

# Eye on the Industry™

## Commercial Dental Market Impact Analysis Through Q2 2020



P&R Dental Strategies® |  
DentalMarketIQ®  
Market Analysis

April 21, 2020



**P&R**  
DENTAL  
STRATEGIES®

*The Authority on Dental Quality®*



**DentalMarketIQ®**  
*A division of P&R Dental Strategies*

# Eye on the Industry™ Market Analysis

Commercial Dental Market Impact Analysis Through Q2 2020

## Overview

Throughout the COVID-19 Crisis, P&R Dental Strategies®, and our DentalMarketIQ® (DMIQ) division, will be marshaling our entire arsenal of dental data and analytical firepower, and deep dental domain expertise, to help all dental market stakeholders better understand what's happening, what to consider, and to answer specific questions we've been asked by our clients and colleagues in the market. We plan to produce and share other Coronavirus Impact Insights analyses as the situation develops.

P&R and DMIQ's data-driven insights are derived from our various data resources, including DentaBase®, our ever-expanding proprietary multi-payer database, which contains over 3.5 billion dental procedure records from 66 national and regional commercial dental insurance payers. DentaBase contains statistically significant utilization, financial and claim review data on over 190,000 US dentists covering 70+ million commercial insurance members and enables us to provide keen, actionable insights that are not available from other sources.

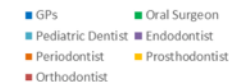
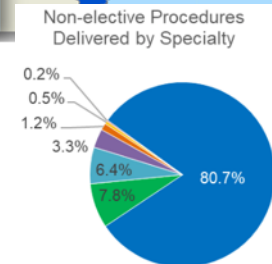
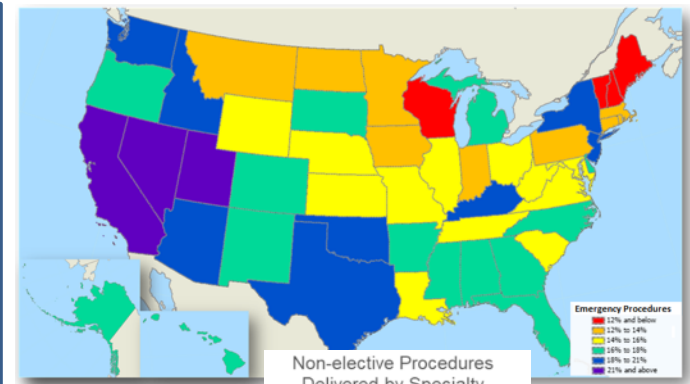
This analysis contains research insights from the latest release of DentalMarketWatch®, our quarterly report that provides historical trends and projected market changes in utilization and fees based on patient utilization and treatment patterns in the commercially insured market and for defined procedure categories.

The Q2 2020 edition of our DentalMarketWatch Report includes a comparison of the 2020 commercial treatment projections we made prior to the COVID-19 crisis and new, COVID-19-adjusted commercial treatment projections assuming only urgent/emergency (non-elective/essential) treatments from late March 2020 through the end of Q2 2020.

Initial guidance from the American Dental Association recommending practices limit dental treatments to only essential (non-elective) treatments was issued on March 16, 2020. On April 3, 2020, this guidance was extended through at least April 30. Subsequent infection control guidance for the Centers for Disease Control and Prevention (CDC) and state level executive orders and regulatory guidance have additional impact. The impact of the COVID-19 crisis continues to evolve daily and impact varies by region. The "worst case" scenario in this analysis assumes that only essential (non-elective) treatments will be performed through the end of Q2 2020.

Recent analyses performed by DMIQ concluded that 17.7% of the procedures in 2019 were highly likely/probably non-elective. 80.7% of non-elective procedures in 2019 were performed by a General Practitioner (GP), with much smaller percentages performed by other specialties. Non-elective procedure percentages varied in 2019 by state, ranging from a low of 9.7% to a high of 22.7%. Public programs are not included in our review and may have higher percentages of non-elective procedures.

