

SUMMIT
ACTUARIAL SERVICES, LLC

720 East Main Street, Suite 2S
Moorestown, NJ 08057
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To: Board of Trustees
School Cafeteria Employees Local 634 Health and Welfare Fund

Re: Proposed Dental Fee Schedule Increase

Date: June 11, 2024

We received a request from Mattucci Dental for a fee increase for certain dental services. As a result, we have attempted to estimate the cost of the proposed dental schedule on the School Cafeteria Employees Local 634 Health and Welfare Fund (Welfare Fund) if the proposed Mattucci Dental Fee Schedule was implemented. With respect to this study, we analyzed the current and proposed dental fee schedules based on the Local 634 Welfare Fund's recent utilization. In addition, we are providing the following information that may be helpful to this discussion:

1. The Dental Plan currently has annual maximums of \$1,000 Single and \$1,500 Family.
2. The current dental benefit period for determining the annual dental maximums is July 1st through June 30th.
3. The annual dental expenditures for the Welfare Fund for the fiscal year ending August 31, 2023 was approximately \$190,000 and represents about 9.2% of the Welfare Fund's total expenditures.
4. The total expenditures for all benefits for the Welfare Fund for year ending August 31, 2023 was approximately \$2,067,000.
5. The last increase in the Mattucci Dental schedule was 2017.

Based on the proposed dental schedule increases and actual utilization, we have estimated that the additional annual cost to the Heath Fund would be approximately \$85,000 if the proposed dental schedule was implemented.

The main reason for the estimated increase in cost is the modification in the allowances for preventive services. The most recent twelve-months of utilization available indicates that over 82% of all dental services utilized by the membership are preventive services (periodic examinations, oral evaluations, full mouth x-rays and films). The proposed increase in the preventative services represents over 58% of the estimated cost. The other allowance increases were to services including crowns, root canals, scaling and periodontal maintenance. The proposed increases were larger for these non-preventive services but the utilization by the members was significantly less for these categories.

Regarding the proposed increases they are reasonable, and in most cases even less, when compared to dental allowances for other providers including Delta, AETNA, CIGNA and United Concordia. It is also important to note that the dental schedule has not been increased in approximately seven years and that may ultimately be the main explanation for the increase in the estimated annual cost if implemented. The other consideration is the network of dentists could potentially decrease if dentists ultimately start to refuse to accept the current reimbursement schedule.

We look forward to discussing this information with the Trustees. If upon review you have any questions, or require additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Frank Iannucci", is written over a faint, light blue rectangular background.

Frank Iannucci, MAAA
Actuarial Consultant

FI/lf