

Dental Trends

Carriers, Providers & Customers

Cigna HealthcareSM Annual Dental Trends Report

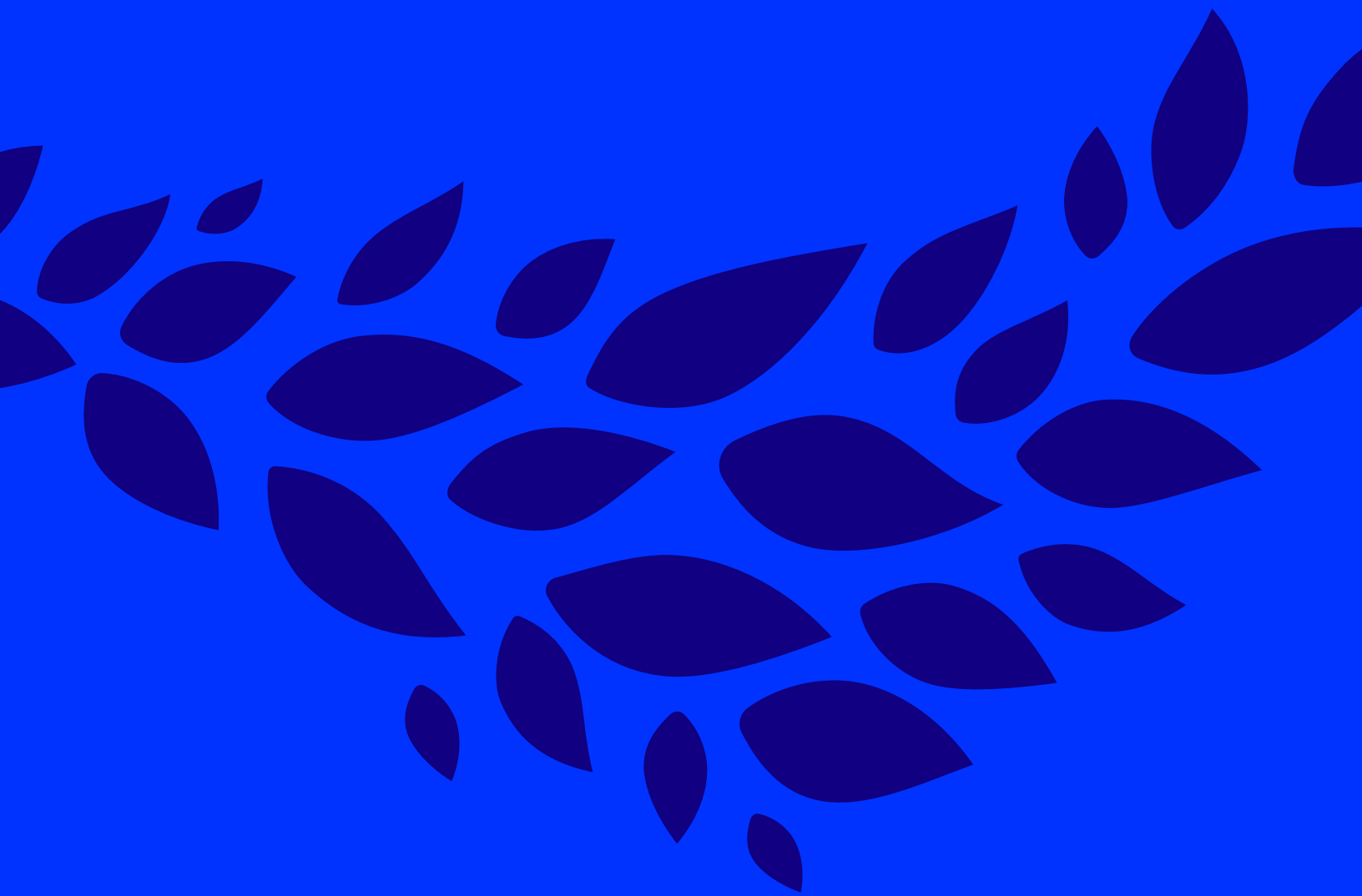


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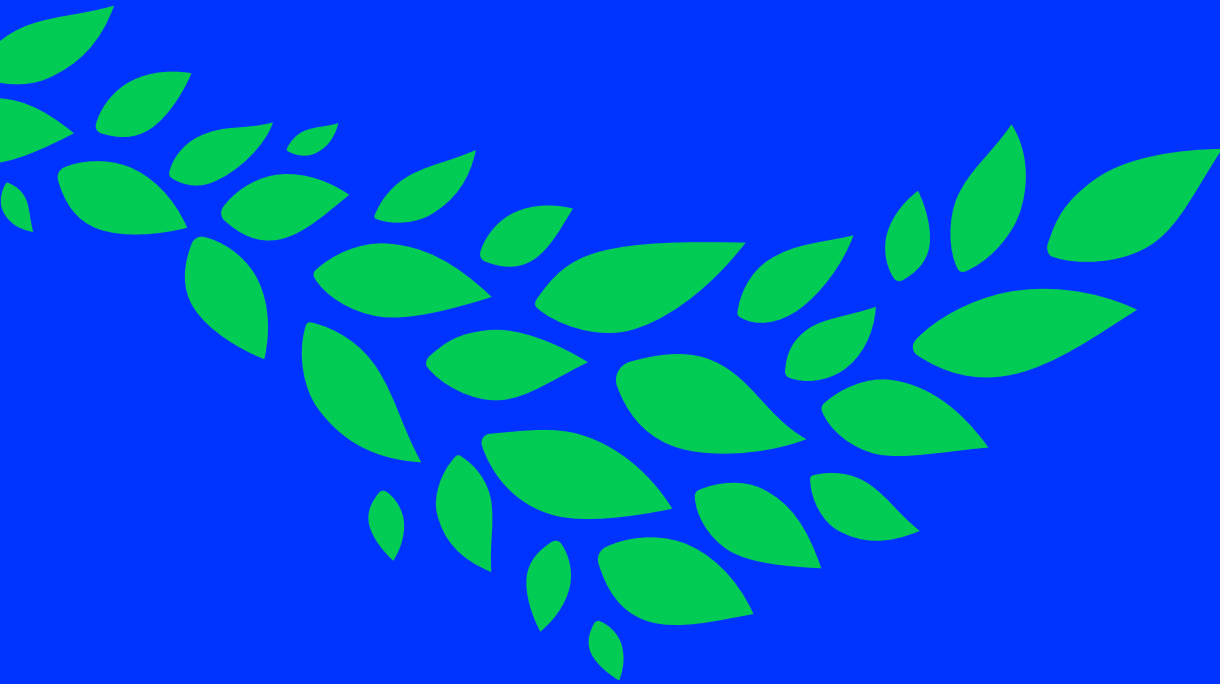
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Executive summary

Unprecedented change for carriers, providers and customers.

The transformation of the dental industry since the COVID-19 pandemic is now in high gear, primarily driven by the meteoric rise of Artificial Intelligence capabilities. Five years ago, AI was just entering the radar screen for carriers. Fast-forward to 2024, and AI capabilities and potential applications have exploded for carriers, dental providers, and health plan customers.

However, while Artificial Intelligence is the single biggest force impacting the dental industry it is hardly the only one. For providers, the popularity of teledentistry is a boon for practices seeking additional revenue streams and patients. When coupled with a strong social media presence, it is becoming a serious differentiator for dentists particularly as they look to attract younger patients. Savvy providers are also giving their patients additional reasons to stay with their practice. These include a commitment to more personalized dental care, upgraded offices and equipment, and subscription-based dental plans to help customers without insurance lower their dental bills.

“AI cannot replace dental professionals; the solutions and systems are far from being able to do that. AI should be viewed as a complementary asset to assist dental professionals in their work.”⁴

Brendan McDonald, CEO of Digital Smile Design

As providers work to make their services more accessible, they struggle with the effects of inflation. Staffing shortages and reimbursement level concerns are leading to a decline in dental offices operated by sole practitioners and the consequent growth in Dental Service Organizations (DSOs). In turn, these provider-side challenges have a knock-on effect for carriers. Dentists are choosing to participate in fewer carrier networks, while national and local dentist associations are pushing Dental Loss Ratio legislation.

Patients also feel the bite of inflation even as their changing needs have a hand in shaping the industry. Individuals are beginning to understand the link between oral and whole-body health, but struggle with ‘dental anxiety’ and the high out-of-pocket costs associated with some restorative services. Carriers are responding with solutions such as at-home dental screenings and no-interest loan programs to help patients get the care they need.