**On April 18, the ADA issued a modification to their interim guidance to aid dentists who may be reopening their practices when state mandates are lifted. P&R and DMIQ will continue monitor closely.**



**Question: What is the projected impact of the COVID-19 crisis on commercial dental treatments from late March 2020 through the end of Q2 2020?**

KEY INSIGHTS – ADJUSTED COVID-19 PROJECTIONS\*



**DECREASE OF >80% IN TREATMENTS PER COVERED LIFE (MEMBER)**

Q2 2020 utilization is expected to decrease in all treatment categories. **Adjusted projections anticipate >80% decrease in dental treatments in Q2 2020.**

Elective/Non-Essential treatments are estimated to account for over 80% of historical dental treatments within traditional dental practice operations. Current guidance/ environment limiting to only non-elective (urgent/emergency) treatments results in a significant overall reduction in treatments per patient and is expected to continue at least through the end of April and possibly most or all of Q2 2020.



**DECREASE OF >\$40 BILLION IN SUBMITTED CHARGES**

Q2 2020 submitted charges per treated patient are expected to decrease overall in all treatment categories – within the submitted charges for the rolling 12-month period ending Q2 2020 at ~ 75% of 2019 for the same time period. **The decrease in total submitted charges for commercially insured dental patients is projected to be >\$40B.**

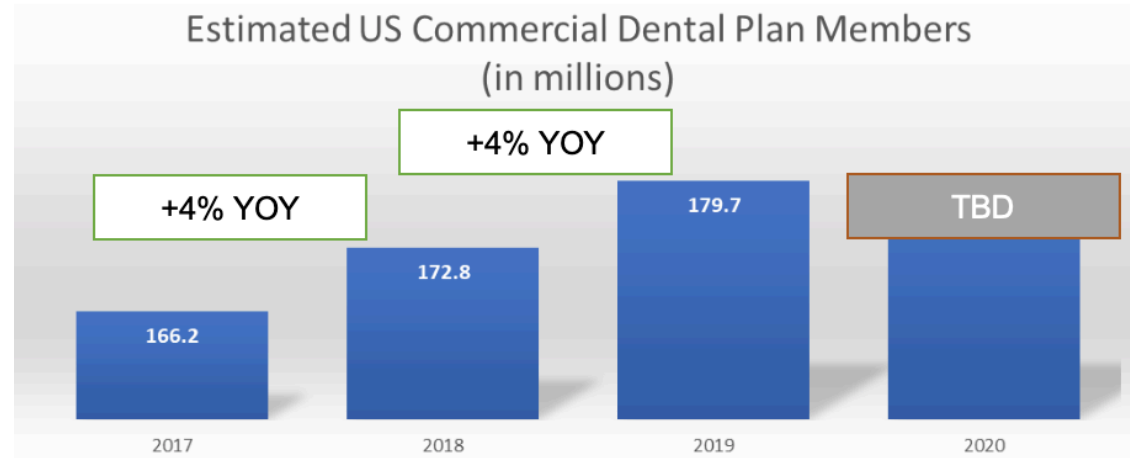
Urgent/Emergency (Non-Elective/Essential) treatments are projected to be less than 10% of historical submitted charges. Increases in new treatment categories (e.g., teledentistry) may result in some stabilization of access to care during the crisis.

*\*Based on historical and projected utilization trends observed in DentaBase®*

## Commercial Dental Market Overview

### OVERALL COMMERCIAL DENTAL MARKET

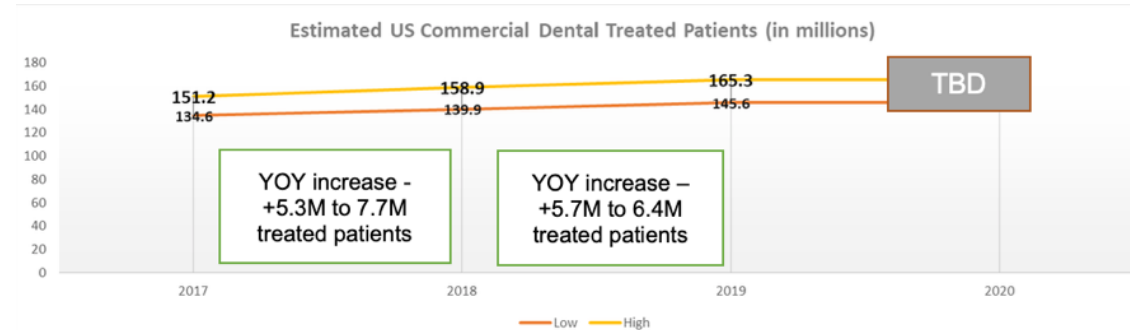
Over 260 million people are estimated to have dental insurance benefits through commercial (private) and public programs across the US. Prior to COVID-19, more than **170 Million** people were covered through commercial dental insurance plans.



