviewers easy response recording.

The most advanced probability sampling techniques are employed in the selection of households for telephone interviewing. Opinion Research Corporation utilizes an unrestricted random sampling procedure that controls the amount of serial bias found in systematic sampling to generate its random-digit-dial sample. The sample is fully replicated and stratified by region. Only one interview is conducted per household. All sample numbers selected are subject to up to four attempts to complete an interview.

The analysis of the data from this survey yielded no significant differences between demographic groups in the likelihood to drop dental plans.