



HOW AMERITAS RATES:

Monitoring Increased Utilization

Our June issue described the advantages of more than 30 years of dental specialization in our ability to calculate an accurate rate for any industry, location and plan design at proposal time. We are able to rely on our database and experience to determine rates that meet our customers' desire for stable, predictable costs over time.

Gary Raymond, FSA, MAAA, Ameritas Group Dental vice president and chief actuarial officer, reports that in recent months, the company has seen sharp increases in dental benefit utilization in terms of both claim frequency (average number of claims submitted per day per thousand certificate-holders) and claim intensity (average claim size).

"These increases appear to be affecting nearly all segments of our business – they are not limited to just a few regions, industries or plan designs," he said.

Further analysis reveals that these increases are being driven by upturns in Preventive and Basic services, not Major services, said Raymond, which makes the increase in average claim size "even more surprising."

"Specifically, we have noted a rapid transition in restorative materials from silver amalgams to composites and resins (white, natural-looking)," he added. (Composites generally cost about 25% more than amalgams.) "We have also seen significant increases in oral surgeries and extractions. In fact, so far in 2002 there have been more submitted charges for oral surgeries and extractions than for exams. This could be a cause for concern because some of these extractions will lead to bridges, dentures and implants in future months. Preventive services are also showing some moderate increases in utilization."

Raymond said Ameritas' actuarial experts are keeping a careful eye on the situation but avowed that as these higher claims work their way into Ameritas' case-specific claims experience, some upturn in the average renewal rate increase is likely.

"We are still hoping that this upswing is only temporary, but with six consecutive adverse months, obviously we have to monitor these trends very closely."

We welcome your input in evaluating these industry-wide claim trends and invite you to share your views about possible causes, as well as your observations about the ways carriers may be adapting by altering their pricing, underwriting or marketing strategies. Also, please get in touch with your Ameritas sales representative if you want information about the numerous flexible options available that allow employers to provide affordable benefits to their employees. (See "The Dental Health Experts" on the back for more.)

"These higher dental trends appear to be affecting our competitors as well. Just about everybody is reporting 2002 loss ratios at least two or three percent higher than last year's. We don't know yet how soon most will react with pricing changes of their own; some have already started to make changes."

– Gary Raymond

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Ameritas Group Dental, a division of Ameritas Life, offers group dental and eye care insurance products nationwide. In New York, insurance coverage is provided through First Ameritas Life Insurance Corp. of New York. Individual and group prepaid dental coverage is provided in California by Ameritas Managed Dental Plan, Inc., a wholly owned subsidiary of Ameritas Life.

Ameritas Life is rated A+ (Superior) by the A.M. Best Company. This is the second-highest of Best's 15 ratings. Ameritas Life is also rated AA "Very Strong" for insurer financial strength by Standard & Poor's. This is the third-highest of S&P's 21 ratings.



The Dental Health Experts: Building a TRUE Bargain

No Surprises ...

In December 2001 we reported results of a survey conducted by Tillinghast – Towers Perrin, a management consulting firm. Ameritas was rated in the top third of all competitors in the survey for having lower expense ratios. Ameritas Group Dental V.P. of Field Sales Todd Reimers, CLU, commented:

“We’re efficient when it comes to expenses because a higher percentage of premium dollars goes toward paying claims. We may not always have the lowest rates but we usually have the **most accurate ones.**”

“In the long run, this is better for policyholders because they are less likely to be surprised with large rate hikes at renewals.”

With the trend toward increased utilization and an uncertain economy, it’s more important than ever to scrutinize dental plans to determine what your client is *truly* getting. Ameritas representatives know how to look beyond the numbers, study contract designs and examine plan components. You can put this expertise to work for you – helping you gain satisfied clients who will remain loyal to you through good times and bad.

Your Ameritas representative can design or adjust a plan to meet your client’s budget needs. *He or she can:* suggest managed care features in order to contain costs or provide greater benefits for the same premium; eliminate or reduce features that receive low use from a plan’s employees; and provide special benefits for employees in certain regions to match benefits provided by the competition. **Two other suggestions for affordable plan design:**

Increase the deductible. Since most dental claims are fairly small, increasing the deductible will usually reduce premium rates by several percentage points. Most Ameritas products can accommodate any type of deductible in \$5 increments.

Recategorize expenses. Did you know there are employers who cover common Major expenses (we’re talking crowns and root canals) at the Basic level? We have even encountered groups covering crowns at 100 percent! The decision is theirs, but employers often just don’t realize that when they request coverage at these levels, all of the plan’s participants can be stuck subsidizing expensive services only required by a small percentage of employees.

This and similar information has appeared in articles authored for national publications by Ameritas associates, Ameritas sales representatives, and Ameritas representatives in collaboration with brokers with whom they work closely. Ask your rep to e-mail you copies of our recent articles published in Health Insurance Underwriter, California Broker, Life Insurance Selling, or Workforce magazine. Titles: Direct Reimbursement Dental Plans • Selling Strategies for Dental and Vision Insurance • Succeeding with Dental Insurance: Providing More Than a 12-Month Plan • Mastering Ancillary Dental Insurance • Visionary Thinking (demand for Eye Care benefits)

EBPR Survey Results

Results of the 2001 Group Accident and Health Survey were reported in the June 2002 issue of *Employee Benefit Plan Review*. Ameritas has placed in the Top 10 in all categories since 1994.

Ameritas Year-end Rankings

Fully Insured Dental Plans (Excludes Dental Administrative Services Only Contracts)

Measure	2000	2001
Number of new master contracts	4th	4th
Number of new employees	5th	4th
New business premium	4th	3rd
Number of in-force master contracts	3rd	4th
Number of in-force employees	5th	6th
In-force premium	5th	5th