Taking a Deeper Look at Dental Networks:
Moving Your Analyses Past Just Access, Disruption and Discount Reports
check the label
Provider networks are just one of many building blocks that determine the value of a dental benefits plan. The others—plan design, claims management, quality management, health promotion and service excellence—are also important. However, networks often dominate discussions and analytics probably because they can play such an important role in both cost control and participant satisfaction, and appear to have objective measurement criteria.

Ironically, while networks often garner the greatest amount of attention because of their apparent objectivity, they’re also surrounded by a significant amount of confusion and, in some instances, misinterpretation.

This guide was developed to help brokers, consultants and plan sponsors better evaluate the value inherent in carrier networks. While it focuses on the use of accessibility, disruption and discount reports, which are often used to compare carrier network capabilities, this guide also presents other concepts that affect dental network (and overall program) value. Although these concepts are not discussed in great detail, their relevance is illustrated so you may consider their implications to your carrier analysis process.
Understanding the value and proper use of accessibility, disruption and discount reports

Accessibility, disruption and discount reports have been standard measurement tools for quite some time. You should be clear about what you can (and shouldn’t) infer from these reports, what may create noise in the numbers and each report’s inherent limitations. Here’s a summary of the value and limitations of each report.

**Accessibility reports are best used to:**
> Identify where, and to what extent, employees will have access to network providers including specialists
> Identify areas for network recruitment of general dentists (GD) and/or specialists (e.g., endodontist, oral surgeon, periodontist, pedodontist, orthodontist)
> Assist in establishing certain aspects of plan design, such as choosing between active and passive plans, and setting in- and out-of-network differentials

**Typical accessibility reports do not define/identify the:**
> Penetration of any given network (e.g., the percent of dentists in the area that participate)
> Overlap (or disruption) with dentists that members of a group currently visit
> Capacity of network dentists to absorb new patients
> Amount of dental need for the members of the group being evaluated
> Pattern of use for the members of the group (their service demands)
> Dentists that may join the network if the business is moved to another carrier

Accessibility reports simply match employee locations to the network and allow one to see how far a person may have to travel to visit a network dentist.

**Disruption reports are best used to:**
> Identify overlap between dentists in a carrier’s network and the dentists employees visited in a prior time period
> Identify dentists and areas to be considered for network recruitment
> Identify high-volume areas where a significant portion of plan participants are receiving dental care. This may help prioritize areas for discount and accessibility analyses
> Identify high-volume providers to be considered for network recruitment (assuming the high volume isn’t the product of excessive treatment or billing)

**Typical disruption reports do not identify/show:**
> Dentists who may retire, get sick or modify their practice to accommodate a change in their lifestyles or drop out of the network if the business is moved to another carrier
> Dental practices that are in a growth stage and likely to add patients, providers or offices versus dental practices that are simply maintaining their patient base
> The willingness of participants to change dentists to maintain their network benefits
> Claims volume (for any given dentist) that is high, not because of patient volume, but because of practice patterns that indicate excessive treatment or billing patterns
Disruption reports attempt to determine how much disruption there will be with participants who are currently using network dentists that may not be in the new network. Disruption reports also show how much opportunity there is for in-network penetration to increase based on current provider usage that is not in the incumbent’s network.

**Discount (negotiated fee) reports can help you:**

- Compare each carrier’s standard fee schedules to assess which may generate the greatest plan and participant savings.
- Create a composite discount (general dentists and specialists combined), calculated with consideration for:
  - Area-specific utilization and charge data for those American Dental Association (ADA) Procedure codes\(^1\) that represent a significant portion of a plan’s costs;
  - The magnitude and nature of special provider fee arrangements (providers who get non-standard fee schedules); and
  - If multiple networks (leased arrangements) are used in an area, the impact of those networks on the plan’s and member’s potential savings.

**In addition a discount (negotiated fee) analysis should include:**

- Participant protections on such things as non-covered services, services delivered once plan maximum and plan limitations have been met, down-coded or alternately benefited services, and fractionalized charges; and
- Utilization management processes integrated into network selection and retention, and claims process.

