

A decorative graphic element consisting of a purple line that starts on the left, goes up to a peak, then down to a trough, and finally up to a point on the right, resembling a stylized pulse or waveform.

PULSE 2023 REPORT

Consumer insights on vision and dental benefits

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Executive summary

The cost of treating patients is on the rise, with PwC's Health Research Institute projecting a 7% year on year medical cost trend in 2024 for both individual and group markets.

While accounting for inflation and market competition within the rapidly evolving health care sectors, understanding consumer perceptions and behavior concerning dental and vision insurance is crucial to both consumers' overall health as well as insurance business growth.

This survey commissioned by SKYGEN – a leader in Software as a Service (SaaS) and third-party administration (TPA) technology and services for vision and dental benefits administration – reveals consumer insights about specialty care providers, assessing areas such as existing consumer perceptions toward specialty care providers today, the hurdles, if any, that might be holding them back from benefits utilization and the future landscape.

Among 5,000 consumers nationwide ages 26 and above who were surveyed, the predominant takeaway is utilization of benefits or lack thereof goes beyond cost, convenience or accessibility. Rather, it lies in an inherent misconception or lack of understanding of the value surrounding specialty benefits plans.

For instance, when asked what degree of impact a vision plan's availability had on a consumer's selection of that plan, an almost equal number of respondents reported it as having no impact and having a major impact. In other words, just because a plan is readily available to a consumer doesn't mean they will utilize it or this will be a crucial factor on their selection when comparing different plans; rather, the perception of value of vision insurance, and equally as much, dental insurance, must be understood.

A majority of consumers undervalue their dental and vision insurance,

ranking it lower in significance compared to almost all other types of financial investments, such as home insurance, retirement and savings.



The results of **SKYGEN's Pulse 2023 Report** offer significant insight into the opportunities insurers have to raise consumer awareness about the value of dental and vision insurance in terms of the cost-benefit equation and the impact on consumers' **overall health**.

Realities of consumer health

CONSUMER PERCEPTIONS ABOUT THEIR DENTAL AND VISION HEALTH

While 51% of consumers characterize their dental health as either good or excellent, 49% describe their dental well-being as less than optimal, a trend that is mirrored in vision health. Half of consumers indicated that their vision health falls short of being optimal, with 72% of those without vision insurance revealing that they or their dependents require vision correction or grapple with vision-related issues.

These insights underline the need to bridge disparities in insurance coverage.



**Only half
of consumers**

describe their dental and vision health as good or excellent

Coverage disparities:

BRIDGING THE DENTAL AND VISION INSURANCE GAP

Value for consumer takes on many different forms. It can both be qualified by positive customer experiences or quantified by affordable, transparent treatment. For instance, 18% of respondents cited bad past dental care experiences and 11% unable to find a dentist as two other major areas of impact behind cost that kept them from receiving recommended dental treatment.

This suggests that there is more to the benefits puzzle than meets the eye.

Even while consumers seem to be acutely aware of the reality of their oral and optical health, there are still significant gaps in specialty benefits coverage, with 26% of respondents lacking dental insurance and 43% lacking vision.

Put plainly:

Consumers aren't prioritizing coverage, even if it's at the expense of emergency visits or putting off dental or vision services that might be imperative to their health.

DENTAL EMERGENCIES

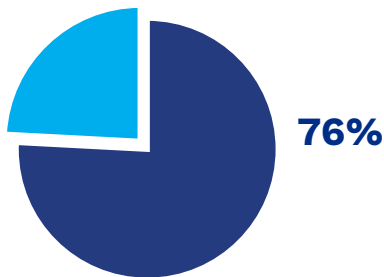
Visits to the ER for dental issues

Approximately **one in five consumers** have sought emergency treatment due to a dental issue, and only a quarter of uninsured consumers seek out emergency care for dental problems. This is even less for those insured at 15%, further highlighting a paradox with the perception of value overall.

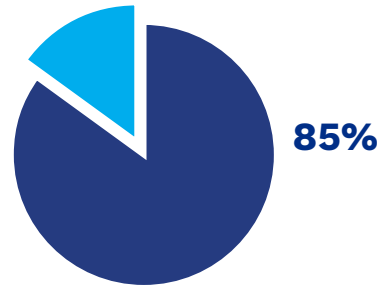


Have you ever gone to the ER for a dental problem?