### ESTIMATED TREATED PATIENTS

In 2019, the estimated commercial dental treated patients receiving at least one dental service totaled more than **145 million patients** (ranging from 145.6 M to 165.3 M).

Charges for dental services per patient averaged \$1,037 for the same 12 month period – totaling more than **\$150 billion** overall.



**Total Treated Patients**

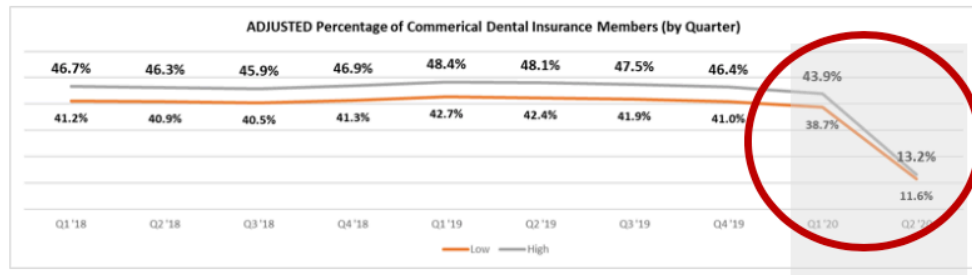
**TOTAL TREATED PATIENTS BY QUARTER**

**COVID-19 Adjusted Projections**

COVID-19 Adjusted Projection				
	% of Covered Lives Treated - Low	% of Covered Lives Treated - High	Commercial Market Projection* - Low	Commercial Market Projection* - High
Q1 '20	38.7%	43.9%	69,583,676	78,898,910
Q2 '20	11.6%	13.2%	20,874,760	23,669,284

In Q2 2020, utilization is expected to change materially. During Q2, utilization is expected to be limited to urgent/emergency (essential) treatments only through Q2. DMIQ estimates that **21M to 24M (12% to 13%)** of the commercial dental insurance members will receive dental treatments in Q2 2020 – **approximately 25% of the Pre-COVID-19 Q2 2020 estimated patient volume.**

**Adjusted for Urgent/Emergency (Essential) Services Only**

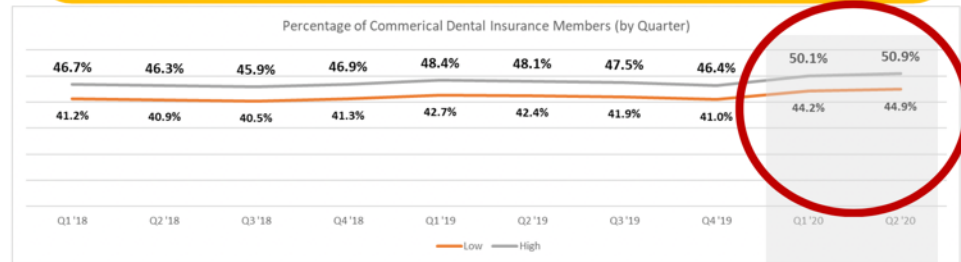


**TOTAL TREATED PATIENTS BY QUARTER**

**Pre-COVID-19 Projections**

Pre-COVID-19 Projection				
	% of Covered Lives Treated - Low	% of Covered Lives Treated - High	Commercial Market Projection* - Low	Commercial Market Projection* - High
Q1 '18	41.2%	46.7%	71,220,799	80,761,499
Q2 '18	40.9%	46.3%	70,623,765	80,096,418
Q3 '18	40.5%	45.9%	69,912,074	79,281,495
Q4 '18	41.3%	46.9%	71,415,798	80,991,843
Q1 '19	42.7%	48.4%	76,742,962	87,027,052
Q2 '19	42.4%	48.1%	76,160,277	86,361,856
Q3 '19	41.9%	47.5%	75,317,366	85,424,045
Q4 '19	41.0%	46.4%	73,607,567	83,461,484
Q1 '20	44.2%	50.1%	79,469,421	90,108,069
Q2 '20	44.9%	50.9%	80,651,638	91,448,550

