

# Should You Bite On Dental Insurance?

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There's no question that dental work is expensive - especially when you need to have major work done. If you're not covered through your job, you may have to purchase it on your own. However, purchased privately, dental insurance can be a huge waste of money if your plan doesn't match your needs. In this article we'll show you how to drill through these plans to find out if dental insurance is right for you.

## Overview of the System

First, here's a breakdown of how private dental insurance works. You select a plan based on the providers (dentists) you want to be able to choose from and what you can afford to pay:

- If you already have a dentist you like and he or she's in the insurance company's network, you'll be able to opt for one of the less expensive plans.
- If you don't have a dentist at all, great! You can choose from any of the dentists who are in-network, and again have the option of a less expensive plan.
- If your existing dentist is not in the network, you can still get insurance, but you'll pay significantly more to see an out-of-network provider - so much more that you may not have any chance at coming out ahead by being insured.

The monthly premiums will depend on the insurance company, your location and the plan you choose. For many people, the monthly premium will be around \$50 a month. This means that you're spending \$600 on dental costs each year even if you don't get any work done.

## Things to Consider

Now, you may be thinking that most people don't come out ahead with most kinds of insurance, and you may be right. After all, if insurance companies didn't make a profit, they would all go out of business. Insurance is designed to protect you in a worst-case scenario. Dental insurance is significantly different from most other kinds of insurance, however. With policies like health insurance or homeowners insurance, the potential downside is so high that almost no one can afford the risk of not being insured. With dental insurance, the potential downside is fairly low - and so is the potential upside.

In a good year when you only need the standard cleanings, exams and x-rays, you are likely to lose about \$200 by having dental insurance. While these services will generally be completely covered by your insurance because they are considered preventive care. If you paid out of pocket for them you would probably only spend around \$400 for the year instead of the \$600 you're spending on insurance premiums.

## Will It Be There When You Need It?

What about when you need some work done? In a really bad year, your dentist may inform you that you need a couple of fillings, a root canal and a crown. On top of

that, you'll still have to pay for your usual cleanings, exams and x-rays. This is the time to be insured, right? Unfortunately, your insurance may not be as helpful as you'd expect. Many dental insurance plans have very low annual maximums of around \$1,000 (this will vary by plan and by provider, of course). This means that once your dental bills exceed \$1,000 in any given year, you're stuck paying the rest of the bills in full.

You may still pay a lower negotiated fee for the work you need as a benefit of having insurance, but even the negotiated fees are quite high. For example, if the dentist's regular fee for a filling is \$150, the negotiated fee might be \$100. In this situation, your regular oral maintenance and fillings will use up most or all of your annual maximum, so only a fraction of your large dental work bill will actually be covered. You're likely to still pay \$1,000 to \$2,000 out of pocket, plus your annual \$600 in premiums. On top of that, while you may pay 0-10% in co-pays on preventive maintenance and 20% in co-pays on fillings, the co-pay on expensive procedures like root canals tends to be a whopping 50%. Even if you haven't used up your annual maximum by the time you need the expensive procedure, you'll still have to pay several hundred dollars for it.

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Dental insurance also rarely covers expensive procedures like orthodontics and cosmetic dentistry, even if you try to argue that you need a procedure to alleviate emotional pain and suffering. When insurance does cover them, the annual maximums still often prevent you from saving very much, if anything, after you factor in your biannual cleanings and exams.

### **Waiting Could Be Worse**

If you're thinking that you'll just hold out and then purchase dental insurance when you need it, think again. Because of what's called a waiting or probationary period, this strategy won't work (you didn't really think you'd found a way to outsmart the insurance companies, did you?). Waiting periods mean that, for example, one year after you first become insured, your insurance will not cover any major work (like crowns or root canals) and for three months after you first become insured, they won't pay for any minor work (like fillings). Insurance companies know that when you need a filling or a crown, you need it now - you won't be able to find out you need a crown, buy insurance, wait 12 months, and then get it taken care of. If you tried to do that, you'd probably suffer from a lot of discomfort and ultimately lose your tooth (and you'd have to pay full price for that extraction, too).

### **Considerations for Group Plans**

Surprisingly, even if your employer offers dental insurance, you might be better off skipping it. Many people assume that employer-sponsored benefits are automatically a good deal because you're receiving a group rate, but this isn't necessarily true. When evaluating your employer's dental plan, make sure to really look at the monthly payments, the annual maximum and the co-payments. Your employer may offer you a great plan that's only \$20 a month to cover your entire family with a generous annual maximum, or a mediocre plan that's \$40 a month with a \$1,000 annual maximum. With the former, you can really benefit, but with the latter, you're probably wasting your money. Do the math for your own situation to determine whether you're likely to come out ahead.

There is one situation where it can make sense to get dental insurance regardless of whether it seems like a good deal in the long run, and that is if you are someone who is currently living from paycheck-to-paycheck with little or no money in savings. When you don't have dental insurance, you have to be able to pay a \$1,600 bill when you have the work done (if not in full, then in prompt installments). If you can't do it and your options are to overpay for dental insurance, neglect your only set of teeth or put dental work on a credit card that you'll have trouble paying off, your best bet is to get the insurance. You'll probably waste less money on insurance than you would paying interest on a credit card, not to mention that you wouldn't want to ruin your credit score over a few fillings.