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The New Dental Insurance Market:

How Leading Insurers are Overcoming Technology Limitations and Taking on the Competition

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As more health insurance companies look to add dental insurance to their portfolios, today's standalone dental insurers are under tremendous pressure from both acquisition threats and new entrants into the marketplace.

From 2018 to 2020, the portion of health payers offering adult dental benefits more than doubled to **48%**, a strong sign that the industry is moving toward convergence.

"Convergence of Dental and Health Insurance Accelerates," West Monroe, 2020

2018

2020

%
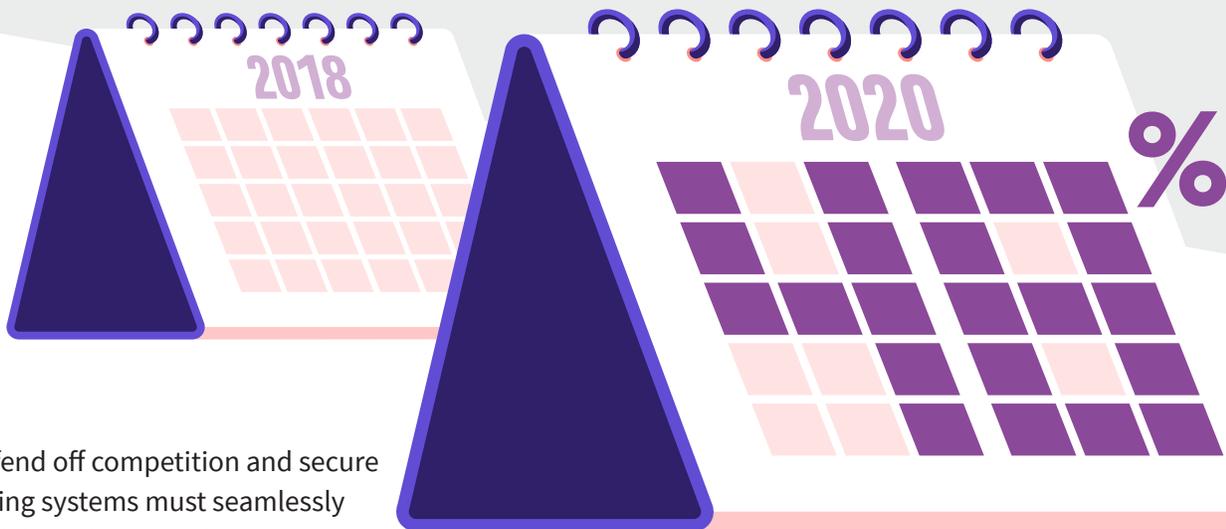
For dental insurers to fend off competition and secure new clients, their existing systems must seamlessly connect with, and participate in, a multichannel and disparate technology environment that's user-friendly, easily accessible, and includes mobile options. Insurance plans that continue to operate out of closed-end systems that are siloed and monolithic in their architecture lack the connectivity they need to interface effectively in the new dental insurance market.

Paramount to sustainability in today's dental and ancillary benefits market is greater connectivity along the value chain and the creation of new business models that leverage distribution partnerships and facilitate enrollment marketing initiatives. Modern technology is more open and flexible, letting insurance companies push past outdated legacy systems and integrate with a variety of new online enrollment platforms. For many, this means replacing traditional legacy systems with a more consumer-centric administrative platform that meets the needs of this new ancillary benefits market.

The New Dental Insurance Market

In 2020, 89% of insurance executives said dental and health insurance convergence was accelerating, compared to 21% in 2018, and 48% of insurance executives expected the market for employer-sponsored dental plan membership to grow slightly or significantly until 2025, according to "Convergence of Dental and Health Insurance Accelerates," West Monroe, 2020.

Additionally, consumer expectations for dental insurance are increasing. They expect a more streamlined experience, with access to their information on one platform, in one place. The product-centric architecture of legacy systems often prevents a single, detailed, integrated view of members' health information across products, and plans can't integrate with multiple enrollment providers because of the inflexibility of legacy systems.

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Many dental plans continue to patch together systems that don't fully connect in an effort to support multiple external systems. But in the long run, this approach ends up costing more in terms of time, resources, and money. Manual and inefficient processes remain, and incomplete member data results in an inefficient member journey.

The good news is, new technologies can help. EIS offers seamless integration through open APIs while providing an overall view of the member record and simultaneously offering enhanced and updated workflow capabilities.

Challenges and Change

Legacy systems are keeping dental plans from gaining substantial market share and holding them back from fully connecting with dental consumers. Today's consumers require:

Websites and ecosystems with self-service functionalities

Mobile access

Online enrollment

On-demand presentation of their benefits information

The challenge is clear: Traditional core systems lack the capabilities needed for true multichannel communication and comprehensive, seamless data integration. However, current and emerging technology can help dental insurers face these challenges.

