

## ACA AND DENTAL COVERAGE—THE BASICS

*The Affordable Care Act (ACA) requires Americans to purchase health coverage in 2014 and thereafter or pay a fine. Health coverage includes medical coverage offered through large employers or public programs. For the small group and individual market and Exchanges, the ACA sets a specific group of benefits, i.e. Essential Health Benefits (EHB) as health coverage.*

**WHO GETS DENTAL COVERAGE UNDER THE ACA:** Children’s dental services are included as part of the Essential Health Benefit (EHB) package. So, children in segments of the population where the EHB package is required will have dental coverage offered as part of that package.

- The PEW Center on the States estimates that about 5.3 million additional children will get dental coverage under the ACA, although most will be added to public programs.

**WHERE IS THE EHB REQUIRED?** The Essential Health Benefit package is the minimum package of benefits to be offered through Exchanges and in the small group and individual market outside of Exchanges. So this part of the market will have children’s dental services offered as part of the package of benefits to meet the mandate to buy coverage.

- The ACA defines small group as 100 or fewer.
- Most states define their small group markets as 50 or fewer.
- States can keep the definition of small group at 50 until 2016 when all states must use the ACA definition.

So, in 2014, EHB will be offered at minimum to individuals, to employers of 50 or fewer and to anyone purchasing coverage through Exchanges.

**IS CHILDREN’S DENTAL REQUIRED FOR ALL CHILDREN UNDER THE ACA?** No, children that have coverage through a family member employed by a large employer are not required to have dental services to meet the mandate to purchase health coverage under the ACA. However, most large employers offer dental coverage to their employees and often contribute to that coverage (see chart on next page).

**WHAT WILL BE COVERED?** This is a state-by-state determination. Each state sets its own package of “essential health benefits (EHB)” within HHS’s guidance. HHS’s guidance recommends that state CHIP programs or FEDVIP<sup>1</sup> as guides for children’s dental benefits if a state’s selected medical benchmark does not include children’s dental services.

The expectation for children is that the dental procedures that are covered will be fairly similar to those covered today under separate commercial dental policies or CHIP programs. HHS guidance is not definitive but suggests that states may be required to include orthodontia (braces) but only when medically necessary. There is no single definition of “medical necessity,” so it is likely to be state determined as well.

To date, states that have finalized their EHB package are using state CHIP programs to define children’s dental services. As states have broad latitude to select benchmarks, at least one state has indicated that it will cover only semi-annual preventive visits with x-rays and sealants. Some states specifically include coverage of medically necessary orthodontia and some do not. There are a wide range of definitions of medical necessity from coverage only for cleft palate to various levels of malocclusion.

HHS’s proposed EHB Rules set FEDVIP as the default dental benchmark for states that do not make a benchmark selection and have their Exchanges run as a Federally Facilitated Exchange (FFE).

