

Highlights

- ◆ ODA Fee Guide up by 4.09% in 2004
- ◆ Cumulative 3-year increase is 10.85%
- ◆ Insurers using an average trend factor of about 5%
- ◆ Differences exist among carriers as trends range between 2% to 6.5%
- ◆ Expect overall inflation + trend increases of between 6%-11% in '04

How Fast Are Dental Premiums Rising?

At renewal, dental plan premiums are subject to *inflation* and *trend factor* adjustments, **after** accounting for claims experience in the preceding year. Inflationary increases are limited to changes in the *Ontario Dental Association (ODA) Fee Guide*. Trend factors are projections that insurers develop to anticipate increases in dental benefit *consumption* for the coming year. This bulletin summarizes current practices in both areas.

The *2004 ODA Fee Guide* increased by **4.09%** over 2003. In January 2002, the ODA implemented }significant changes to how fees were set, including }accounting for consumer demand for services, in addition to the cost of providing the care. The association intended to phase in these changes over three to five years, estimating a cumulative fee increase of about 15%. The }following table outlines fee guide

changes over the last three years, broken down by dental procedure category.

Mellon Financial Corporation released its survey of health care trends¹ in February. It polled twelve insurers and found that the average *dental trend assumption* being used was **4.96%** and ranged anywhere between **2% to 6.5%**. Trend increases reflect increased *consumption* or utilization of }dental services caused by changing social attitudes, education, more effective procedures, 'pain-free' dentistry and demographics.

When you combine these two factors, plan sponsors should anticipate dental rate increases of between **6% and 11%**, depending on the carrier, **after** adjustments for the plan's claims experience in the preceding year.

¹ Canadian Health Care Trend Survey Results

ODA Fee Guide Increase (2002—2004)

Procedure Codes	Dental Category	2002	2003	2004	Cumulative Effect
00000-09999	Diagnostic	-1.01%	4.92%	5.98%	10.07%
10000-19999	Preventative	15.96%	1.12%	0.41%	17.47%
20000-23999	Minor Restorative	2.78%	4.99%	8.00%	16.54%
24000-29999	Major Restorative	2.27%	-1.90%	0.30%	0.63%
30000-39999	Endodontics	1.42%	4.09%	2.30%	8.00%
40000-49999	Periodontics	-4.65%	4.68%	3.87%	3.68%
50000-59999	Prosthodontics (Removable)	2.5%	3.06%	4.08%	9.95%
60000-69999	Prosthodontics (Fixed)	0.37%	3.89%	7.57%	12.17%
70000-79999	Oral Surgery	3.02%	5.05%	7.20%	16.01%
90000-99999	Adjunctive Services	2.50%	3.06%	3.74%	9.59%
Overall Weighted Average Increase		2.40%	4.00%	4.09%	10.85%