Core Systems Reimagined

Too many dental plans are addressing their connectivity shortcomings by treating the symptoms instead of the root cause of core system challenges. Efforts to fix their outdated systems often turn into lengthy projects that take months to complete, require dedicated staff, incur high costs, and result in a customized, one-off solution. This approach makes dental plans inefficient, and therefore, unfortunately, health plans can easily enter the dental market. Significantly improving enrollment numbers and being more competitive in this market requires addressing existing core systems and technologies holistically.
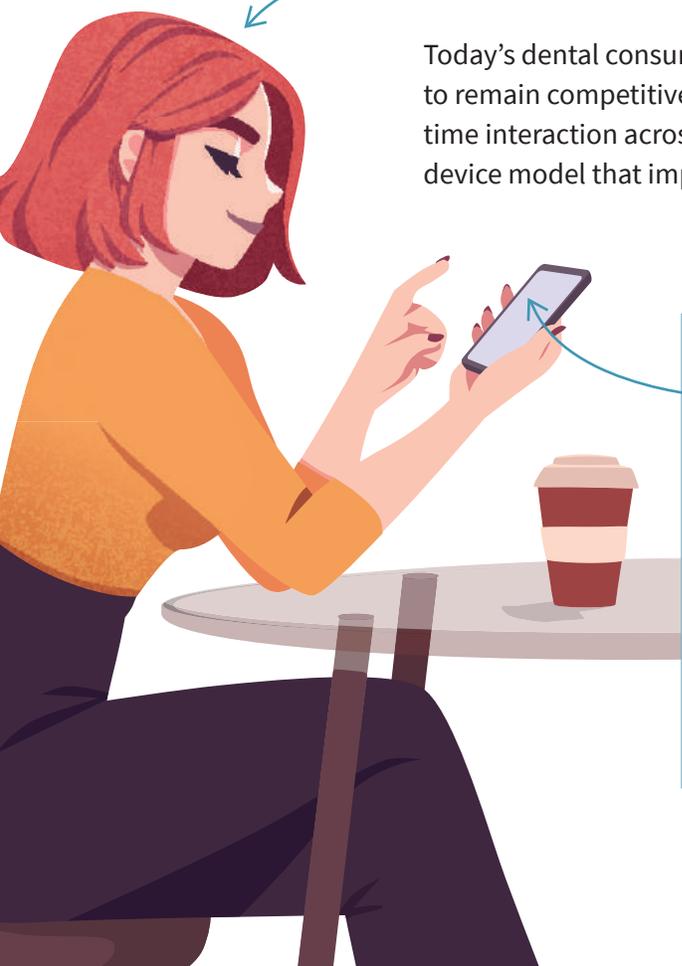
Consumer Experience: Their Channels, Their Terms

Today's dental consumers are more in control than ever before, and for dental plans to remain competitive, they must embrace technology. Insurers must support real-time interaction across multiple devices and channels. An anywhere, anytime, any device model that improves the member experience is crucial.
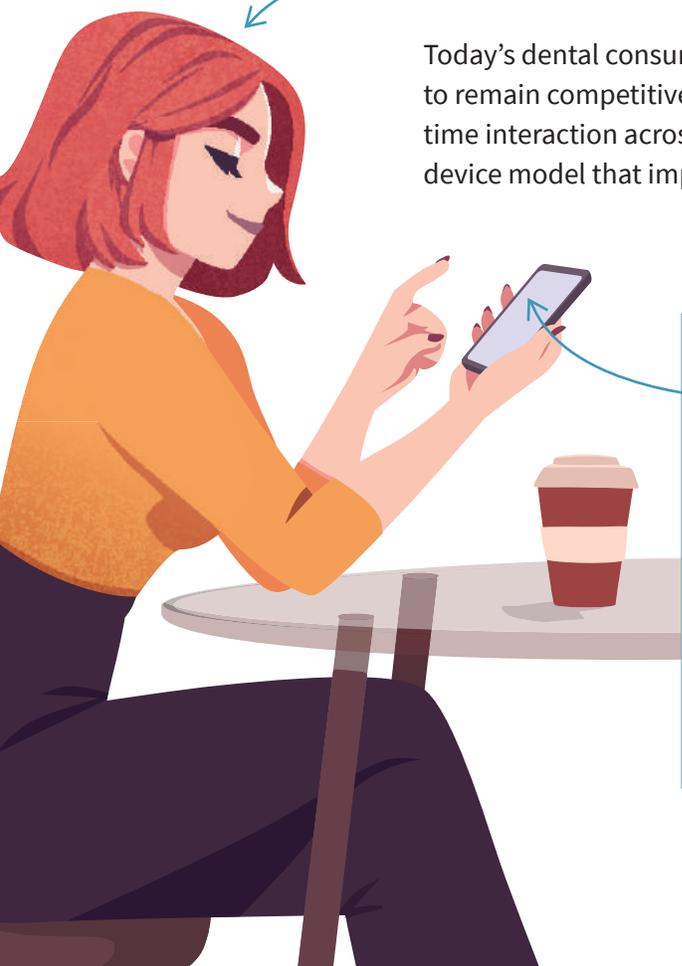
The Modern Technology Advantage