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**A word about repricing analysis**

Repricing analyses, a variation on disruption reports, are designed to estimate what a prospective carrier would have reimbursed had they processed claims over a given time period. Prospective carriers are given a detailed claims data file and asked to “reprice” claims as if they have been processed through that carrier’s claims system, assuming a comparable plan design. Here are some quick examples of the limitations of repricing analyses:

1. Claims are not actually “reprocessed,” given that eligibility and plan history are unavailable during the bid process. As a result, the impact of any automated plan functions (e.g., automated detection of unbundled or fractionalized charges) is lost.

2. X-rays, charts and narratives are not available, so prospective carriers cannot estimate the impact of claims management.

3. Repricing analyses have the same challenges as disruption reports, including such things as liberal provider match assumptions, aged provider files and inappropriate discount assumptions.

While a repricing analysis may have a role in larger analyses of dental networks, results should be kept in perspective. Should a broker, consultant or plan sponsor wish to assess the financial impact of moving to a prospective carrier, we recommend gathering insured rates and controlling for changes in plan design and reimbursement guidelines. Always remember insured rates force carriers to put “skin in the game” to stand behind their financial projections. Should you wish to learn more about limitations with repricing analyses, consult your MetLife representative.
Typical discount reports do not show:

> Future dental inflation and anticipated network fee increases (extent and timing)
> How the group may access care within the new network (i.e., which providers may be used the most)

Note: If there is more than one schedule in an area, this may impact the discount and savings.
> Administrative processes that help carriers manage costs
> How the carrier protects participants from additional charges, which may influence overall plan and participant out-of-pocket expenses
> How plan design affects costs
> How claims and utilization management affects costs

Generally, discount reports simply attempt to compare a carrier’s standard fee schedules against an area’s average charge.

Ensuring reliability of data in accessibility, disruption and discount reports

When using accessibility, disruption and discounts reports, it is important to understand what can create noise in the data. This can potentially distort results and may lead to poor decisions.

Carrier data isn’t always comparable. In some cases, this is because their systems may not allow the requested data to be provided. In other cases, the carrier wants to show their data in the best possible light. So, it is important to recognize these differences and know that data from one carrier may not always be comparable to data from other carriers.

Request comprehensive, consistent data elements

If the data elements being used to perform an analysis are not the same across carriers (e.g., covering same time period, same geographic area, same data elements, etc.), the report may not provide meaningful comparisons. To help control reliability and comparability, be very specific with your data requests.

The data elements used in your analysis must be consistently provided and universally supported by each carrier.

When asking for data, you should request information that all carriers can provide. For example:

> If you ask for the provider tax identification numbers, their license numbers should not be an acceptable alternative because not all carriers may have easy access to reliable license data.
> If you ask for the average charges for a specific three-digit ZIP code, average charge data for a broader area should not be an acceptable alternative because the two are not comparable.

To help ensure that all the carriers have a common understanding of your request, it is important to clearly define required data elements. Creating a dictionary of data terms may help.
When assessing the results of these reports, it's wise to consider the quality of the data being requested, supplied and used in the analyses. This includes the data being supplied by and used to represent both the incumbent carrier and any prospective carriers being used in the comparisons. Incomplete, inconsistent or aged data diminishes the validity of your analysis and may result in less meaningful reports, which could lead to poor decisions.

**How to evolve your network analyses**

Now that you know what you can expect from accessibility, disruption and discount reports, each report's inherent limitations and what can create noise in the numbers, it is time to evolve your network analyses: to dig deeper to uncover other elements that drive the value of dental benefit programs.

*To derive more value from your accessibility, disruption and discount reports, consider these suggestions.*

> Request network turnover reports for both general dentists and specialists. This will help evaluate the number and percentage of providers in these critical areas that leave the network.