**Pre-COVID-19, Total Commercial Dental Membership was projected to be 4% higher year-over-year. Combined with year-over-year utilization increases – over 6.8M additional patients were projected to seek dental treatments in Q2 2020.**



## Total Dental Treatments

### QUARTERLY TREATMENTS

COVID-19  
Adjusted  
Projections

#### COVID-19 Adjusted Projection

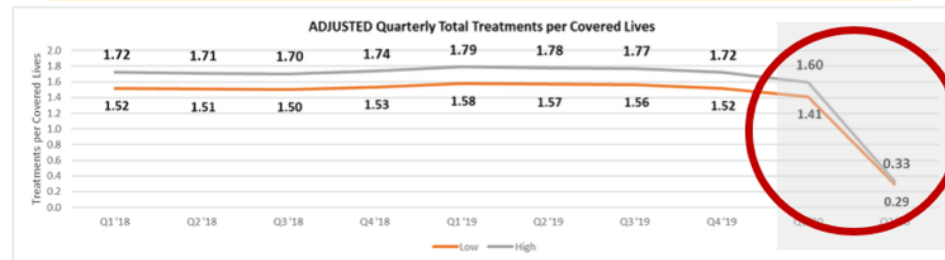
	Commercial Market Projection* - Low	Commercial Market Projection* - High
Q1 '20	253,060,000	286,930,000
Q2 '20	52,810,000	59,880,000

In Q2 2020, utilization is expected to change materially. Utilization is expected to be limited to non-elective (essential) treatments only. DMIQ estimates **53M to 60M total dental treatments** for commercial dental insurance members in Q2 2020 – **17.7% of the Pre-COVID-19 Q2 2020 estimated treatment volume.**

As of this report date, >22M individuals are believed to have filed for unemployment benefits as a result of the COVID-19 crisis (which will likely affect the total number of commercial dental insurance members in the coming weeks).



#### Adjusted for Urgent/Emergency (Essential) Services Only



### QUARTERLY TREATMENTS

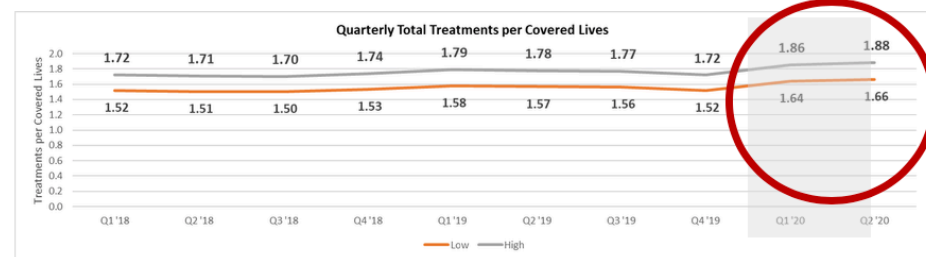
Pre-  
COVID-19  
Projections

#### Pre-COVID-19 Projection

	Commercial Market Projection*-Low	Commercial Market Projection*-High
Q1 '18	262,650,000	297,830,000
Q2 '18	260,190,000	295,090,000
Q3 '18	259,100,000	293,830,000
Q4 '18	264,750,000	300,250,000
Q1 '19	283,890,000	321,940,000
Q2 '19	281,670,000	319,400,000
Q3 '19	280,370,000	317,990,000
Q4 '19	272,830,000	309,360,000
Q1 '20	294,080,000	333,450,000
Q2 '20	298,470,000	338,420,000



While treatments per patient were projected to have only modest increases, total treatments were projected to increase 4.3M to 4.9M due to the increase in total commercial dental insurance plan membership.



## Total Treatment Charges

### QUARTERLY SUBMITTED CHARGES

COVID-19  
Adjusted  
Projections

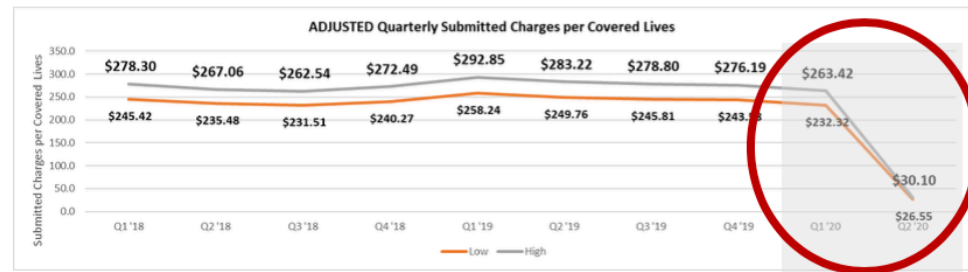
#### Pre-COVID-19 Adjusted Projection

	Commercial Market Projection*-Low	Commercial Market Projection*-High
Q1 '20	\$ 41,753,594,064	\$ 47,343,188,108
Q2 '20	\$ 4,771,412,396	\$ 5,410,165,991

