

## A Century of Service

### Group Insurance, Dental Benefits and CFDE/DCF (Part Ten of a Series)

**N**o one is sure of the origins of insurance but some 4,000 to 5,000 years ago Chinese merchants on the Yangtze River devised a system of spreading the risk of losing everything when pirates attacked their ships. The oldest known policy in the New World was written in Boston in 1745 for a Rhode Island merchant. Today, there is scarcely an aspect of our lives that isn't covered by some kind of insurance 24 hours a day, 365 days a year.

#### **CDA, 1952: The Start of Group Insurance**

The first group insurance plan offered to CDA members was established in 1952. The plan announced that *"Its benefits of combined sickness and accident, life insurance, family income and pension plan all in one contract invites careful consideration."* In 1954, the trustees of the CDA Lifetime Economic Security Plan announced that members and their families could enroll in the first nationwide Blue Cross group plan for hospital benefits. Another first was achieved in 1956 with the establishment of a special Dental Student's Plan that could be converted into a permanent plan within three years after graduation.

When the Department of National Revenue inaugurated registered savings plans (RSP) in 1957 the CDA immediately set up a CDA RSP. At the time the average dentist's taxable income was approximately \$9,000.

#### **CDSPI: 1959**

On January 1, 1959, two plans for dental care services were inaugurated in Ontario. One was a children's dental welfare plan and the other a post payment plan for dental services. Both plans were administered by Canadian Dental Service Plans Incorporated (CDSPI) — a federally incorporated body developed and owned by the dental profession.

In its first statement in 1960 CDSPI reported a total of \$589,074.99 paid out to Canadian dentists, of which \$145,386.00 was paid directly to dentists by patients using the CDSPI Post Payment Plan.

In 1969 all group life, disability protection and office overhead plans sponsored by CDA and the Ontario Dental Association were combined into a single new program administered by CDSPI under the direction of the newly formed CDA Committee on Commercial Insurance. CDA Executive Council appointed two members of the insurance committee to the Board of CDSPI. CDSPI was authorized to retain 5% of collected premiums for its administration of insurance policies.

By 1972 participation in CDSPI was at an all-time high. Almost 8,000 dentists had income protection and office overhead plans and 4,711 were covered by malpractice liability insurance.

In 1975 the CDA and the Ontario Dental Association merged their Registered Retirement Savings Programs (RRSP). The next year the CDA Board proposed a division of the Council on Insurance and Investment into two



CDSPI management committee (l. to r.): Drs. Rod Moran, John Durran, Melvin Charendoff

separate entities “so that full and complete attention could be given to each function by the dentist-members appointed to serve as planners and watch-dogs.”

In 1977 CDSPI was reorganized with a management committee consisting of Drs. John Durran, Rod Moran and Melvin Charendoff. Mr. Kingsley Butler was appointed general manager in 1981.

In 1978 the CDA Board reported that 80.4% of Canadian dentists were enrolled in one or more of the programs administered by CDSPI. The same year, the name of the national/provincial CDSPI program was changed to the Canadian Dentists’ Insurance Program.

By the 1990s, in response to significant expansion and huge responsibilities, CDSPI reorganized its “management committee/rep-by-pop board” structure to a corporate-style board of directors consisting of four dentists and two non-dentists. Today, as a non-profit organization, CDSPI and its executive team of professionals and over 60 employees administers insurance, investment and affinity service programs for 90% of Canadian dentists.

### Prepaid Dental Plans and Benefits

Few innovations in dentistry have had a greater influence than prepaid dental plans. In 1950, CDA Secretary-Treasurer Dr. Donald Gullett editorialized in the *Journal of the Canadian Dental Association* that “up to the present, dentistry has made extremely little effort toward establishing voluntary plans.” Shortly after, the CDA Committee on Health Insurance Studies developed a plan, but it appears that this field of insurance was so new that, in Dr. Gullett’s words, the plan “is not considered to be perfect by any means and needs to be studied carefully.”

How prophetic Dr. Gullett was. Dentistry has been involved with an infinite number of prepaid plans over the past 50 years and his words still ring true: dental plans are “not considered to be perfect by any means and [need] to be studied carefully.”