Without dental insurance



With dental insurance



NO

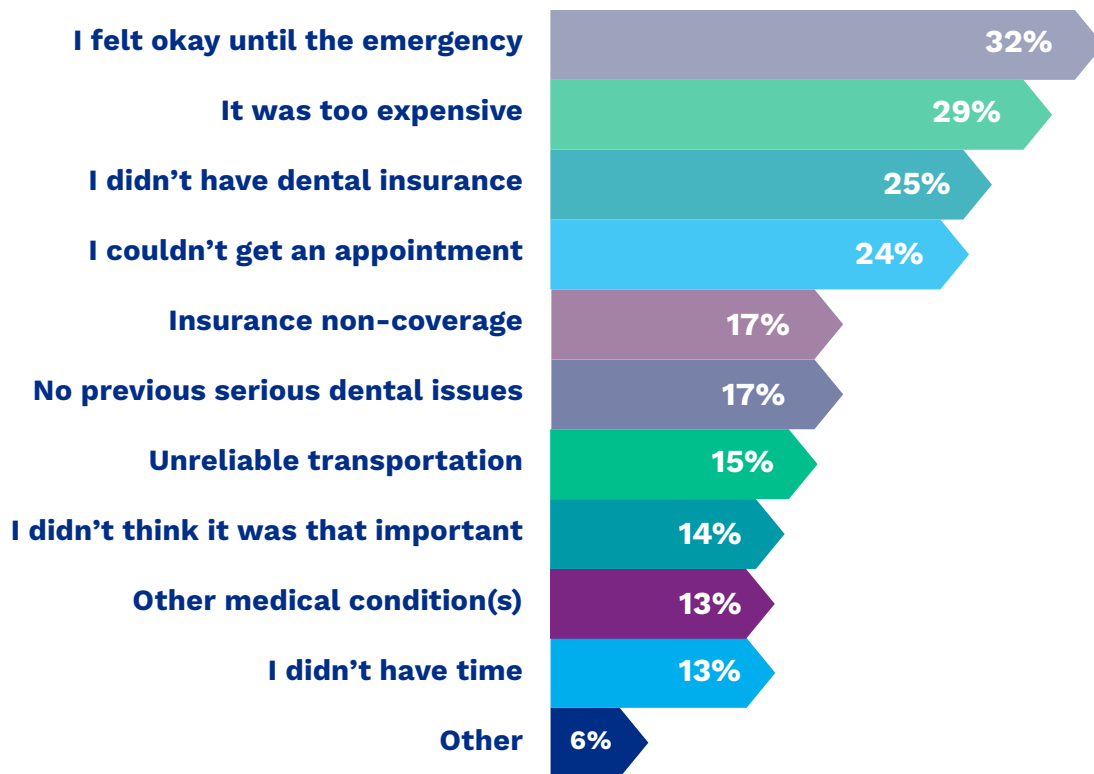
YES

Reasons preventing consumers from seeking dental care

About a third (32%) of those who have required emergency care for dental problems did not pursue earlier treatment primarily because they felt “OK” and were unaware of the underlying issue. Financial constraints and insurance-related concerns also emerged as significant deterrents. Twenty-nine percent of consumers believed that seeking early dental care would be too costly, while 25% refrained from obtaining care due to a lack of dental insurance. Furthermore, an additional 17% of consumers assumed that their specific dental issue wasn’t covered by insurance, leading them to defer treatment until the situation escalated to an emergency.

These findings underscore the vital importance of raising awareness about preventative care and clarifying misconceptions about insurance coverage to ensure timely and proactive benefits utilization.

Reasons for not seeking care prior to a dental emergency



The top reasons consumers put off dental care include:

- Not having symptoms
- High cost of care
- Lack of dental insurance
- Inability to get an appointment

Importance of holistic health insurance

Bridging the dental and vision insurance gap requires a broader picture of health insurance overall.

Holistic health insurance encompasses a broad range of coverage, including medical, dental and vision insurance. While most consumers report having some form of medical insurance, only 72% of consumers have dental insurance and just 57% have vision insurance. This suggests an opportunity for insurers to integrate the three areas to offer the most comprehensive health coverage and package, as well as save costs. This aligns with [national data from the CDC](#) that projects yearly savings as high as \$100 million if screenings for diabetes, high blood pressure and high cholesterol occurred during dental care visits.



For additional data on dental and vision insurance coverage by age, income and by method of coverage acquisition, please see the [appendix](#).

medical



dental



vision



Economic barriers to coverage and utilization

Even in the face of recognized advantages of dental and vision insurance, and the need for both the uninsured to secure coverage and the insured to optimize their benefits, cost remains a significant barrier. About half (52%) of consumers without dental insurance say it is “too expensive” and 23% divert their finances to what they believe are more pressing expenditures. Of consumers who lack vision coverage, 40% say it is “too expensive,” with another 26% prioritizing “other expenses” over vision care.

These financial challenges are illustrated by consumers both in the acquisition of insurance

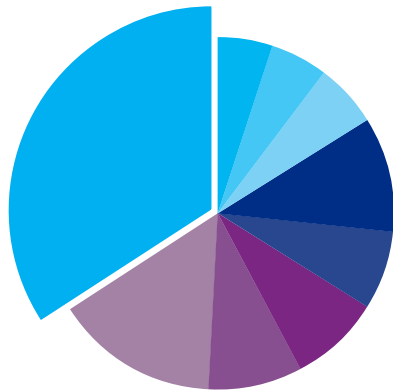
itself, i.e., how easy is it for me to obtain coverage in the first place, as well as a fear of expenses associated with treatments and consultations.

Consumers are increasingly demanding value-driven care that links health care payments to the quality of care that they receive.

In this way, transparency surrounding costs through tools like real-time claims adjudication and upfront pricing can be a clear differentiator for consumers.

Reasons for not having dental/vision coverage

Vision



\$

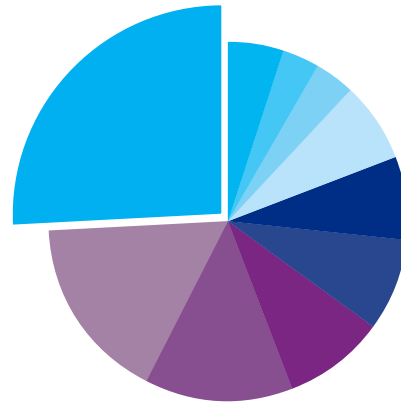
Cost is the top reason

consumers lack dental/vision insurance

When asked about the top reasons

consumers lack dental/vision coverage, cost was reported as the top reason, followed by:

Dental



- I've had bad experiences with insurance in the past
- My/ my dependents' issues aren't that bad
- Insurance doesn't cover the services I need
- My/ my dependents' care is provided elsewhere
- My employer doesn't offer it
- I can pay for care myself
- Other expenses are more important
- It's too expensive
- Other

Perceptions of value vs. cost

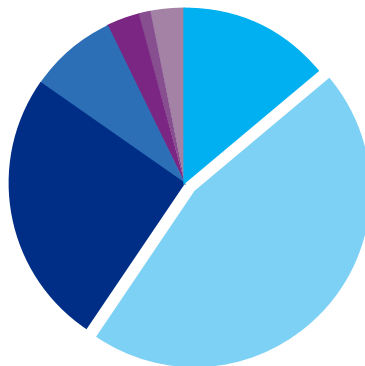
The narrative pertaining to the high cost of procuring and utilizing dental and vision coverage doesn't capture the entire picture. For example, while dental insurance premiums may be perceived as costly by some, it's crucial to recognize that they represent a fraction of the expenses associated with being uninsured.