In Q2 2020, DMIQ estimates **\$4.7B to \$5.4B in dental service charges** for commercial dental insurance members – **<10% of the Pre-COVID-19 Q2 2020 estimated treatment charges (\$)**. The Pre-COVID-19 projections expected \$48.7B to \$55.2B in dental services charges during Q2 2020.



#### Adjusted for Urgent/Emergency (Essential) Services Only



### QUARTERLY SUBMITTED CHARGES

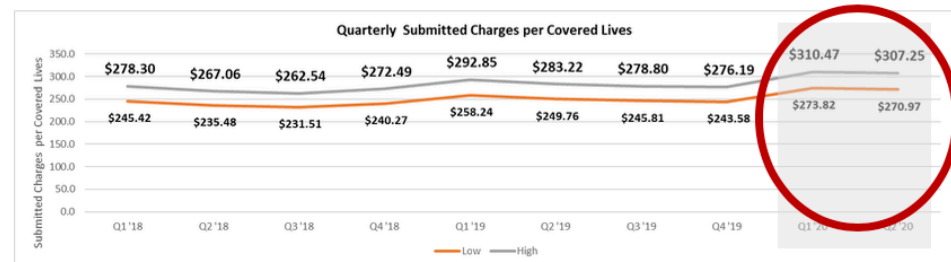
Pre-  
COVID-19  
Projections

#### Pre-COVID-19 Projection

	Commercial Market Projection*-Low	Commercial Market Projection*-High
Q1 '18	\$ 42,413,128,903	\$ 48,094,769,008
Q2 '18	\$ 40,694,833,091	\$ 46,153,166,364
Q3 '18	\$ 40,009,133,036	\$ 45,371,045,306
Q4 '18	\$ 41,522,446,849	\$ 47,090,133,753
Q1 '19	\$ 46,413,077,359	\$ 52,632,752,625
Q2 '19	\$ 44,889,601,025	\$ 50,902,510,005
Q3 '19	\$ 44,179,623,623	\$ 50,107,994,341
Q4 '19	\$ 43,778,972,244	\$ 49,639,705,625
Q1 '20	\$ 49,212,710,547	\$ 55,800,863,733
Q2 '20	\$ 48,701,343,700	\$ 55,221,039,711



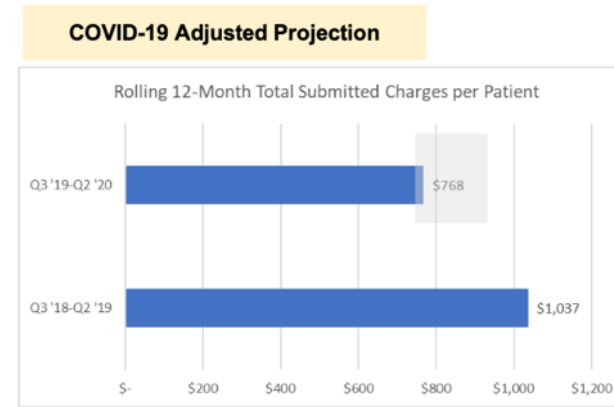
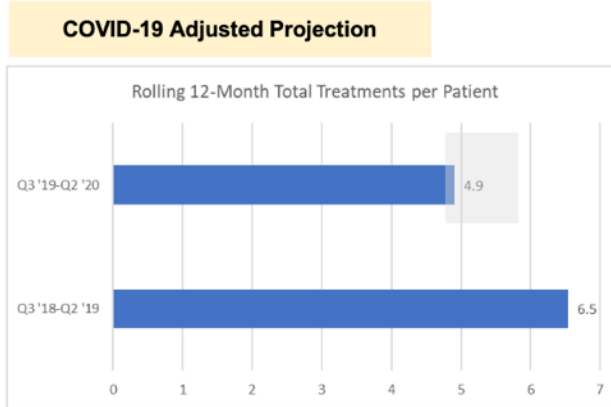
While treatments per patient were projected to have only modest increases, **total treatments were projected to increase 4.3M to 4.9M** due to the increase in total commercial dental insurance plan membership.



