



# What is Behind the High Dental Costs in the U.S.

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## Abstract

Healthcare is among the most important issues for Americans since the U.S. health care system is the most expensive in the world. Analyzing the U.S. rising cost of health care in the 21 century it is impossible not to see that the increase of dental prices exceeds significantly the growth of prices for many other medical services. Regular preventive dental care is essential for good oral health, but many persons don't get the care they need. More people are unable to afford dental care than other types of health care. Such situation with dental health is inadmissible.

**Keywords:** Health Case; Health Insurance; Dental Costs

## Introduction

Healthcare is among the most important issues for Americans since the U.S. health care system is the most expensive in the world. Public spending, including governmental spending, social health insurance, and compulsory private insurance constitutes the largest source of health care spending. Analyzing the U.S. rising cost of health care in the 21 century it is impossible not to see that the increase of dental prices exceeds significantly the growth of prices for many other medical services. According to the research of the Kaiser Family Foundation (see <https://www.pbs.org/wgbh/frontline/article/americas-dental-care-crisis/>) "one in four Medicare beneficiaries are missing all of their natural teeth-a problem that threatens not only among the elderly, but also the very poor. Low-income families and racial and ethnic minorities tend to be disproportionately affected because they tend to lack access to care." The research shows that more than 100 million Americans don't attend dentists because they can't afford it.

Dentistry is a relatively simple medical profession and such a rise in dental prices deserves special consideration. Formally, high dental prices can be explained by high salaries of dentists trying to maximize their profit. The U.S. private health care system allows physicians to do that. According to

2018 ZipRecruiter reports, most physicians earn an annual income between \$150,000 and \$312,000, with the highest salaries in the \$397,000 range. According to the 2019 data, a dentist earns on average \$172,000. The best-paid 25 percent made \$208,000 that year, while the lowest-paid 25 percent made \$113,060. The states and districts that pay dentists the highest mean salary are Delaware (\$264,440), Rhode Island (\$262,900), Vermont (\$261,790), Alaska (\$239,930), and North Dakota (\$225,770). The average yearly salary of a doctor in the United States is \$294,000/year according to a Medscape Report. It is far more than in other industrial countries: in Germany and the United Kingdom it is around \$150, 000 and \$175,000, respectively. The average yearly salary of a dentist in Germany and United Kingdom are \$90,000 and \$107,000, respectively. This reflects the difference of the health care systems of the considered countries. The U.S. private health care system is significantly more expensive [1].

## Reasons of High Dental Prices

The average tuition cost to attend medical school per year in the United States is approximately \$55,629, which amounts to \$222,516 in tuition debt for four years of school (see <https://www.aamc.org/data-reports/reporting-tools/report/tuition-and-student-fees-reports>). From 1998

to 2008, the average level of debt for medical students increased by more than 50 percent [2]. Depending on the specialty, it takes 11 to 15 years to train a physician (time in college, medical school, residency, and fellowship). At each step, there are direct and indirect costs; some of them it is difficult to anticipate (e.g., for national licensing exams). Students' loans continue to accumulate interest during the following years of training, so that in the end, some physicians may pay two to three times their original amount with interest over multiple decades [3]. As a result, students with increased debt are more likely to give more value to future salary when picking a specialty-and dentistry is not their best choice. That is why there was a period when there was a shortage of dentists and this might be the reason of a sharp rise of dental prices. Although some dentists indicate an average debt between \$175,000-\$200,000 (see <https://www.thegentledentist.com/shelby-dentist-explains-why-dental-care-is-so-expensive/>) in reality, it should be lower than for other medical professions. Now, because of high dental prices, some graduates from social science departments, having difficulties to find well paid job in the initially chosen area, take additional courses related to dentistry and in several years become dentists. (Among the institutions that offer the do-called dental assistant training are trade/vocational schools, community colleges, and certification programs in four-year colleges; the costs of these programs vary depending on length, type of training, and regional differences). As a result, number of dentists increased significantly and because of the decreased load some dentists work only 4 days a week. However, even with such workload, high dental prices guarantee satisfactory earnings to dentists.