> Consider the reasons dentists are leaving a carrier’s network. It may be more important to know that dentists are leaving a network because of poor service than because of the level of negotiated fees being offered to them.

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**Ensure timeliness of data**

The timeliness of the data collected is important. For example, providers will open or close offices, add or terminate associates, and join or leave networks. Carriers update fee schedules or introduce network expansions through leasing arrangements. The more time between participant experiences with the providers and the disruption match, the greater the opportunity for such changes. In general, the more recent the disruption data, the better the probability of a meaningful match.

So, what is an appropriate time frame for this disruption data?

> **Most recent quarter** — the data is the most up-to-date, but the volume of providers visited by members may be too limited.

> **Up to the most recent six months** — the data is reasonably up-to-date and the volume of providers visited by members is a better sample.

> **Most recent six months to one year** — the volume of providers visited by members is a good sample, but the data is less up-to-date so there is the potential for erroneous provider data (e.g., business changes).

> **Past year or more** — the volume is good, but the data has a high potential for erroneous provider data (business changes), which can affect the reliability of the disruption report.

Collecting at least six months’ worth of provider disruption data and not more than one year will help ensure you have enough current information to analyze to produce a meaningful disruption report.
Consider a carrier’s network selection and retention standards and the rigor with which they are enforced. Do they compare each dentist’s practice patterns against a database of normative practice patterns? If a dentist’s practice patterns fall outside normative patterns, are they accepted into a carrier’s network?

- Compare historic dentist applicant rejection rates
- Identify the number or percentage of carrier-enforced terminations (involuntary terminations).

> Evaluate the historic growth rate of a network, particularly in areas that are important to your company or client. This can help you project future growth of the network.

> Request network recruitment plans and appropriate performance guarantees for network activity.

> Consider historic and anticipated fee increases. This can help you project future fee increases.

> When conducting discount calculations, use a consistent (the same) average charge and utilization mix for all carrier comparisons. There is only one real average charge per defined area. So, if variations exist between carriers, it is a function of different people being covered by the plans with a different mix of dentists. To select which data to use for your analysis, you can use the data that reflects the incumbent carrier, or you can use data from the carrier with the highest volume of services submitted in the key areas.

> If a carrier is using a leased arrangement in an area that overlaps with their network and/or their participants, request information (fee schedule) for that leased network. And ask the carrier to identify if any of the providers matched on the disruption report were from the leased arrangement.

> Evaluate how each carrier’s claims system identifies unbundled and fractionalized charges. This will help you identify which carriers have appropriate participant cost protections.

> Evaluate each carrier’s claims review processes and their use of data to help identify providers with unique patterns of care. Ask if there is a process for contacting and educating dentists with unique patterns of care.

> Obtain each carrier’s report on network utilization trends (increases in network utilization year over year).
You can also look at the results of accessibility, disruption and discount reports together. Consider these strategies to gain a better understanding of each carrier’s value.

> Combine the results of the accessibility and disruption reports to get a deeper understanding of access in a particular area. For example, if 100% of the dental plan participants in an area have access to in-network dentists, but only 4 dentists are available within XX miles for a population of 500 employees, is that adequate access?

> Combine the results of a carrier’s disruption report with its approach to out-of-network reimbursement. If a prospective carrier reimburses out-of-network dentists at a level that covers the dentist’s standard charge, so the participant is only responsible for the deductible and co-insurance as defined by the plan, will participants really be disrupted?

> Combine the results of discounts and disruption reports to help you make better benefit decisions. Consider this scenario.

– If a prospective carrier has similar network penetration as the incumbent with better negotiated fees, but doesn’t have a number of the incumbent’s highest volume dentists in their network, does it make more sense to stick with the incumbent carrier or move your business to the new carrier with a clear commitment to recruit the high-volume dentists? Which carrier has better potential for savings?

Specify type of file

It’s important to specify how you want the incumbent carrier to deliver data (i.e., the specific type of file and layout of data) to improve the likelihood that results from competing carriers will be comparable.

