

# A Dental Revolution

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Lawrence Thompson and Stephen Manzelli are insurance executives with a combined 65-plus years of experience in healthcare and dental coverage. Thompson has held senior roles at health insurance companies and third-party administrators (TPAs), while also owning a brokerage and consulting company. In addition, he became Chairman of the Self-Insurance Industry Institute of America—a leading association in the industry. Manzelli has led sales, client management, and product development functions, while also providing operational support and financial analysis for several well-known insurance brands. Over the last 10 years, Thompson and Manzelli have worked together at an insurance carrier and two TPAs, the last of which was recently acquired by one of the world’s largest carriers. They are now independent consultants and distributors, delivering innovative products and technology to the insurance and healthcare industries. In the dental industry, they now work exclusively on behalf of ProCare Dental Services. This article helps explain why they made that decision.

**W**hen the world has seen the computer, it makes sense for companies to stop selling typewriters. Being on the wrong side of transformational change is never a good idea—in business or in life. For dentists, it might be surprising to learn that the dental insurance industry is headed for a “typewriter” moment.

## Why Past Reforms Fell Short

Over the past several decades, there have been many industry-led attempts to modernize dental benefits. Three aspects of these efforts strike us as unsustainable over time:

1. Plan confusion – offering numerous plan designs that just tinker with minor costs in the system
2. Zero-sum negotiating – the belief that underpaying dentists or providers reduces costs long-term
3. Lack of dialogue – refusal of providers and the industry to share in “win-win” opportunities financially

The right way to reduce costs while sustainably improving quality of care in this industry is to work together with providers against a pervasive issue: costs that neither stakeholder group really wants to pay. All sides, from the patient to the employer to the industry to the provider, then have a shared pathway to ongoing health, wellness, and prosperity. Independent industry consultants can see the logic in this as a sustainable model.

## Attacking Costs and Improving Quality: The Double-Edged Challenge

ProCare has correctly identified the key costs facing every party in the dental industry. It has built a model that allows all sides to work together to eliminate those costs in a rational fashion. It begins with the dental practice, which faces both business risk and financial pressure from overhead costs that can total 50% to 90% of billings. Next, it moves to the insurance industry, which ends up translating that overhead into high per-claim or per-procedure costs and then adding to them with expensive, inefficient adjudications and

cost controls. (Adjudication is the process by which an insurance carrier or third-party administrator decides whether to accept all or part of a dental claim.) Tack on reserves for fully-insured plans, distribution, and regulatory expenses, and it is not hard to see how the situation reached its current point.

By creating a system of rational advances and discounts, which eliminates the dentists’ cost of operation and pays them the full fees they set, ProCare is targeting the dentist and patient interested in quality of care. By eliminating adjudication, both the patient experience and cost of running a dental plan improve dramatically. Finally, by measuring quality of care explicitly, everyone in the system is assured that the shared gains from streamlined costs are now going into quality of care, not just enhancing profits for one side of the industry or the other.

The ProCare system attacks costs and business risks nobody wants and eliminates them in a win-win fashion. Even more valuable is the idea that the gains are being reinvested in better coverage, lower patient costs, measurement of quality, and an overall desire to properly pay everyone who generates value.

71,000+ MEMBERS  
AND GROWING

## Rewarding Everyone Who Creates Value

In the ProCare model, insurance industry stakeholders—whether carriers, TPAs, or brokers—can all be rewarded for the valuable task of bringing millions of people together for the simultaneous and common purchasing of dental care. The ability to integrate demand volume is the key to empowering patients and employers to pay less than they would have on their own, while allowing dentists to eliminate costs and earn a strong profit at the same time. It has always made sense to reward aggregators of demand properly, but in a way that aligns compensation to the desired results.

Similarly, it has always made sense for patients to work with high-quality, well-trained, exclusive providers who do things right the first time as often as possible and who are willing to measure what they do. Great dentists can and should be rewarded with great income streams and an ever-improving set of business results. The willingness of dentists to do their best work and to be measured should be rewarded with exceptional compensation, and those willing to work at their clinical craft, using data as a guide, deserve every dollar they make.