Dental boards, the agencies that license dentists, investigate complaints, and discipline dentists violating the medical practice act, contribute to the rise in dental costs in the U.S. They are building up substantial assets by charging doctors hefty fees for board certification. The difference in high exam costs varies by the state. In the U.S., dentists are required to pass two sets of national board dental examinations, before they are licensed to practice. The average application fee for initial certification is \$450 and for various initial registrations, permits and special certifications-around \$700; the dental licensing examination fees for senior dental students and other candidates are \$2,295 (see <https://www.cdcaexams.org/exam-fees/>). Specialized continuing education courses such as implants, sedation, comprehensive and cosmetic dentistry costs about \$4,500.

Health insurance companies are active participants of the health care market. They influence health care prices by selling insurances to both health care providers and their patients. Health insurance companies are suppliers of health

related services through health providers who, in turn, buy liability insurances, that is, influence the demand of insurance services. On the one hand, higher costs of liability insurance command higher prices for health provider services. On the other hand, to increase the profit many health providers use unnecessary procedures decreasing the profit of insurance companies. Both sides understand these strategies. The existing dental prices are the result of a compromise. Moreover, since the health care market doesn't function like the markets for other consumer goods, its quality and prices aren't necessarily correlated. Dental prices are hugely different not only between states but also within the same area. According to the 2019 research data, states such as Delaware and Rhode Island had higher than average dental prices while Wyoming and Louisiana had the lowest.

Dentists, as others persons working in the health care industry, are not free from possible mistakes. Lawsuits are often costly for medical practitioners so that medical professionals protect their businesses through medical professional liability insurance companies. Recent dental school graduates can expect to pay anywhere from \$300 to \$1,000 a year for a malpractice policy, depending on the coverage type and the amount of coverage purchased. After practicing five years, these policies will usually cost \$2,000 to \$3,000 a year. However, the premium differences between liability insurances in different states are significant. Health liability insurers have a decisive influence on the health market price. Large dental liability insurance companies (e.g., United Concordia Dental, Dentist's Advantage, Fortress, Med- Pro Group, Professional Solutions Insurance Services, CAN, Professional Protection Plan for Dentists, Professional Liability and Dental Business Liability Insurance) have a knowledgeable staff of adjusters. Smaller insurers advertise themselves as creators of specific protector plans, innovative liability insurance programs meeting the insurance needs of dentists, optometrists, and other groups in protecting their practices (e.g., see The Dental Professional Liability 2016 Claim Report, [Insurancenewsnet.com](http://Insurancenewsnet.com), February 22, 2017). Usually, they are used as subcontractors of other insurances.

The health care market attracts insurers with a wide line of business (fire, water damage, animals, property damage liability, workers' compensation, etc.). To avoid hiring various adjusters such insurance companies use subcontractors, small insurers offering services in several specific areas. Such a pyramidal insurance structure is a reason of rising liability costs. It may look strange that some insurance companies without any experience in the health care field try to penetrate in the health care liability market which is risky for unexperienced participants because the costs of adjudicating medical malpractice claims can be very high. The average settlement value for a medical malpractice lawsuit in the U.S. is somewhere between \$300,000 to \$380,000.

The median value of a medical malpractice settlement is \$250,000. The average jury verdict in a malpractice case is just over \$1 million. But, according to MedPro Group, the average payment in a dental malpractice suit is \$65,000, which made the dental liability insurance attractive for insurance companies non specialized in the health care field.

The Aspen American Insurance Company (AAIC), a tiny company (15 total employees across all of its locations) that makes a huge profit (annual revenue above \$10 million) is an example of such companies. It insures almost all – from dental to fire, water damage, animals and other indemnities. This is done without having experts in the related fields. As to the dental malpractice insurance, it uses, as a subcontractor, B&B Protector Plans, Inc.