**Total Treatment Charges – Rolling Totals**

**OVERALL – ROLLING 12-MONTH TOTALS**

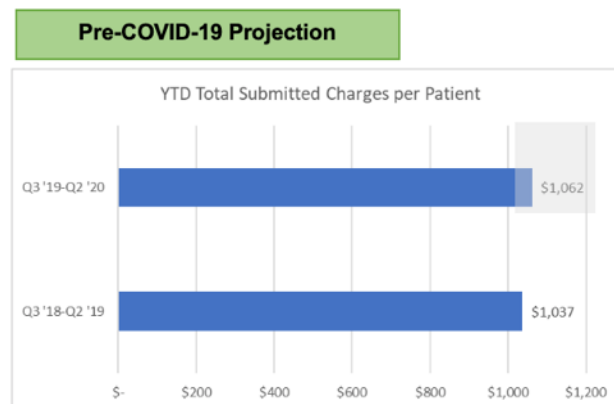
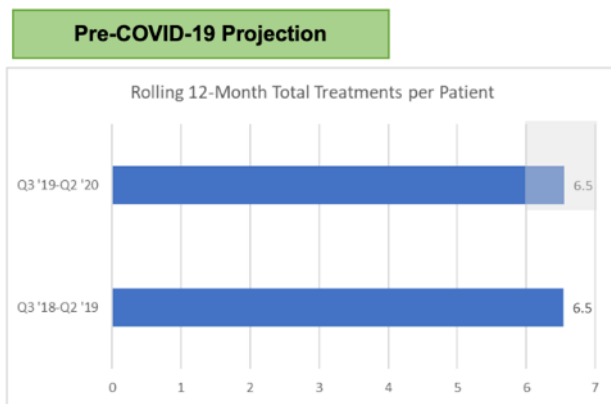
COVID-19  
Adjusted  
Projections



The projected decreases in Q2 total treatments and submitted charges per patient results in an overall projected reduction of >\$40B (\$43.9B to \$49.8B) in treatment charges

**OVERALL – ROLLING 12-MONTH TOTALS**

Pre-  
COVID-19  
Projections



Pre-COVID-19 projections estimated the same total treatments per patient YOY and a 2.4% increase in submitted charges YOY.



*If you have any questions about this analysis or would like to discuss a subscription to the DentalMarketWatch Report, please contact us at [insights@pandrdenal.com](mailto:insights@pandrdenal.com) or [insights@dentalmarketiq.com](mailto:insights@dentalmarketiq.com)*

### ABOUT P&R DENTAL STRATEGIES®

P&R Dental Strategies is the premier dental insights company delivering customized, actionable business intelligence and objective dental quality measurement. The power of DentaBase, our national multi-payer claims database and our industry-leading team of dentists, consultants and statisticians makes P&R Dental Strategies the authority on dental quality and data analysis. Our flexible, cutting-edge technology platform provides an enterprise-level suite of quality measurement, claim review and utilization management, provider profiling, fraud and abuse prevention and network development solutions to customers seeking to contain costs and maximize efficiency across their businesses. We aim to recognize and promote continued innovation, improved quality of care and analytical thinking in the dental industry.

### ABOUT DENTALMARKETIQ®

DentalMarketIQ is the leading provider of business intelligence and data for dental equipment and merchandise suppliers. Maintaining the most comprehensive dentist location and dental claims database in the country, DentaBase, DentalMarketIQ provides suppliers with a trusted, single source of truth on nearly all active U.S. dentists to guide suppliers to the highest-potential sales targets and support their future growth strategies. Through data and analytics, engagement and execution support and consulting services, we help dental suppliers acquire new customers, keep and grow existing customers, introduce new products and enter new markets. With these powerful data solutions and a team of dental market and analytics experts to help suppliers better understand their markets, DentalMarketIQ is the authority on dental industry trends, developments and business optimization solutions. DentalMarketIQ is a division of P&R Dental Strategies, LLC, the premier dental insights company.