Even as AI is pushing the market in new directions, customers are also dictating the future.

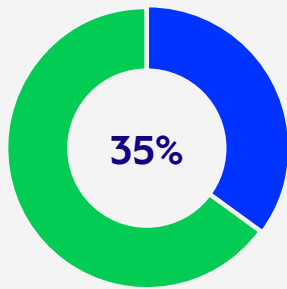
Patients – particularly younger ones – emphasize their desire for straight, white teeth while also insisting on eco-friendly products. They also want the convenience they see in other vendor experiences with capabilities like verified dentist reviews, online appointment setting, and social media interaction to be available in their interface with their insurance carrier as well as their dental office.

These are only some of the many changes occurring in the increasingly fluid dental market. While AI is the big driver of change, advances in technology and patient expectations are some of the other forces at play.

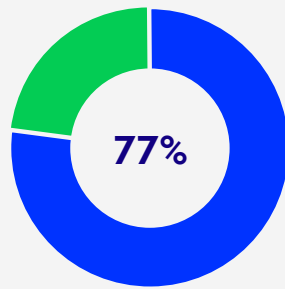


Dental provider trends

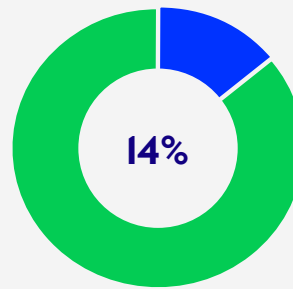
New horizons and new challenges for dentists.



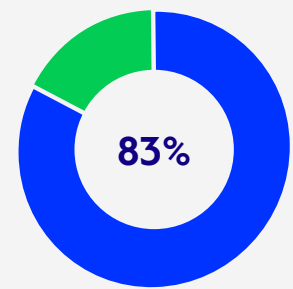
35% of US dentists have incorporated AI into their practice.⁴



77% of dentists employing AI agree they have seen positive results from it.⁴



14% of surveyed dentists reported having implemented teledentistry.⁶



83% of consumers are likely to stay with a dental practice with an in-house dental membership plan.²²

Artificial Intelligence is the single biggest driver of change for providers. The pace of adoption is increasing as more dentists see the potential value to their practice. 81% of dentists surveyed have a positive attitude toward AI, with 62% agreeing some of the operational tasks in dental clinics could be carried out by AI. The most significant application for dentists who have already implemented AI was image analysis, followed by diagnosis and treatment planning.⁴

76% of surveyed providers see faster/more efficient workflows as the biggest impact as a result of implementing AI. But gains like this are also tempered by concerns – two-thirds of dentists list data security/privacy and reliability/accuracy as their biggest worry about implementing AI. A crucial aspect dentists are watching is the potential for job displacement. More than a third saw it as serious concern.⁴

Another strong tailwind for providers is the rise of teledentistry. While only 14% of providers incorporate teledentistry as part of their practice⁶, the opportunity to earn additional money and add patients as a result

of a teledentistry appointment makes it a lucrative option. Teledentistry users – many of whom have not seen a dentist in more than two years – are more likely to follow up a teledentistry visit with an in-person appointment.⁵ This first step often leads to customers committing to a more regular in-person care regimen. In addition to improving health outcomes, this becomes a revenue boost beyond the teledentistry service itself. By using teledentistry to add to their patient base, providers can set themselves up for sustained success.

Subscription-based dental plans are another area where dentists increase patient loyalty by providing an in-house plan to their patients. Vyne Dental recently debuted Vyne Dental Plans, building off their existing customer base of dentists using Vyne's claim processing capabilities. Kleeer, another subscription dental plan marketed to dentists, touts that more than 80% of plan members renew, a step above the regular dental practice retention rate of 75%.⁸ This is important to dentists, as existing patients typically spend around 31% more than new patients.²²



Hard to brush off

Dentists are grappling with the effects of the economy, ranging from higher overhead costs due to inflation to difficulty in recruiting and retaining staff. These challenges are expected to continue into 2025.



More than **50%** of dentists see reimbursement levels as one of their top challenges.²



More than **60%** of dentists see staffing shortages as their biggest challenge.²



36% of dentists are in solo practice, down **28%** since the year 2000.²



Customer Trends

Patient expectations are higher than ever.



