

# First Security Finds Freedom from Dental Plan Limitations

## Employees gain control of dental costs with Direct Reimbursement.



*Diana Andersen (above), First Security's benefits officer, was astounded by the increases in the company's dental plan rates. She found a Direct Reimbursement plan would save the organization's dollars and save employees from confusion.*

**F**irst Security Corporation, a Salt Lake City, Utah-based full-service financial institution, believes in empowering its 10,000 employees.

That's why in 1991, when its dental insurance company threatened to give employees a kick in the teeth, the company's benefits team simply took control of the situation.

"After yearly increases of 20 percent, we learned that the 1992 rates would increase by 27 percent," says Diana Andersen, who was then the company's corporate benefits officer. The insurance company, which had provided First Security's indemnity dental plan for several years, also delivered the news that actual benefits would, in fact, decrease.

Andersen calculated that most of the increase could be attributed to higher

administration costs. "This was frustrating because our own staff was inputting all the eligibility data," she says. Working with First Security's benefits team, she began to review other options.

### **Direct Reimbursement gives more freedom to employees and employers.**

By chance, Andersen had been invited by local dentists to attend an informational program about a self-funded dental-benefits option called Direct Reimbursement (DR).

There, Andersen learned about DR: With a DR plan in place, an employee visits the dentist of his or her choice, receives treatment and arranges for payment, and later presents a paid receipt or proof of payment to the employer for reimbursement.

Unlike most traditional insurance plans, DR reimburses employees based on the *dollars spent* on dental care, not on *the type of treatment* received. Plan design varies according to a company's budget so that costs can remain under a company's control. Moreover, there are no predetermination or pre-authorization requirements, no UCR and typically no deductibles. By leaving all treatment decisions to dentists and patients, DR frees employers from employee complaints about limitations, exclusions and hidden costs.

### **First Security saves big with slow, steady increases to interest.**

Back at the office, Andersen plugged in First Security's numbers. To her surprise, she discovered that the company could save approximately \$150,000 per year with DR. Needless to say, it wasn't difficult to convince the company's benefits committee that DR was the solution the company needed.

In 1992, Direct Reimbursement saved First Security approximately \$182,000. There were no rate increases for the plan during the first three years, a 5 percent increase for each of the next two years, and again, no increases for the most recent two years.

First Security's current plan offers a total annual maximum of \$1,500 per covered individual—and no exclusions. "It's a very rich benefit," Andersen says proudly, adding that her happiest moment was when she "deleted the pages of exclusions from our old summary plan document."

Andersen says the advantages of First Security's DR plan have been numerous, including:

- Easy access to utilization data
- Better customer service, and an extensive educational program that puts employers in the driver's seat
- Faster reimbursements
- Less confusion about benefit levels
- More employee control of benefit dollars.

"DR seems like a radical concept," says Andersen, "but a company should explore all the options available from the perspective of its corporate philosophy and its employees. In First Security's situation, Direct Reimbursement was the perfect fit." ■

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