

Caring for Aging Smiles: New Options for Retirees

Hard economic times have hit the United States and many companies now find themselves in a cost-cutting mode that reaches farther and deeper than ever before. This forces painful cutbacks that impact the individuals who devoted their careers to a company's success.

Just at the time in life when medical and dental issues can begin to increase, thousands of retirees find themselves in an unexpected scenario—losing their employer-sponsored health and dental coverage after retirement.

What has changed?

Over the past several years, many major employers have eliminated paying for health and dental benefits for their post-65 retirees, including many of the country's largest employers.

According to the Employee Benefit Research Institute (EBRI), companies “have clearly passed the tipping point on retiree health benefits” with a drastic decline in the last decade. In 1993, 40 percent of employers were offering retirement health benefits for Medicare-eligible employees. By 2007 that number had fallen to just 21 percent. Retiree benefits have also decreased for early retirees (those under 65) from 46 percent in 1993 to 31 percent in 2007. (Source: www.ebri.org)

Some of that decrease can be attributed to fewer large employers (those with more than 200 employees) offering retiree benefits. The 2007 Kaiser Family Foundation survey of employee benefits found that 66 percent of large firms offered retiree benefits in 1988, but only 33 percent offered them in 2007. (Source: www.kff.org)

As health care costs continue to rise, it remains a struggle for companies to provide coverage for retirees. In a 2007 PricewaterhouseCoopers Management Barometer survey, 73 percent of employers said retiree health coverage is placing financial pressure on their organizations. (Source: www.pwc.com)

The rising cost of providing employer-paid health benefits is reason enough for the change, but two other factors contributed to the decline in employer-sponsored retiree benefits. In 1990, the Financial Accounting Standards Board began requiring companies to record retiree health benefit liabilities on their financial statements. The accounting rules were extended to public employers in 2004. This new view of the cost of retiree benefits, combined with the overall cost increase of providing the benefits, prompted many companies to begin looking for ways to control, reduce or eliminate retiree health benefits.

A controversial decision in 2000 by the U.S. Court of Appeals also contributed to a decrease in retiree benefit options. In the decision, the Court of Appeals required equal benefits for retirees of all ages, regardless of Medicare eligibility. A follow-up ruling in December 2007 by the Equal Employment Opportunity Commission reversed this decision, removing the threat of age discrimination lawsuits. However, while this allowed companies to once again coordinate retiree benefits with Medicare or other state-sponsored health care programs, many had already reduced or eliminated retiree benefits altogether. In the current economic environment, many companies that continue to offer retiree benefits are having to make the difficult decision to trim those benefits.

The Aging Population

These changes come at a time when more of the population needs retiree benefits. Consider these staggering numbers: In 2011, the baby boomer generation will begin to retire en masse. On a national scale, this generation includes more than 78 million Americans, or nearly 30 percent of the U.S. population. By about 2030, 20 percent of the population will be 65 years of age or older.

This generation can also expect to live longer than ever before.

Employers are not the only ones experiencing sticker shock from rising health care costs. Many retirees did not plan financially for this change, and many of them likely don't know the cost of health care because their employers have always picked up the cost.

Finding and managing benefits comes as a challenge to workers, barely a third of whom expect to have access to employment-based health insurance in retirement. These expectations are down considerably from just two years ago—in 2007, 42 percent of workers expected access to retiree benefits. (Source: www.ebri.org)

This generation also has unique dental needs. Retiring baby boomers are the first generation to enter retirement with good oral health overall, and most of their teeth. They were born as fluoridation was being adopted by municipal water suppliers. The number of Americans with dental insurance increased rapidly during the '60s, '70s and '80s, so many retirees enjoyed access to dental insurance most of their lives.

This access has developed an expectation of preventive and restorative dental services. Many baby boomers have also had fillings, crowns, and other dental services over the years, which all require maintenance.

Dental care often overlooked

When faced with the loss of employer-sponsored health benefits, retirees may overlook the importance of dental insurance.

There are well-documented studies that connect good oral health to good overall health. The mouth mirrors a person's health and well-being throughout life. Oral health problems can hinder a person's ability to be free of pain and discomfort, to maintain a satisfying and nutritious diet, to enjoy interpersonal relationships and have a positive self image.

Quick Stats

- In 1993, 40 percent of employers were offering retirement health benefits for Medicare-eligible employees. By 2007, that number had fallen to just 21 percent.
- Retiree benefits have also decreased for early retirees (those under 65) from 46 percent in 1993 to 31 percent in 2007.
- Seventy-three percent of employers said retiree health coverage is placing financial pressure on their organizations.
- In 2011, the baby boomer generation will begin to retire en masse. On a national scale, this generation includes more than 78 million Americans, or nearly 30 percent of the U.S. population.
- By about 2030, 20 percent of the population will be 65 years of age or older.
- Retiring baby boomers are the first generation to enter retirement with good oral health, and most of their teeth.
- Three out of every four Americans 65 or older do not have a dental benefits plan, and Medicare does not cover routine dental services.
- Seventy-four percent of employers think companies should provide access to affordable retiree health coverage, but not necessarily fund it.