Insurance companies frequently request medical records when evaluating claims. The dental field has its specifics. As a rule, dentists examine a patient and present a treatment plan; they don't ask previous dental records. This is one of the simplest medical professions, and usually dentists do not require a patient's medical records; some of them have a form with questions a patient should answer. However, it is difficult to believe that companies that deal with animals, fire and water damages, aerospace, dental and wedding insurances have real experts in all these fields. Blindly copying the procedures of health care liability insurance companies, Aspen/B&B require claimants to provide their dental records. Moreover, they require "complete dental records," which nobody has and this requirement isn't in the mentioned above 2016 Claim Report. It looks like a trick to deny a claim or the incompetence of these insurers. Maybe this is also the negligence of the state insurance administrations that allow such companies to operate with such requirements. The law that requires "to treat policyholders and claimants fairly" is universal for all states. For example, in Maryland it prohibits actions which are "arbitrary and capricious, lacking in good faith." The AAIC operates in many states and its demand for claimants to present "complete dental records" is illegal since dentists don't require previous dental records and, moreover, states allow dentists to destroy their records after a certain period of time. Since nobody can satisfy this requirement, this allows the AAIC to deny claims. There is a small probability to reach a settlement without an experienced lawyer, so that in most cases the amount of money obtained by a claimant (especially, elderly claimants) isn't enough to pay for the required future dental treatment.

The above example attracts attention to a serious problem of the insurance industry – the absence of rigorous requirements allowing insurance companies to operate. Traditional specialized insurances (e.g., auto and home insurances, medical liability insurances) demonstrate how insurance company should operate. Only specialized

insurances should be allowed to do business in the health care area. It is inadmissible to permit insurance companies to operate in the area where they have no experts - technological, medical and legal. The absence of rigorous requirements brings harm to the health care industry. Subcontractors increase liability costs, since both companies try to maximize their profit, and the related health care prices. The above example of the AIAA demonstrates the need of new laws and regulations related to the health insurance industry. Moreover, it allows one to assume that such insurances are used by un-experienced and low rated dentists.

According to the American Dental Association, it focuses through public education and through legislative advocacy to strengthen funding for dental services provided through public health programs. However, it has done nothing to make states laws and regulations, related to dentistry, similar and rigorous. For example, Chief Dental Officer of Maryland State Board of Dental Examiners, answering the question "when a dentist should ask a patient to sign up oral informed consent before doing certain dental operations/procedures," responded: "You should always obtain the patient's informed consent by their signature. This is part of the regulations." Such a wrong answer can be done only a person who had never visited a dentist. President of the Board ignored the letter asking to clarify the obtained response. The mentioned example raises doubts about the professional qualities of the Board certified dentists.

On the one hand, holes in regulations allow dentists make mistakes during the treatment process. On the other hand, liability insurance companies use them to deny claims and lawyers to earn money for malpractice or negligence cases. Dental malpractice cases present only 10-15 percent of all regular medical malpractice cases. Their numbers are probably low because many cases are not as severe and obvious as in other medical areas; the imprecise states regulations don't allow one to file a malpractice claim. However, if a dentist was negligent, not attentive to a patient's needs, made a mistake, or didn't properly look after the staff who provided his/her care, then the patient could possibly have a dental malpractice claim.

Elderly persons suffer the most from malpractice and negligence. States are required to provide dental benefits only for children covered by Medicaid, but most states provide only limited dental services for adults [4]. Original Medicare doesn't cover routine dental care, such as cleanings, fillings, crowns, and dentures. It may cover certain dental expenses related to certain medical conditions or treatments - to surgery or as part of an emergency. If old persons want dental coverage they should buy a separate dental plan or enroll in a Medicare Advantage Plan, also known as Medicare Part C, that includes dental benefits. But it costs money and

the benefits are limited.

Oral health care is an essential aspect of nursing care [5]. Almost 8,000 people in the United States die of oral and pharyngeal cancers every year, most of them elderly. But the problem is not limited to seniors. Children from lower-income families are twice as likely to have tooth decay. Regular preventive dental care is essential for good oral health, but many persons don't get the care they need. More people are unable to afford dental care than other types of health care. In 2019, the percentage of people in the United States with no dental insurance was 25% overall and approximately 70% for older adults. Such situation with dental health is inadmissible for the U.S., the richest and most powerful country in the world.

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