> Spreadsheet programs, like Microsoft Excel files (.xls or .csv), Microsoft Access files (.mdb), and database files (.dbf), are recommended because they can be more easily manipulated (assuming they contain consistently formatted fields). This will typically allow carriers to efficiently run reports on large volumes and combinations of data.

> On the other hand, text files, like Microsoft Word files (.doc) and WordPerfect files (.wps), and image files, like Adobe Acrobat files (.pdf) and photo files (.jpeg, .tif, .bmp or .eps), should be avoided. They can lead to compromised comparability because they must first be converted to a spreadsheet program like Excel. During the conversion process, each carrier must then create individual fields for matching purposes. This conversion process can potentially lead to changes in data elements and variations in results.

Simply put, if data is delivered in a format that is easily manipulated, your accessibility, disruption and discount reports will have more validity and greater value.
A new metric to consider for better network analyses

Many carriers tout having “one of the largest networks” and “great discounts.” But how do you compare 160,000 access points with 70,000 unique dentists, and how do you even know if 35% discounts are on a comparable basis to 40% discounts?

You don’t! And this is why Ruark Consulting, LLC (RCL), Simsbury, CT, launched the annual Dental PPO Network Study in 2004 — to provide competitive benchmark data for the industry.

RCL gathers claims data each year from participating carriers. Using this data, they measure the combination of in-network discounts (average allowable charge compared to average area charge) and in-network utilization (percent of claims in network) for each carrier. By multiplying in-network discounts by in-network utilization, RCL introduced the concept of effective discounts, a simple measure of the strength of a carrier’s network.

**Effective discount = in-network discount \times in-network utilization**

We suggest you consider effective discounts. While effective discounts don’t take important factors such as claims and quality management into account, they are certainly a more objective, reliable measure of network strength and enable a more realistic, objective measure of network value. Because RCL uses each carrier’s real claim history, their effective discount recognizes that the number of dentists isn’t the only factor that affects in-network utilization. The claims also incorporate any non-standard fee schedules or leased networks that each carrier uses into the in-network discount part of the calculation.

The effective discount number may be the best indication of how often in-network discounts are being used and the overall impact on benefit plan costs and participant out-of-pocket expenses.²

Closing

Accessibility, disruption and discount reports are useful tools when analyzing dental networks. However, choices shouldn’t be made based on results of these three studies alone.

Having the lowest network fee schedule or a large number of access points is no longer enough to ensure competitive network savings. It is also important to track and use metrics like in-network utilization rates to demonstrate that contracted dentists are convenient and accepted by members.²

For this reason, it’s important for today’s brokers, consultants and plan sponsors to take their network analyses a step further to understand how carriers balance network access/size, negotiated fees and utilization, and to evaluate them with the carrier’s plan design, recruitment strategy, claims management capabilities, service efficiencies and practice pattern review process.

For more information about conducting a more thorough network analysis, contact a MetLife representative.

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¹ As defined by the ADA 2014-2015 CDT (current dental terminology) manual on dental procedures and nomenclature. © 2014 American Dental Association

To get a full understanding of the value a dental network may provide to a plan sponsor and its employees, quality is an important piece and should be part of all network analyses. For example, does the carrier:

> Screen out dentists based on treatment outcomes?
> Screen out dentists based on NCQA standards?
> Encourage self-assessments and conduct office audits?
> Provide education and tools to promote health and quality?
> Hold in-network dentist to acceptable standards of care?

As part of any network analysis, you should: understand each carrier’s network selection and retention procedures and standards; evaluate claim and utilization controls because they can impact plan and employee savings; understand each carrier’s protocols for monitoring/maintaining dental office profiles; and ask how the carrier integrates research into plans, stays current and makes decisions.
Like most group benefit programs, benefit programs offered by MetLife and its affiliates contain certain exclusions, exceptions, waiting periods, reductions of benefits, limitations and terms for keeping them in force. Please contact MetLife for complete details.