It is common knowledge that insured individuals commit to a monthly investment of \$20 to \$50, totaling \$240 to \$600 annually — a relatively manageable cost when compared to the potential financial burdens of dental care without insurance. For the uninsured, expenses for treatments, including preventive care, fillings, orthodontics and oral surgery, can soar into the thousands of dollars. Unforeseen dental emergencies can further exacerbate these costs.

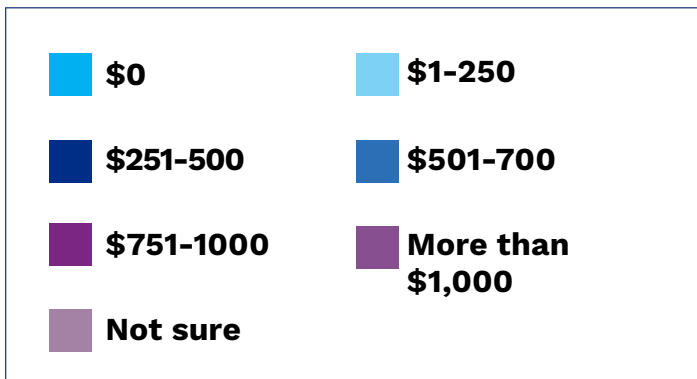
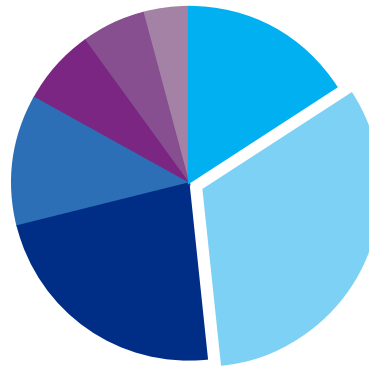
In contrast, insured individuals report annual dental expenses of \$250 or less, making dental insurance a prudent and cost-effective choice that ensures both peace of mind and financial stability in the face of oral health needs.

Insured consumers' annual out-of-pocket costs

Vision



Dental



ABOUT
50%
of consumers spend \$250 or less on out-of-pocket costs on dental or vision care



A similar story emerges

for vision with general estimates for insured individuals ranging between \$5 and \$30 per month, totaling \$60 to \$360 annually in premiums, a reasonable investment given the potential financial strain of vision care without insurance. For the uninsured, expenses for routine eye exams, eyeglasses, contact lenses and corrective procedures can accumulate significantly, ranging from hundreds to thousands of dollars.

The choice to forego vision insurance can lead to unexpected outlays in case of vision-related emergencies or changes in prescription.

In contrast, insured individuals typically enjoy annual vision expenses of \$250 or less, offering not only cost savings but also the assurance of maintaining optimal eye health and clear vision.



These findings reiterate that beyond the immediate challenge of affordability or misconception surrounding availability or quality, there's a pressing need to address and recalibrate consumers' perceptions.

Altering perception of value

BEGINS WITH UNDERSTANDING CONSUMER PRIORITIES

When weighing the value of dental and vision insurance against other financial investment opportunities, consumers consistently placed other areas such as investing, cash and retirement savings higher on their list of financial priorities.

At the same time, 82% of consumers said that all other things being equal, they would not consider switching jobs to get better dental and vision insurance coverage. This suggests that even while other areas may be prioritized first over dental and vision insurance, consumers who are insured aren't

even prioritizing the quality of coverage they do have. This comes back to the availability paradox. Whether dental and vision benefits are available or not has no bearing on the utilization of that coverage.

Even for those consumers who are insured, they are not perceiving the intrinsic value that specialty benefits coverage provides.

\$ Consumers say other financial priorities outweigh dental and vision insurance.

Dental value compared to options

	Less value	More value	Gap	Equal
Pet insurance	32%	46%	14%	78%
Vision insurance	15%	27%	12%	42%
Investing	36%	33%	-3%	69%
Life insurance	33%	29%	-4%	62%
Cash savings	35%	26%	-9%	61%
Home insurance	37%	25%	-12%	62%
Retirement savings	39%	24%	-15%	63%

Vision value compared to options

	Less value	More value	Gap	Equal
Pet insurance	33%	44%	11%	77%
Dental insurance	19%	24%	5%	43%
Investing	35%	34%	-1%	69%
Life insurance	32%	30%	-2%	62%
Cash savings	33%	28%	-5%	61%
Home insurance	35%	27%	-8%	62%
Retirement savings	38%	26%	-12%	64%

Strategies for payers to elevate the perception of dental and vision insurance value

Amidst the other forces at play of rising health care costs and inflationary impacts, elevating consumers' perceptions may seem like an uphill battle, but what it comes down to is cultivating strategies that dig beneath the surface to help insurers reshape how consumers view and interact with dental and vision insurance.

1. Benefits influence decision-making

While cost influences consumers' selection of insurance, there are other crucial determinants, especially among consumers affiliated with commercial insurance, discount plans or Medicare, that equally shape this decision-making power. Forty percent of those affiliated with commercial insurance, discount plans or Medicare indicate that benefits offered are a consideration when determining their choice of dental insurance.

In terms of vision coverage, the specific benefits offered by an insurance plan are just as compelling as the costs. Specifically, 37% of consumers affiliated with commercial insurance, discount plans or Medicare place equal emphasis on the range and quality of benefits when choosing their vision insurance.

Feedback from consumers who have dental, vision or both types of insurance provide insight into how to enhance the overall care experience and perception of value.

