



MAINTAIN TAX INCENTIVES FOR EMPLOYER-SPONSORED DENTAL COVERAGE



- **Congress should preserve the tax exclusion for employer-sponsored dental benefits.**

DENTAL BENEFITS WORK

- More than half of all Americans have private dental coverage.ⁱ
- 97% of all dental benefits are provided through employers or other group programs.ⁱⁱ
- Dental insurance is an important benefit for middle-class, working Americans. A recent NADP consumer survey found that, among people who reported having dental insurance, 66 % earned less than \$75,000 per year.ⁱⁱⁱ
- Research has demonstrated that individuals with dental insurance are 2.5 times more likely to use dental care services than those without coverage.^{iv}
- The prevalence of employer-sponsored dental insurance has helped to increase utilization of valuable oral health prevention services,^v which improve health and help reduce the need for more costly care in the future.
- NADP's 2008 consumer survey found that people with dental insurance report practicing healthier oral care habits than those without dental insurance, including brushing and flossing, eating a healthy diet and visiting the dentist regularly.^{vi}

In 2009 Congress recognized the importance of dental benefits by requiring comprehensive dental coverage in the Children's Health Insurance Program

PROPOSALS TO TAX BENEFITS COULD ADVERSELY IMPACT ORAL HEALTH

Taxation of employer provided health benefits is under examination as a method to pay for health care reform. The debate is focused on capping the amount of employer-paid health insurance premiums (including dental) that can be excluded from employees' wages when income and payroll taxes are calculated.

Although much of the discussion about the tax exclusion is focused on medical coverage, these proposals will result in new taxes on dental coverage that would raise the cost of dental insurance for working families. Raising the cost of coverage could cause many families to forego employer-sponsored dental coverage.

Taxing dental benefits reduces employees' incentive to enroll in group-sponsored dental coverage. Employees who anticipate having large dental care needs would be more willing to shoulder the extra tax burden which will increase utilization overall and raise premiums for those that maintain coverage. Americans who drop coverage are less likely to seek care until it is critical. Delayed care has proved to be more costly for them and for the dental and medical care systems.

As science continues to demonstrate the role of oral health in promoting overall health, health care reform should maintain and expand the access to oral health care provided by existing employer-sponsored dental coverage.

Taxation of dental coverage will reduce access to oral health care.

ⁱ Agency for Health Care Research and Quality. *Dental Use, Expenses, Dental Coverage, and Changes, 1996 and 2004*. Medical Expenditure Panel Survey Chartbook 17. U.S. Department of Health and Human Services. p. 10

ⁱⁱ NADP/DDPA 2008 Dental Benefits Joint Report: Enrollment, August 2008, Dallas, Texas.

ⁱⁱⁱ National Association of Dental Plans. *2008 NADP Consumer Survey: Have and Have-Nots: Consumers with and without Dental Benefits*. March 2009, available at: www.nadp.org

^{iv} Manski, R. et al. *Private Dental Coverage: Who has it and how does it influence dental visits and expenditures?* Journal of the American Dental Association. Vol. 133, November 2002. pp. 1551-1558.

^v Sharon, S.C. et al. *A Review of the Literature: the Economic Impact of Preventive Dental Hygiene Services*. Journal of Dental Hygiene. 2005 Winter; 79(1):11.

^{vi} National Association of Dental Plans. Consumer Survey – Dental Health Attitudes, Behaviors & Awareness, May 2008, Dallas, Texas.