To be more successful in 2024, patient expectations are driving dentists to adapt in a number of ways. The phrase “not your grandparents’ dental office”¹² expresses the way today’s dentists are approaching their patients’ dental visit experience.

Dentists are actively remaking their offices – gone is the sterile, clinical atmosphere and outdated technology. Instead, more and more offices combine a relaxed atmosphere featuring stereo headphones and Netflix with digital x-rays, intraoral cameras and 3D scanners. Considering dentists generate up to 75% of their business from referrals, providing a comfortable, high-tech office environment is essential to practice growth.²³

Dentists are also increasingly aware of the value in personalized dental care and treatment plans. This requires getting more than just a clinical appreciation for the patient and, as a result, providers are trying new tactics to engage patients.

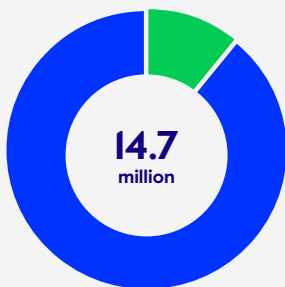
For example, dentists are addressing the difficulty of attracting and retaining customers by engaging them through social media. To generate interest with Gen Z, some providers are using TikTok and YouTube to connect

with younger customers. To reach older professionals, Instagram and LinkedIn are popular.

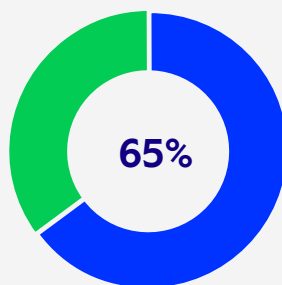
Patients in 2024 continue to demand the latest in cosmetic dentistry, and providers are upping their game in response in order to get those patients into the office. Digital Smile Design uses a predictive AI capability to create a patient’s optimal smile. Bio-compatible materials are also on the rise, which are not only environmentally friendly, but also safe for the body.¹⁵ Implants, laser dentistry and veneers are all areas where dentists are investing based on patient demand.

Patients are looking to their dentist to not only fix their smile but also fix their outlook. Patients doing virtual meetings are coming to their dentist for cosmetic procedures to feel more confident about their smile. The link between mental and oral health is also helping dentists to use oral care as a way to improve self-image.

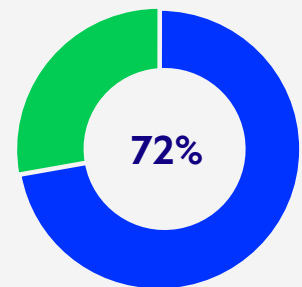
Finally, patient anxiety about going to the dentist ensures that dentists who best address the concern are adding more than their fair share of patients. Three quarters of adults experience dental anxiety or fear, and dentists are responding with everything from sedation dentistry to VR goggles.¹⁷



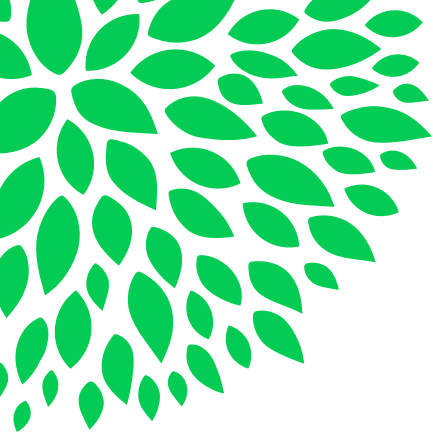
Dr. Ben Winters, aka “The Bentist”, has over 14.7 million TikTok followers, more than 11% of all US TikTok users.¹⁶



65% of survey respondents with poor mental health admit to doing nothing about their oral care.¹⁵



72% of dentists consider generating referrals to be the most effective way to bring in more patients.⁹