Consumers' decision-making processes are multifaceted. While competitive pricing remains essential, the depth and breadth of benefits provided by insurance packages are equally crucial.

For instance, 39% of consumers say that better options for coordination of care between providers would improve their vision/dental care experience and 40% of consumers say that having more choices would improve their coverage buying experience. This presents an argument for giving consumers more choice and power over their entire benefits experience, from shopping around and selecting a plan, to coordinating care among different providers, which could be achieved by bundling vision and dental offerings, allowing consumers to pick and choose their benefit packages based on frequency of care.

2. Provider accessibility, coordination of care, mobile apps

Forty percent of insured consumers emphasized the importance of provider accessibility, highlighting the need for more extensive and convenient networks of healthcare providers. Closely following this sentiment, 39% of consumers expressed a desire for improved care coordination between providers, indicating the value of streamlined communication and integrated care pathways. Additionally, in a nod to the growing significance of digital solutions in healthcare, 33% of consumers cited the availability

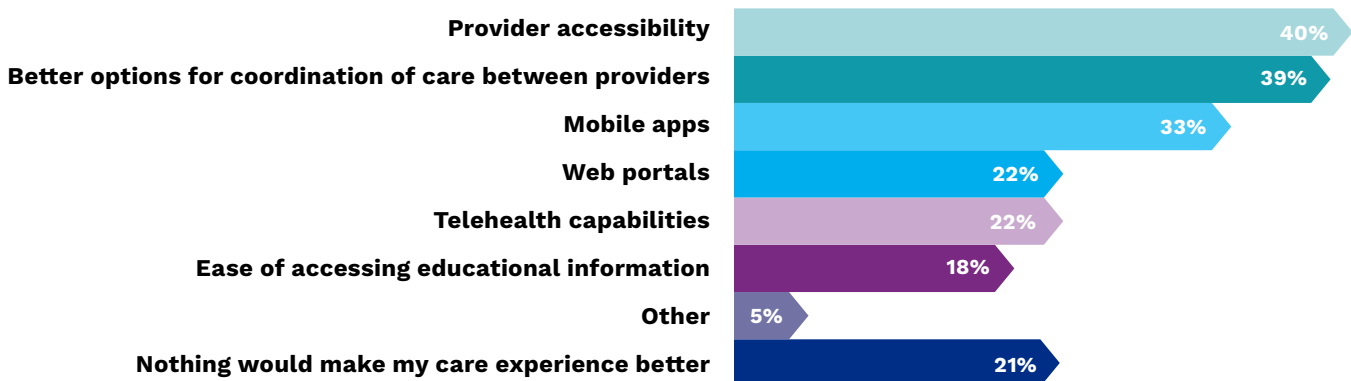
of mobile apps as a key feature that would elevate their care experience and perception of value.

These findings underscore the evolving expectations of consumers, pointing toward a blend of logistical, communicative and technological enhancements to optimize the insurance and care experience.



Among all preferred improvements, survey respondents indicated that digital connectivity would improve the dental and vision care experience the most.

Preferred improvements to dental/vision care experiences

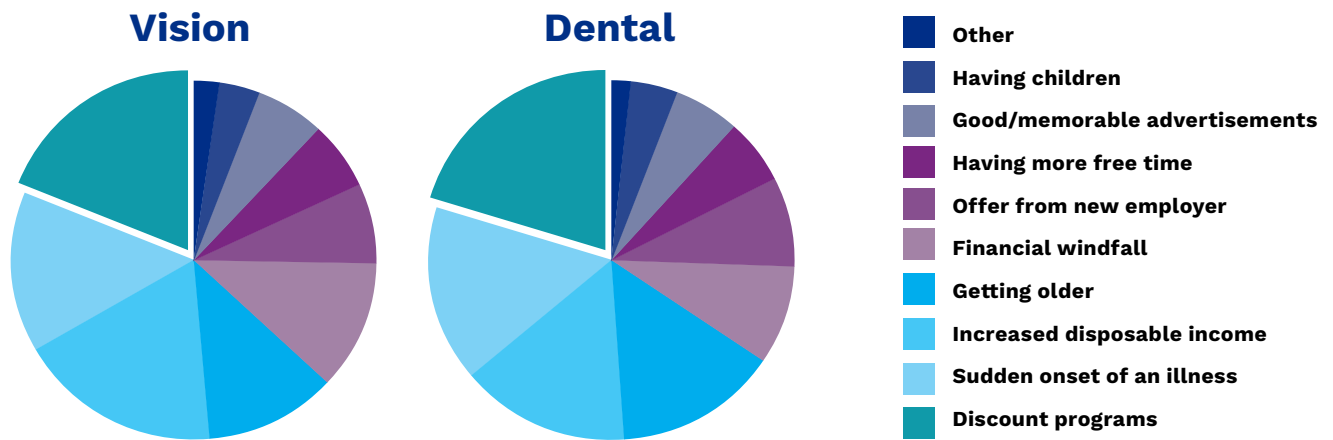


3. Discount programs

Many uninsured consumers indicated that discount programs would be an incentive to consider purchasing coverage.

Traditionally, discount programs have been perceived as distinct from insurance offerings. However, given the evident appeal of these programs to consumers, there's an opportunity for payers to innovate. By integrating elements of discount programs into their insurance packages or leveraging them in marketing campaigns, payers could potentially broaden their appeal. Such a hybrid approach might not only bridge the gap between traditional insurance models and consumer preferences but also expand the payer's reach to a wider audience seeking "valuable" solutions.

Factors likely to motivate future dental/vision coverage purchases



Discount programs top the list of reasons consumers might purchase dental/vision insurance.



