

CHAPTER 14

DENTAL BENEFITS

14.1 INTRODUCTION

Proposal in Report No. 7

14.1.1 In Report No. 7, dental benefits were not considered separately, but were treated as one aspect of medical benefits. We recommended that medical benefits should be assessed on the basis of the premium rates charged by leading insurers for the benefits provided.

Current Practice in the Civil Service

14.1.2 The Government provides dental care services to :

- (a) all monthly paid civil servants and their families;
- (b) pensioners and their families; and
- (c) families of deceased officers in receipt of a pension under the Widows & Orphans Pensions Scheme or the Widows' and Children's Pensions Scheme.

14.1.3 The range of dental care provided includes regular check-ups, restorative and prosthetic treatment, orthodontics, periodontics and oral surgery. These dental services are provided free, but charges are made for any dentures and dental appliances that might be required. There is no maximum limit on the extent of the benefit that any individual may receive.

Current Practice in the Private Sector

14.1.4 Only a few of the companies covered by previous Fringe Benefit Surveys provide any form of dental benefit to their employees. This normally takes the form of the reimbursement of dental expenses up to certain limits, although some companies provide a free basic dental service by means of company-appointed dentists. The services provided vary from company to company, with some covering all types of dental treatment but others covering only specific items. In general, benefits are only available to employees, although some companies extend them to families as well.

14.2 WORKING GROUP'S VIEW

14.2.1 The Working Group recommended that dental benefits should be included in total packages for pay level surveys and, as in the case of medical benefits, recommended that a practical valuation method would be to assign a notional value of half of one percent of salary to those jobs in the public and private sectors where some form of dental benefit was provided.

14.3 PAY RESEARCH ADVISORY COMMITTEE'S PRELIMINARY VIEW

Dental Benefits as Part of Civil Service Total Packages

14.3.1 The Pay Research Advisory Committee felt that the Government Dental Service constituted a significant benefit in the case of those civil servants who utilized it. It therefore considered that dental benefits should be included in total packages for pay level surveys. This was in line with the Working Group's recommendations.

Valuation of the Civil Service Dental Services

14.3.2 The Working Group recommended that a notional value of half of one percent of salary should be assigned to those jobs under comparison in the public and private sectors where some form of dental benefit was provided. However, the Pay Research Advisory Committee felt that the Working Group's proposed method of valuation did not give an accurate assessment of the value of civil service dental benefits for the purpose of pay level surveys, and suggested that the value of dental benefits should be assessed either on the basis of the current insurance premium rates which civil servants would have to pay to insurance companies or private dental clinics for a dental service similar to that now provided by the Government, or, if this was not feasible, on the basis of a notional value expressed as a fixed sum, rather than as a percentage of salary.

Dental Benefits as Part of Private Sector Total Packages

14.3.3 The Pay Research Advisory Committee recommended that, in view of the proposed inclusion of dental benefits in public sector total packages, they should also be included in private sector total packages. This was in line with the view of the Working Group.

Valuation of Dental Benefits in Private Sector Total Packages

14.3.4 The Pay Research Advisory Committee proposed that, where a company imposed a limit on the maximum amount of reimbursement permissible within a given period, that amount should be taken as the value of the dental benefits provided over the period concerned. Where no limit was imposed on the amount of reimbursement, the Pay Research Advisory Committee suggested that the method to be used for the valuation of civil service dental benefits should be used, i.e. the value should be determined by reference to either the current premium rates which the employees concerned would have to pay to insurance companies or dental clinics providing the range of dental service offered by the employer if such benefits were withdrawn, or a set of notional values calculated on that basis.

General View

14.3.5 The Pay Research Advisory Committee decided that the development of a detailed methodology for the valuation of dental benefits should be the subject of a study by the consultants.

14.4 CONSULTANTS' ADVICE

14.4.1 TPF & C recommended that the value of dental benefits in the civil service should be determined according to the following formula :

Government's Expenditure on Dental Services for
Civil Servants and Others eligible under CSR 900
Number of Civil Servants eligible for such Services

As regards the valuation of dental benefits in the private sector, TPF & C recommended that :-

- (a) where the benefits were payable up to a specified dollar limit, that dollar limit should be used as the value of those benefits; and
- (b) where dental benefits were provided by employers through the use of companies' nominated dentists, the formula for valuing public sector dental benefits, less employee's contribution, if any, should be used. (A detailed account of TPF & C's recommendations is at Appendix D to their Report at Appendix VIII.)

14.5 PAY RESEARCH ADVISORY COMMITTEE'S RECOMMENDATION

14.5.1 The Pay Research Advisory Committee recommended that dental benefits should be included in total packages for pay level surveys and that they should be valued in accordance with TPF & C's recommendations in paragraph 14.4.1.

14.6 VIEWS EXPRESSED AT PAY LEVEL SURVEY ADVISORY COMMITTEE MEETINGS

14.6.1 The Association of Expatriate Civil Servants suggested that the valuation of dental benefits should be adjusted so that only civil servants would be taken into account, thereby excluding pensioners, students on the School Dental Scheme or members of the public who also had access to the government dental services. The Hong Kong Chinese Civil Servants' Association pointed out that as part of the dental service was available to the general public, expenditure of this part should be excluded. The Administration however pointed out that it would be difficult to obtain actual figures on dental benefits as required by the proposed method and preferred a simpler method to be adopted. TPF & C also disagreed and held the view that to exclude pensioners would understate the value of the benefit in the civil service total packages.

14.6.2 The Senior Non-Expatriate Officers' Association proposed that dental benefits should be valued using insurance premium rates instead of actual government expenditure in order that the basis of valuation would be consistent with that for medical benefits. It registered reservations as to how actual figures could be obtained from the private sector. The Federation of Hong Kong Industries also raised the concern that very few companies in the private sector provided dental benefits to their employees. (Paragraph 4.5 of the PLSAC's Report Part II at Appendix X refers).

14.7 STANDING COMMISSION'S RECOMMENDATION

14.7.1 Having considered the views and recommendations put forward, we recommend that dental benefits be included in total packages. We further recommend that the value of the benefit should be determined with reference to insurance premium rates. This will avoid the problem of collecting actual expenditure figures and will be consistent with the basis of valuing medical benefits.