

# How Does Dental Insurance Work?

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An average family today can spend well over \$5,000 per year on standard dental work. Many people have sought out dental insurance plans in order to help cut down the cost of dental work. Also, many corporations offer dental benefits to their employees. **But how does dental insurance work?** How can a company accept \$50 per month, pay out \$1,200 per year, and still come out ahead?

## Understanding Dental Insurance

First, let's take a look at what the **actual costs** look like for the individual using dental insurance. Up front, a normal insurance plan has two items which must be considered: deductibles and co-pays.

### Deductible

A deductible is a **minimum amount which must be paid** out of pocket before the insurance kicks in. So for example, if the deductible on a plan is \$100, the individual would have to pay the first \$100 out of pocket before the insurance would cut down any additional costs.

### Co-Pay

The second consideration is the co-pay. After the deductible is met, the insurance will cover a portion of the bill, and then the patient is responsible for paying the remainder of that bill. The **patient's portion of the final bill** is called the co-pay. Depending on the level of coverage and the exact procedures being performed, a co-pay can range anywhere from 20% to 80% of the total bill.

### Yearly Maximum

After the deductible has been met and the patient is paying his or her co-pay, one more thing to consider is a maximum on each insurance policy. Most insurance policies have a **maximum amount of coverage** in a year. Maximums typically range anywhere from \$750 per year to \$2,000 per year. Usually, the more expensive the policy is, the higher the yearly maximum will be. Once a

patient reaches the yearly maximum, however, the patient will be responsible for 100% of any remaining charges.

## **Waiting Period**

One remaining item which dental insurance companies use to help ensure that they take in more money than they pay out is called the waiting period. With most dental insurance plans, there is a specified period of time which the **patient must wait** before getting any major work done. The waiting periods for dental work can range anywhere from 6 months to 12 months on standard work, and up to a 2-year wait for braces and wisdom tooth removal.

## **What Works for You?**

So what is the best insurance plan for you? Each dental insurance plan will have different strengths and weaknesses. They each have varying deductibles, waiting periods, maximums and co-pays. Each person would need to take account of their **specific needs** and to consider which plan would be best for them. There are lots of different companies offering dental insurance with many different options. Discount dental plans, a great dental insurance alternative, have become a popular option as well. Each person should be able to find a plan which will fit their specific needs