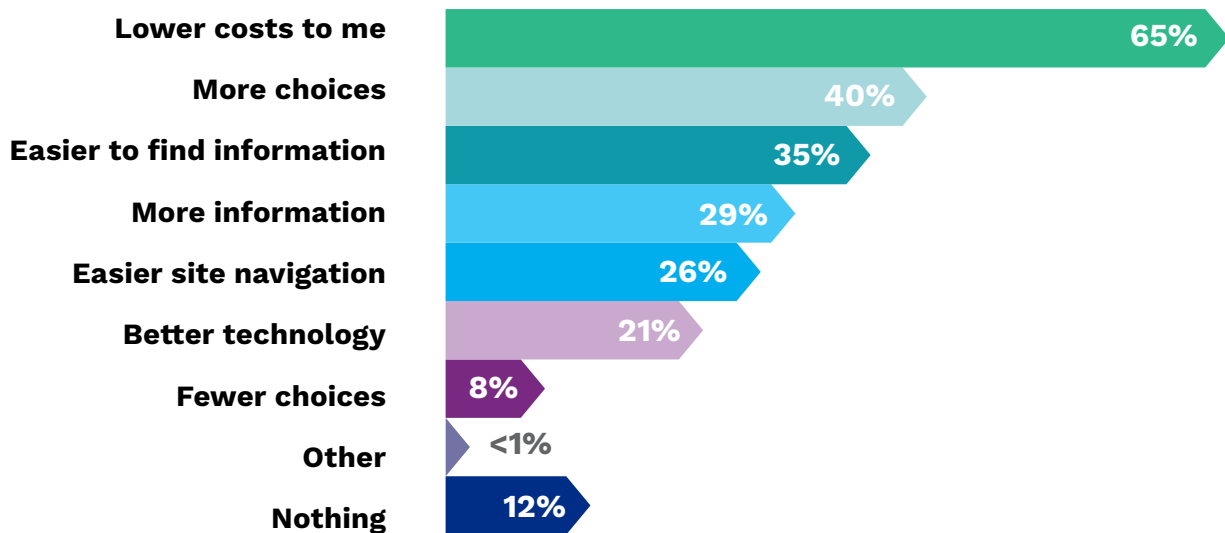
4. Customization of coverage and greater access to information

Consumers increasingly desire more tailored, customized and diverse benefits experiences, with forty percent of consumers saying that a wider array of choices in their coverage options would improve their buying experience. Furthermore, 64% of respondents emphasized the need for easier access to comprehensive information, underscoring the importance of transparency and effective communication in the selection process.

64%

of respondents need easier access to information, transparency and effective communication

Potential improvements to the buying experience



Consumers indicated more choices and more accessible information would improve the buying experience in addition to lower costs.

5. Utilization of technology to establish transparency and greater communication

Establishing value for consumers is often as simple as making it as easy as possible for them to show up to an appointment, which, in turn, helps them create healthier long-term habits.

For instance, when asked what prevented them from receiving recommended vision treatment, almost half of consumers stated that forgetting to make appointments represented a minor to major impact. This is echoed with dental care, with 46% of consumers stating their reason for not showing up to an appointment as forgetting about it.

Two-thirds of those same consumers said that text reminders would help them remember said appointment, followed by phone call, email and calendar reminders, which are all things that could be automated and streamlined through the utilization of technology. Mobile apps and online portals can not only help consumers understand their benefits and access claims information but ensure that preventative care is delivered proactively.



46%

of consumers missed their appointment because they forgot about it



2/3

said text reminders would help them remember their appointment



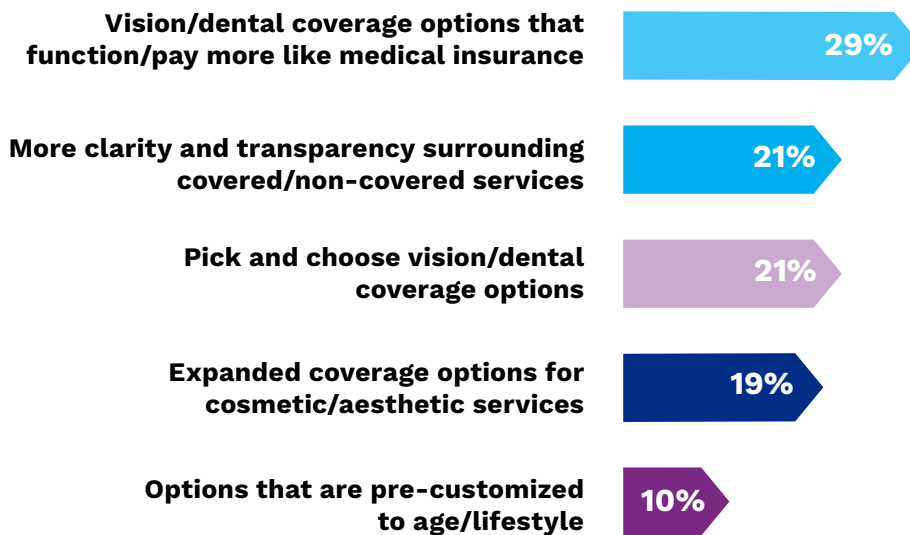
6. Potential dental/vision insurance options

There's a clear appetite among consumers for vision and dental coverage options that align more closely with the structure of traditional medical insurance. Moreover, nuances appear when consumers are segmented based on their purchase channels:

- Medicaid enrollees indicated interest in expanded coverage options for cosmetic services.
- Consumers using discount or membership plans for coverage preferred flexibility to pick and choose specific coverage components.

In other words, a positive purchase experience requires a strategic blend of cost, choice, information accessibility and coverage flexibility.