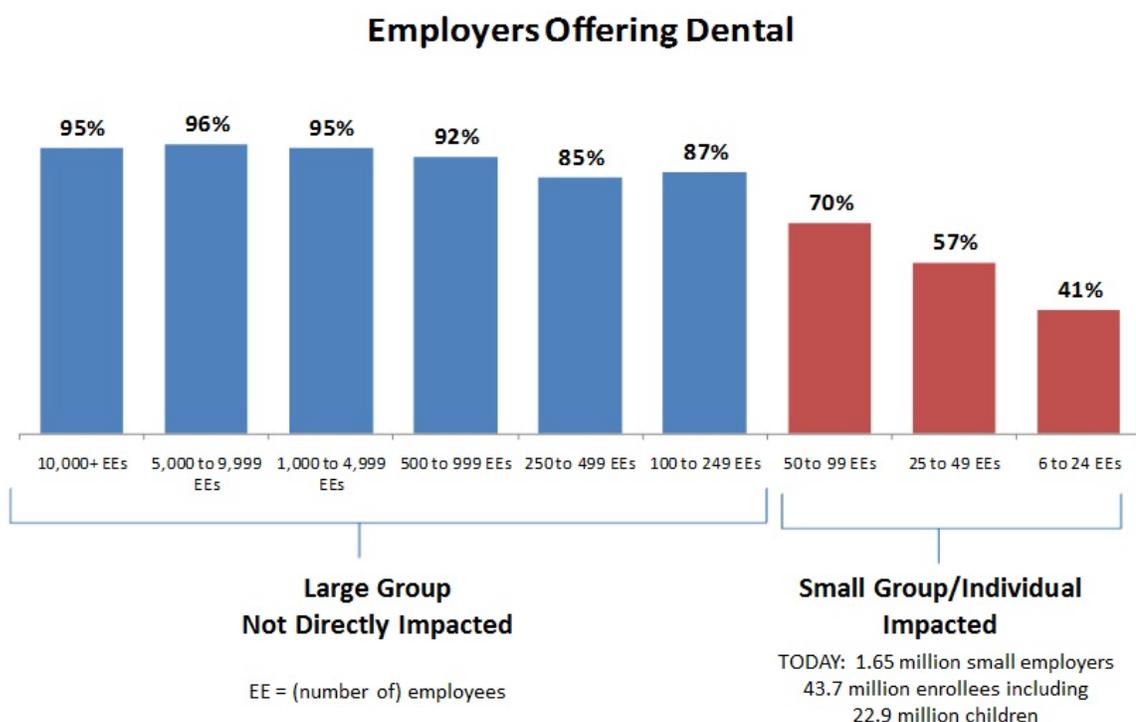
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<sup>1</sup> CHIP is the Children’s Health Insurance Program; FEDVIP is the Federal Employees Dental and Vision Insurance Program. Specifically the FEDVIP dental plan with the highest enrollment is specified, i.e. the MetLife High Plan for 2012.

**WHAT COST SHARING WILL BE APPLIED?** Regulations eliminate annual limits for pediatric dental services that are defined as part of the EHB package. HHS proposed regulations on EHB require a separate “reasonable” annual out-of-pocket cost sharing limit for separate policies covering pediatric dental. NADP has recommended, based on analysis by Milliman, that “reasonable” be defined initially as \$1000 in 2014 and indexed thereafter for inflation. With no annual limits and \$1000 OOP limit, consumers purchasing pediatric dental coverage separately in Exchanges will have lower OOP expense for high cost dental procedures—like medically necessary orthodontic treatment—than their peers who obtain dental coverage through large employers.

**HOW WILL THESE CHILDREN’S DENTAL BENEFITS BE OFFERED?** Today, 99% of dental benefits are sold under a separate policy from medical coverage. In fact almost 44 million consumers working for employers of 100 or fewer have separate dental coverage today. About 1% of consumers have dental benefits as part of their medical policies.

In Exchanges, consumers will continue to have these options, i.e. children’s dental benefits in their medical policies or a medical policy plus a separate dental policy covering their children. In most state Exchanges consumers will also have the option of adding dental coverage for themselves and their spouses. In FFExchanges, consumers will have the options of adding dental coverage for themselves and dependents that do not qualify for pediatric dental services.



In the small group and individual market outside of Exchanges, the ACA makes a change in the way coverage is currently offered. It requires ALL medical policies offered to consumers to include children’s dental coverage. Thus, the separate dental policies that now cover 22.9 million children in the small group and individual market will be duplicated by medical coverage at the beginning of 2014.

To avoid duplication in premium costs in 2014, consumers with separate dental policies will have to decide whether to continue them or drop their children from the dental policy. One key issue in making this decision is whether the dentist their children now see is in the network of the medical carrier. Another is the scope of benefits set by the state for children’s dental services that is covered under the medical plan as some states will offer limited dental benefits for children.

If consumers decide to drop their children from their dental policy, consumer surveys show about half will consider dropping their separate dental policy altogether. NADP estimates that this could result in 10 million fewer adults with dental coverage. This could result in a net loss of the number of Americans with dental benefits and a decline in the overall oral health of Americans.

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