Continued and future success in the dental market depends on embracing innovative technology. EIS' channel-less approach has one source of data, using APIs to deliver consistent information, including a portal strategy that gives members a more personalized experience. Our open API and portals provide a 360° view of the member, and we deliver persona-based consumer experiences via our digital experience platform, EIS DXP™.

Recommendations

1

Prepare to innovate: Identify the products that consumers in your market segment want and need, and invest in capabilities to rapidly develop and deploy new products and services. Product development should be measured in months, not years, and deployment should be tailored to the market segment. Flexibility in a consumer market allows dental plans to change products to meet emerging market demands. Use a connected system to make it easier for members to change their benefits on the fly. With EIS, plan design can be done easily and quickly completed with little, if any, coding and development. Changes can be made ad hoc, as opposed to on a calendar basis.

2

Know your consumers: Today's dental consumers are seeking personalized experiences. Fill the gaps in limited legacy technology with a central database capable of consuming member data regardless of the source. Invest in modern systems that import and reconcile consumer data for a true 360° view of members, their preferred products, and their behaviors. Capturing and consolidating data in a single location allows a full view of the consumer to improve analytics, enhance service, and provide real-time self-service for participants.

3

Address legacy system limitations, not just symptoms: Invest in coretech, modern insurance core systems, APIs, and open capabilities that can connect with external systems and integrate with existing applications. Leverage ecosystem capacity with sustainable platforms and technical capabilities that enable easier and regular application updates to meet the market's evolving needs. At EIS, we help insurance companies think like tech companies and become fast, simple, and agile.

4

Live the channel-less life: Support channel-less, end-to-end processing. Connect and interact with consumers on their terms, and provide a consistent experience that picks up where they left off. Offer flexible product offerings, and respond to consumer requests with systems that support rapid interface configuration and deployment.

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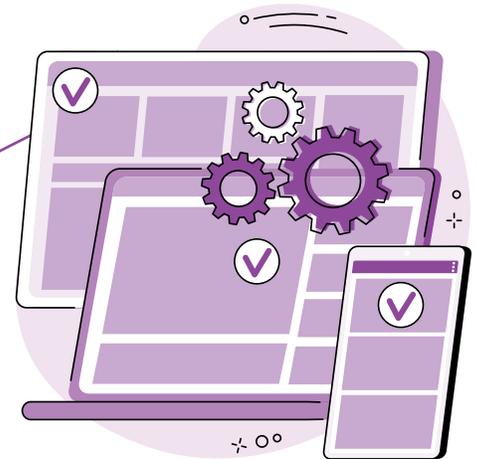
> Improving the customer experience in the competitive dental insurance market begins with building the right products and then delivering them through the right engagement channels. Systems in this industry have been neglected for so long that insurers can seize the advantage and differentiate themselves based on their ability to add and change partners and data sources and build experiences consumers will love. Open coretech systems make it all possible. Insurers that leverage coretech will quickly build market share and reduce expenses. "

Dan Galdenzi
General Manager and
Executive Vice President, Healthcare,
EIS

The Opportunity Ahead

Dental and other ancillary benefits insurers are under pressure from acquisitions and competitive threats in the market. To stay competitive, dental insurers must invest in systems that can connect to multiple benefit enrollment systems, develop and customize new products, and provide a consistent, contemporary, unified member experience. Insurers that don't respond to these new consumer expectations risk losing market share to insurers that do.

About EIS

EIS is an insurance software company that enables leading insurers to innovate and operate like a tech company: fast, simple, agile. Founded in 2008, EIS provides a platform for high-velocity insurance. This open, flexible platform of core systems and digital solutions liberates insurers to accelerate and scale innovation, launch products faster, deliver new revenue channels, and create insurance experiences the world will love. And with thousands of open APIs, the platform gives insurers the freedom to connect to a vast ecosystem of insurtech and emerging technologies. Headquartered in San Francisco, EIS powers premium growth for insurers in all lines of business worldwide.

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