Potential insurance scenarios consumers like



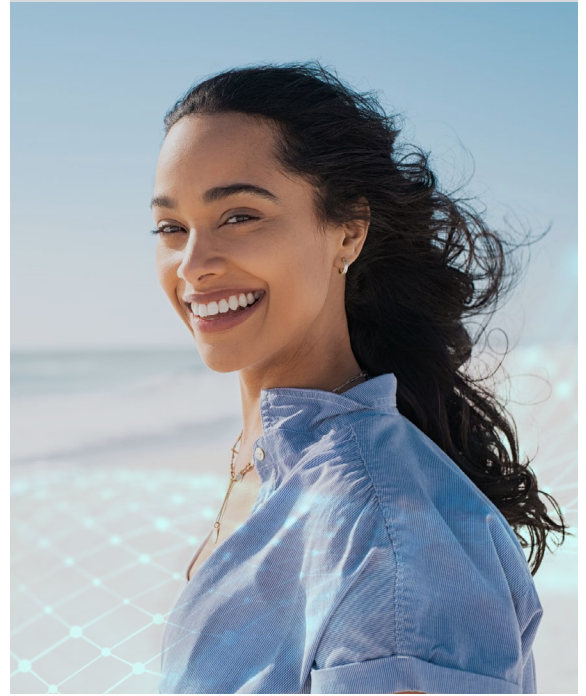
Consumers are interested in dental/vision plans that mirror medical insurance plans.

7. Intention to procure future coverage

Will all these changes make a difference? All signs point to yes. Approximately half of those currently without dental or vision insurance express a strong inclination to purchase such coverage in the upcoming two years.

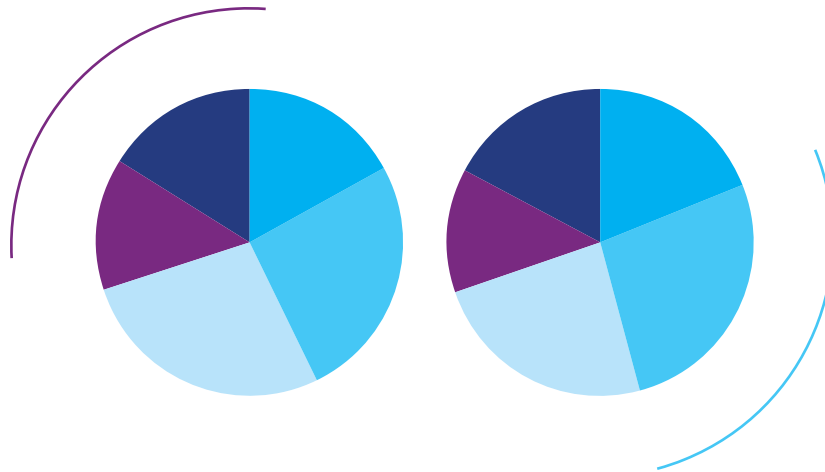
While insurers may be cautiously optimistic at these findings, the intersection of intent, utility and economic factors still paints a complex picture for the future of consumers acquiring dental and vision insurance coverage. And, within this picture, there is a clear need for insurers to focus on bolstering consumers' perception of the value of proactive oral and optical care. **The strategies laid out here are indeed an excellent starting point.**

For additional information on the economic factors influencing uninsured consumers' decisions about insurance coverage, please see the appendix.



Intent to purchase dental/vision coverage

Unlikely range



Likely range

NEARLY

50%

of consumers plan to purchase dental/vision insurance in the future

Conclusion

While most consumers are covered medically, there are gaps in terms of dental and vision insurance. Economic factors weighed heavily on consumers' decisions to acquire these types of insurance. However, it wasn't just the direct costs that influenced consumers' decisions; the value of dental and vision insurance, when compared to other financial commitments, was often ranked lower. Despite the evident barriers, there's a clear demand for more diverse insurance options and better communication from providers, as well as a notable interest in innovative offerings like discount programs.

The landscape of dental and vision insurance is marked by multifaceted challenges, ranging from economic barriers to perceptual value imbalances. As consumers navigate their healthcare options, insurers must adapt, ensuring their offerings align with both the tangible and intangible needs of the market. By focusing on enhancing perceived value, improving communication and introducing innovative solutions, insurers can bridge existing gaps and better serve the evolving needs of today's consumers.



Research methodology

SKYGEN developed this report in coordination with Hanover Research. The survey was designed to collect data on consumer perceptions associated with dental and vision insurance coverage. The survey was fielded in June of 2023; data was cleaned and analyzed by Hanover Research. The study consisted of 4,992 qualified responses. The data was cut into cross tabs by coverage status, payer type, gender, race, geographical region, and income. Hanover performed statistical analysis with a 95% confidence level using Z-test and $p < 0.05$ and a margin error of +/-1% for the overall sample size.

About SKYGEN

SKYGEN transforms dental and vision benefits management and administration with flexible technology and services that connect and change lives for the better. Through partnerships with payers, providers and government agencies, SKYGEN helps its customers navigate dental and vision benefits management and administration. With its portfolio of third-party administration (TPA), intelligent Software as a Service (SaaS) automation, marketplace connectivity, risk management solutions and above-and-beyond services like Enhanced Benefit Management (EBM), Provider Select Suite platforms, mobile apps and portals, SKYGEN serves nearly 50 million members across all 50 states, more than 40 government and commercial insurers and process 3 million claims monthly. For more information, please visit www.skygenusa.com.

About Hanover Research

Founded in 2003, Hanover Research is a global research and analytics firm that delivers market intelligence through a unique, fixed-fee model to more than 1,000 clients. Headquartered in Arlington, Virginia, Hanover employs high-caliber market researchers, analysts, and account executives to provide a service that is revolutionary in its combination of flexibility and affordability. Hanover has been named a Top 50 Market Research Firm by the American Marketing Association every year since 2015. To learn more about Hanover Research, visit www.hanoverresearch.com.