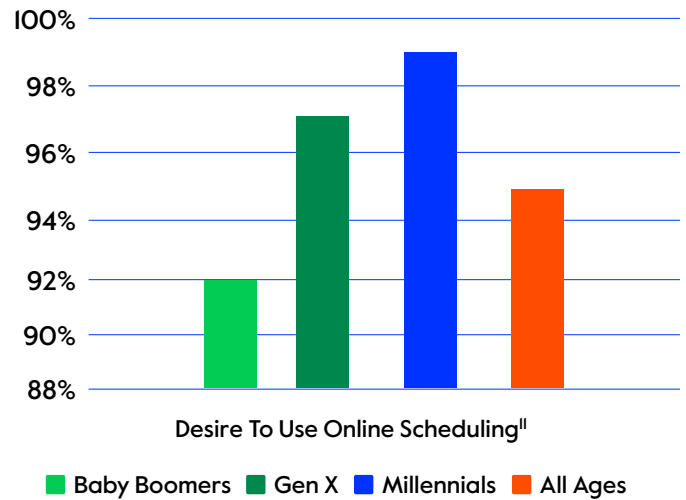


What Customers Want

Dental patients increasingly expect the type of experience they get from ride share apps, restaurant reservations and optometry chains: the ability to book appointments and do business online.

Dentists struggle to provide that type of experience due to a desire to control their calendars and diverse – and often outdated – CRM systems. But patient demand and competition from more marketing-savvy, well capitalized DSOs are forcing their hand.

Similarly, customers are forcing the industry to adopt a more environmentally responsible stance. 2/3 of Gen Zs surveyed use eco-friendly dental products.¹⁴ From organic toothpaste to bamboo-handled toothbrushes, the market for these types of products is booming.



71%



of patients use online reviews to choose their new dentist.¹⁰

38%



of Americans prefer toothpaste that is organic or natural.⁷



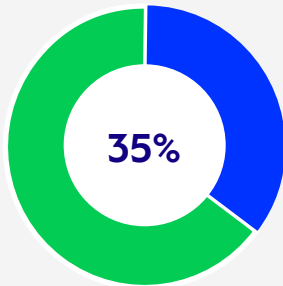
Carrier Trends

Generating more savings while enhancing services.



Provider and customer trends are motivating carriers to find new solutions to adapt to evolving stakeholder needs to maintain growth.

A key provider trend is the change in tactics to garner higher reimbursements. In Q1 2023 alone, 16% of dentists dropped out of one or more carrier networks, even when it impacted their patient base and their patients' out-of-pocket costs.¹⁸



In a recent study, 35% of dentists intend to work with fewer carrier networks in 2024.¹⁹

Providers point to higher staffing and materials costs in an effort to receive higher reimbursements. Now, many dentists are employing third-party negotiators to make their case.

Another development is increased legislative activity sparked by national and local dentist associations. Dental Loss Ratio Standards are now law in 4 states and the subject of legislation in 9 others.²⁴ They are intended to curb carrier profits and ensure they put more money into dental provider reimbursements and customer services.

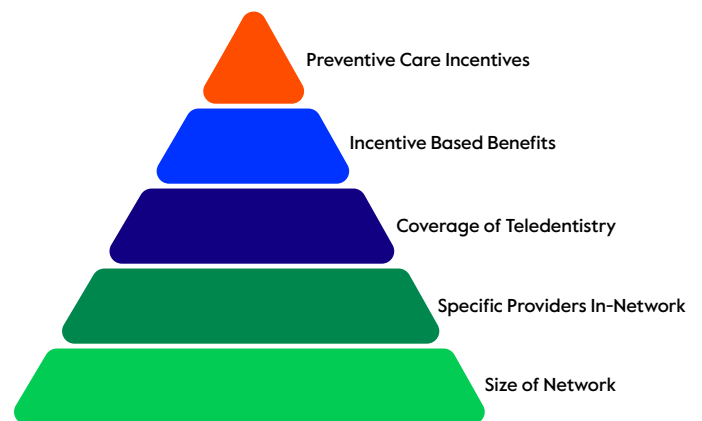
New draft legislation from the National Council of Insurance Legislators (NCOIL) and agreed upon by the

American Dental Association (ADA) and the National Association of Dental Plans (NADP) proposes a profit threshold designed to keep carriers from exiting potentially unprofitable markets and helping dentists reach higher reimbursement levels.

Employers are increasingly basing their evaluation of dental plans on things beyond network size and price. Savvy clients are asking their carriers to innovate to help employees improve their oral health, particularly preventive care. Products like at-home dental screenings via a smartphone help users get an appreciation of where their oral health stands and can be a motivator to get the care they need. Similarly, mobile dental care removes roadblocks to oral care by bringing a provider to the worksite.