Poor or neglected dental health can contribute to severe medical issues such as heart disease and diabetes—diseases that strike many in their retirement years. Older Americans can experience dental decay on tooth roots because of gum recession. Likewise, the severity of periodontal gum disease increases with age. Poor oral health can be an indicator of other serious problems, so baby boomers who do not get regular dental checkups may miss a serious diagnosis.

Many people feel that their teeth can last a lifetime—but aging teeth and gums have special health care

needs. Prescription and over-the-counter drugs can cause dry mouth, reducing the flow of saliva and increasing the risk for oral disease. Even people with dentures should see a dentist to check for signs of oral cancer, which increases in risk with age.

What options exist?

It is a fact that without insurance, many people do not go to the doctor or the dentist until they are in acute distress, contributing to higher treatment costs in emergency rooms across the country. Dental benefits encourage preventive care and are, therefore, highly cost-effective. A study by *Public Health Reports* documented that preventive dental care, early detection and proper treatment save \$4 billion annually in the United States.

Yet, according to the AARP, about 75 percent of Americans 65 or older do not have a dental benefits plan, and Medicare does not cover routine dental services.

Many dental insurance carriers offer individual plans with preventive and restorative benefits, but the plans are geographically limited and do not offer retirees portability. Retirees also have the option of continuing health care coverage from their former employer with COBRA, but they are only eligible for benefits for 18 months.

What's the solution?

Seventy-four percent of employers think companies should provide access to affordable retiree health coverage, but not necessarily fund it. (Source: www.pwc.com)

Fortunately, some insurance companies are reacting to these trends and are developing plans that address the needs of both employers and retiring workers. These plans are structured for purchase on an individual basis and at affordable price points.

Not all plans are created equal. Retiree health care needs to match the retirees' expectations and the employers' needs. Key points to consider are as follows:

- **Quality plan design**—so retirees have confidence they can continue the same type of coverage they enjoyed before retirement
- **Affordable premiums**—so these plans are accessible and attractive to retirees while requiring no employer cost or contract

- **Easy-to-use by retirees and benefit managers**—so individuals are encouraged to seek the care they need
- **Superior customer service**—so it is easy to enroll, pay premiums, and get questions answered quickly
- **Nationwide network of dentists**—for greater access to care and portability

Renaissance Dental Extend for Retirees

Renaissance Dental has developed a plan specially tailored for retirees, Renaissance Dental Extend for Retirees. The exclusive, fully-insured plan, gives employers a safety net for their retirees to help ease the transition to an individual plan. The policies are written directly to the individual, so the employer is relinquished from the responsibility of administering the plan.

Renaissance Dental Extend for Retirees has low deductibles and comes with high annual maximums, both to help minimize additional out-of-pocket expenses. Retirees are also assisted by a specially trained customer service team dedicated to the individual plan, so they can get the answers they need.

Best of all the coverage is tailored for retirees, including periodontal care, prosthodontics [aesthetic and reconstructive dentistry], temporomandibular disorder (TMD) [problems with the jaw, jaw joint and surrounding facial muscles that control chewing and moving the jaw] and treatment and restoration/repair of crowns, casts and dentures.

How the retiree program helped actual clients

Renaissance has underwritten plans that are now being utilized by several of the largest employers in the U.S. When these companies decided that they must cut retiree benefits, there was little available as options to provide a plan to their retirees who had relocated to numerous states. They also wanted to be assured that their retirees would receive valuable benefits at a low cost. Renaissance developed two exclusive plans that included benefits retirees would need most, many of which are not available in standard plans. The company also set up the exclusive call center for the retirees in order to be able to provide them with the

special attention needed to help explain the benefits and the options available.

As a result, more retirees signed up for the plans than anticipated with up to 25 percent enrollment, which is comparable to voluntary enrollment for many employer-sponsored group plans.

Assuring your retirees

It is difficult to communicate news to retirees that their employer-covered health and dental benefits are about to end. The most important next step is to assure them that there are insurance options available for individual purchase—particularly ones that provide full coverage that is portable and accessible across the United States.

Former Surgeon General C. Everett Koop summed it up best: “You are not healthy without good oral health.” By getting dental insurance in addition to medical insurance, retirees can rest assured their insurance coverage will provide for *all* their health and dental needs—giving them the peace of mind they so richly deserve and the ability to enjoy their golden years in good health.

Oral health to overall health: the systemic connection

Continuing to receive routine dental care in retirement years can have a major impact on one’s overall health—and overall health care costs. The following are issues that may affect older individuals:

- Poor or neglected dental health can contribute to severe medical issues such as heart disease and diabetes
- Incidence of gum (periodontal) disease is greater among older adults
- Receding gums can result in the root of the tooth being exposed and susceptible to decay
- Prescription and over-the-counter drugs may cause dry mouth and the reduction of the flow of saliva increases the risk for oral disease
- Oral cancer risk increases with age



P.O. Box 738
Greenwood, IN 46142
(800) 963-4596
www.RenaissanceDental.com