Respondent Characteristics

Age (n=4,992)

26 to 34	25%
35 to 54	39%
55+	36%

Gender (n=4,992)

Male	38%
Female	62%
Non-binary/Prefer to self-describe	<1%

Race (n=4,992)

American Indian or Alaska Native	1%
Asian	3%
Black or African American	14%
Native Hawaiian or Pacific Islander	<1%
White	77%
Two or more races	2%
Other	2%

Marital Status (n=4,442)

Single, never married	30%
Married	47%
Separated/Divorced/Widowed	22%

Children in Home (n=4,992)

Children 12 years old or younger	29%
Children between 13-18 years old	18%
No children live with me	59%

U.S. Region (n=4,991)

Northeast	10%
Midwest	80%
South	43%
West	15%

Hispanic/Latino (n=4,992)

Yes	10%
No	89%

Residence (n=4,992)

Urban area	26%
Suburban area	49%
Rural area	24%

Education (n=4,992)

Some highschool	2%
High school diploma/GED	24%
Some college	24%
2-year degree	11%
4-year degree	23%
Some graduate school	3%
Graduate degree	13%

Household Income (n=4,992)

\$0 to \$24,999	17%
\$25,000 to \$49,999	26%
\$50,000 to \$74,999	22%
\$75,000 to \$99,999	14%
\$100,000 to \$149,999	12%
\$150,000 to 199,999	5%
\$200,000 to more	3%

Employment Status (n=4,442)

Full-time	46%
Part-time	9%
Self-employment	7%
Unemployment	6%
Stay-at-home parent/caregiver	7%
Student	1%
Retired	19%
Unable to work	6%

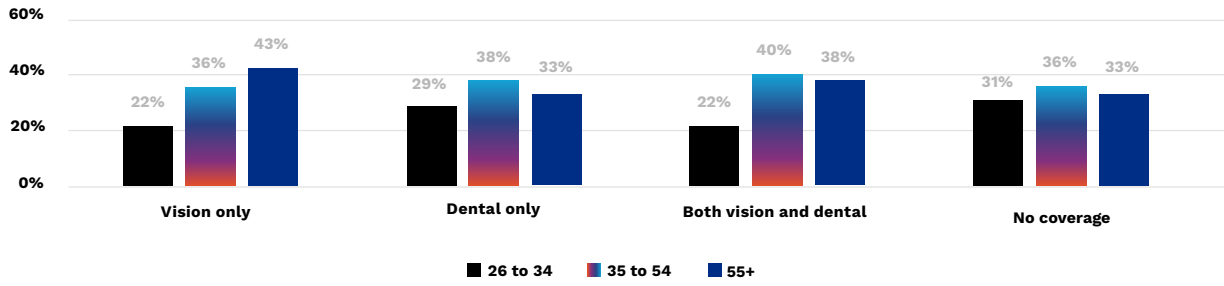
Decision Making Authority (n=4,992)