Another important development in this space is programs helping patients to pay dental bills over time and without interest, thus ensuring they don't avoid needed dental care due to cost.

These types of innovation capabilities are part of the recipe needed to satisfy employers, a recipe that also includes a robust network and incentives to get employees to use their preventive services.



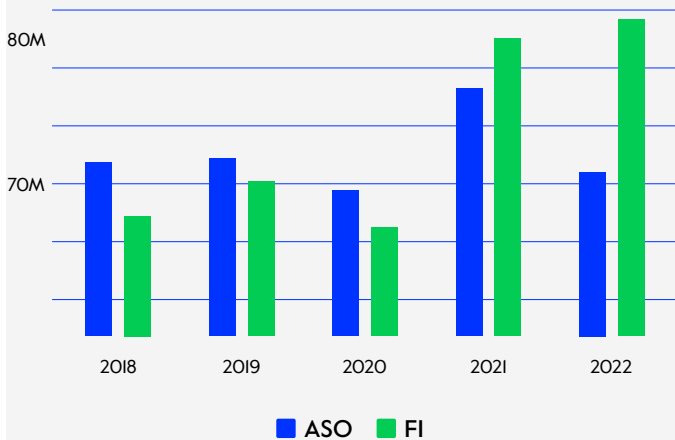
Most Important Dental Attributes (after cost)²¹



A Mixed Bag

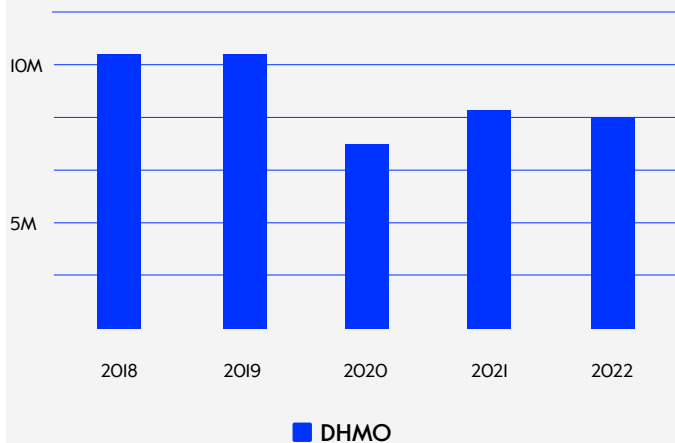
Fully-insured DPPO business is growing, but drops in DHMO enrollment and DPPO provider network membership are an ongoing challenge.

DPPO Enrollment: ASO vs. Fully-Insured



Fully-insured DPPO membership exceeded ASO enrollment each of the last two years and is up more than 50% in the last 10 years.²⁰

DHMO Enrollment



DHMO enrollment saw a post-pandemic bump but reverted to declining after. Overall DHMO enrollment is down 34% from 10 years ago.²⁰

Average Network Roster Top 5 Carriers by Market Share 2022 to 2023



More dentists began leaving networks in 2022 due to higher overhead costs and perceived stagnant reimbursement levels.¹⁸

Looking Ahead

Three trends set to accelerate.



As noted above, the momentum of change in the dental industry is increasing. Here are three areas that show particular promise for growth in 2024 – and beyond.

Providers

As part of the modernization of the dental office and increasing “personalized dentistry”, laser dentistry will continue to grow in popularity. The market itself is expected to grow 11% worldwide by 2025. The potential to remove or reshape tissue, do topical fluoride treatments, repair fillings, remove cavities and accelerate whitening procedures is very appealing to consumers.⁸

Consumers

AI and machine learning will provide more precise design for implants and restorative work at a lower cost. This combination of precision and lower price resonates with customers and fuels the increase in cosmetic dentistry

demand. Conveying these advances to potential customers – particularly in the Gen Z cohort – will continue the boom in social media and online content from dentists and manufacturers.

Carriers

For years, carriers have tried to help customers understand the importance of oral health as it applies to whole-body health. Programs that help customers with the oral care aspects of conditions like diabetes, autism, cardiac issues, and maternity will continue to grow in 2024. Innovation in this space will be a key multiplier – by pairing additional services with at-home care improvements like power brushes, smartphone-based oral screening apps and AI-powered oral care regimen planning, the carriers who can demonstrate their ability to assist a wide variety of populations will have a leg up on their competitors.



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