Finally, it makes sense that the people behind ProCare are not replacing one type of disproportionate power with another; their solution centers around paying themselves more modestly than what was dictated by the old industry model, with financial gains left over for everyone to share.

## Growth

One less-discussed aspect of the industry is the opportunity to provide access to dental services to more than 100 million people in the United States who have no dental coverage. The ProCare model is also transferable to other parts of the world, where many other individuals face similar challenges.

The ProCare model can be extended to these individuals, which has the effect of doubling the size of the addressable dental coverage population in the US. This creates an entirely new profit opportunity for the dentist and the industry, while addressing the moral challenge of equal access for those who are shut out of the current system.

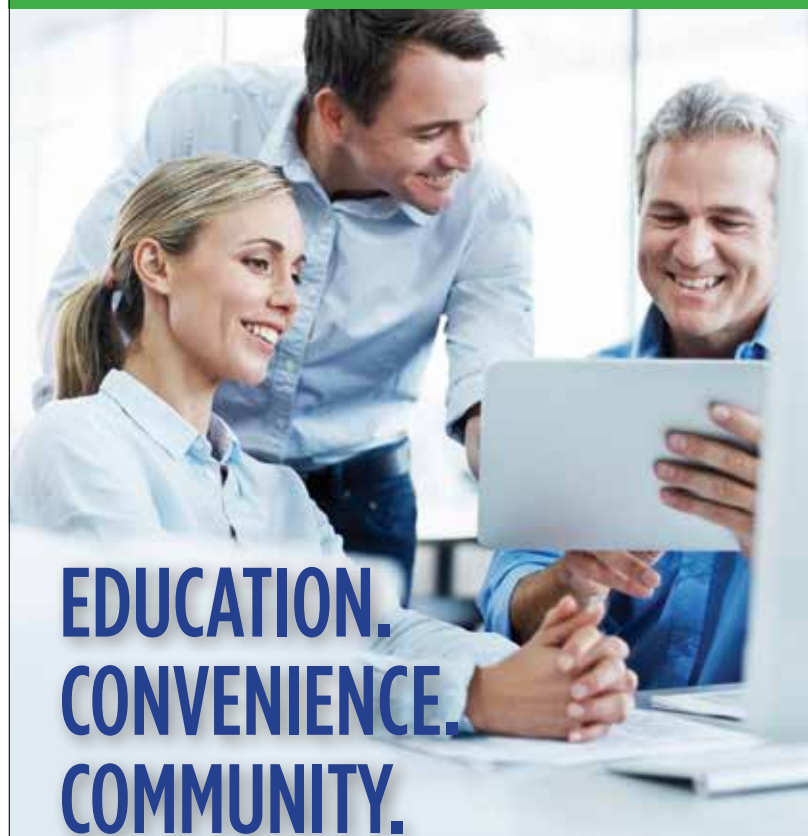
Thinking beyond the United States, a similar mega-growth opportunity exists for everyone in the global market, where concepts of coverage are even less well-developed.

## Change Drivers

Aside from economic survival, most insurance carriers, administrators, and intermediaries in the industry who offer dental coverage have a reputation to protect, which goes beyond dental and into far larger medical books of business. This is part of the reason why the authors have so much optimism regarding the ability of the dental industry to accept a better way of doing things.

That is also why the authors are in active dialogue with carriers about a new way to manage their dental volume, with TPAs who run self-funded plans, and with brokers, employer groups, unions, associations, reinsurers, and exchange owners—all of whom can drive millions of people toward something better.

The difficult days of rising rates, poor transparency, and limited improvement in quality of care or breadth of coverage will become relics of the past in dental care. It is exciting to begin a dialogue with friends in the dental industry about a higher quality, more transparent, and more cost-sustainable way of delivering dental services.



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