Primary decision maker	75%
Share decision-making authority	25%

Appendix

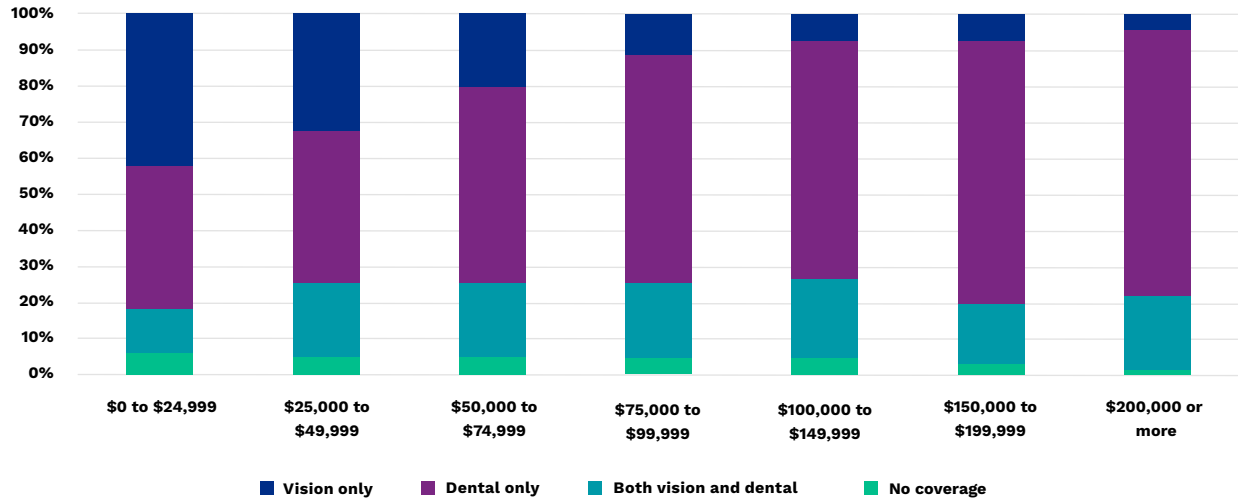
Coverage by age

Coverage by age group



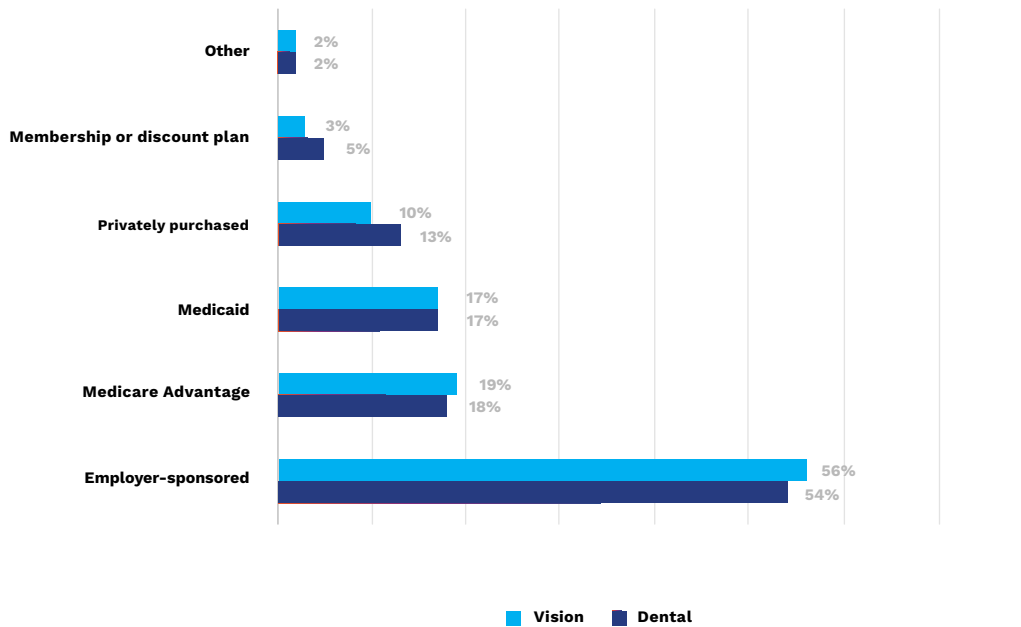
Coverage by income

Coverage by income level



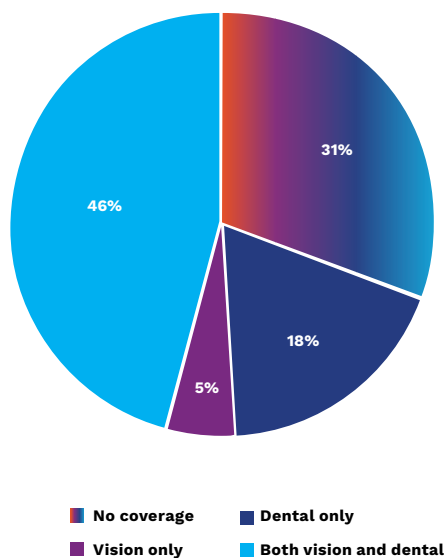
Insurance acquisition method

How the insured acquired their coverage

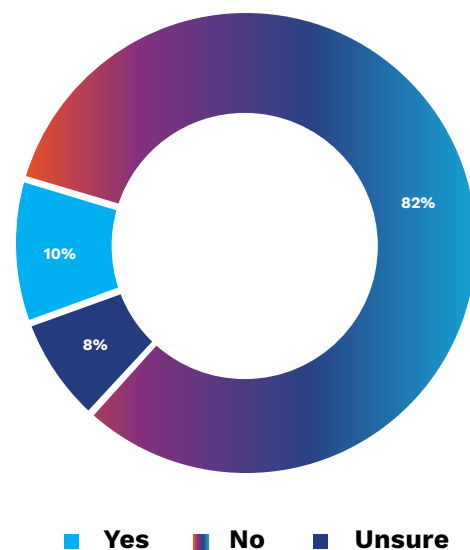


Willingness to change employment for better dental/vision benefits

Coverage by income less than \$75,000

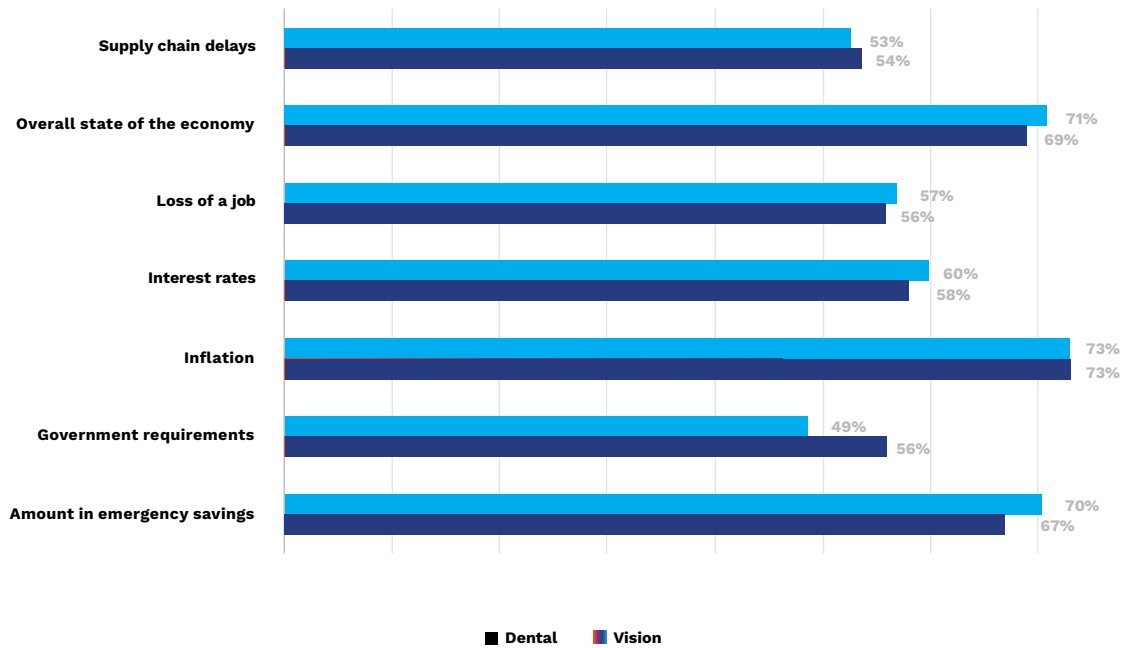


Would you change jobs for better dental/vision benefits



Macro and micro economic concerns

Impact of economic factors on the uninsured's decision to acquiring coverage



ESG influences decision-making

Impact of ESG on selection of insurers of consumers