### The First Prepaid Plans

The first known community-wide voluntary dental insurance plan was introduced in New York City in 1954. Individuals could access the insurance only if they were members of a group of at least 40 people, of whom 75% had to be enrolled in the plan. Each participant received treatment in a private office of a dentist chosen from among those enrolled in the plan. Premiums were \$19.80 a year for a single person and \$72.00 for family coverage.

In Saskatchewan in 1955, the first Canadian post payment plan for dental service under direct control of the profession went into effect. With this plan, the public could

pay for dental services monthly without interest. One of the stated aims of the plan was to place the dentist’s accounts on the same solid foundation as those of commercial enterprises, without changing the patient–dentist relationship.

In 1959 the Dentists’ Supply Company of New York was the first to sign a contract with an insurance company for an employee plan covering comprehensive dental care. Two years later the company president, Mr. H.M. Thornton, pronounced the program “a complete success.”

In January 1962 the Canadian Dental Association initiated a similar prepaid dental care plan for its 13 full-time employees and their dependents. Administered by CDSPI, the plan allowed one examination and one prophylaxis a year with an 80% co-payment after the first \$25.00.

The same year, 1962, as prepaid dental plans were gathering more attention, the First National Conference on the administration of prepaid dental plans was held in Seattle, Washington. Among the 112 people attending were representatives from British Columbia, Alberta and Manitoba.

### CDA — Laying the Groundwork for the Future

Throughout the early 1960s CDA committees were hard at work developing plans for how the Association would prepare for the rapidly growing prepaid dental care programs coming onto the market. At the CDA annual meeting in 1963 Dr. W.G. McIntosh



(right), past president and chairman of the Dental Services Committee said, “There are now 150 prepaid dental programs in North America serving 200,000 Canadian and 2,000,000 U.S. citizens.” He also warned the delegates not to dig in their heels against social change: “If we fail to make our services available or place them beyond reach of the public, then our status as a profession and our legal power of self-regulation will quickly disappear.”

### Relative Value Unit and List of Services

The next year, 1964, at the CDA meeting in Edmonton, the Dental Services Committee and its Dental Prepayment Plans Subcommittee, chaired by Dr. Robert Clappison (left), laid the foundation for all dental plans in Canada. Their report contained the Relative Value Unit system and List of Services. The Committee’s monumental task is evident today in the dental claim forms used in every office throughout the nation.



A Premier Partner

In 1966, only two years after the groundwork had been laid for dental claims processing, Canada's first dental insurance plan was announced in British Columbia. The plan was developed by a joint effort of the Dental Services Association of BC (the province's profession-sponsored dental service corporation), the CU&C Health Services Society and the Sheet Metal Workers' Labour Union. Employers paid the premiums through a contribution of 12¢ an hour.

Input for prepaid dental benefit programming came from every corner of the profession and when the standard dental claim form was adopted in 1976 it, and every aspect of dental benefits that had gone before, was a model of cooperation between the Canadian Dental Association and its corporate members.

### Capitation

In the early 1980s a practice that was of concern for all organized dentistry was making inroads in Canada from the United States. Capitation, or closed panel dentistry, was threatening a basic tenet in dentistry — the right of a patient to seek treatment from the dentist of choice. When Ontario first sounded the alarm, the CDA in 1987, under its Third Party Dental Plans Committee, actively solicited funds from dental associations to support the development of a public information campaign. The fact that capitation never established a firm hold in Canada was clear evidence that CDA leadership, combined with provincial cooperation, could achieve desired results.

### EDI — Electronic Data Interchange

With rapid computerization in the 1980s it became evident that the electronic transfer of information between dental offices and third-party insurance carriers would become as routine as filling out a paper claim form. The CDA, remembering the importance of establishing a standard dental claim form in 1976, moved quickly to develop an electronic system that would be organized, administered and controlled by the profession.

By 1989, in full cooperation with its provincial corporate bodies, a sophisticated electronic data interchange system — EDI — had been developed and launched for the benefit of any dentist wanting to take advantage of its capacity for real-time online claim submission.

### Canadian Fund for Dental Education

In 1962, with support and incentive provided by the dental industry, the Canadian Fund for Dental Education

(CFDE) was established under a trust deed as a non-profit organization to:

*receive monies or negotiable securities in any form for the purpose of aiding and assisting general education, directly or indirectly, through projects designed to improve dental health by means of teaching and research in cooperation with dental schools and the students thereof.*

At the inaugural CFDE meeting November 30, 1962, Dr. J.D. McLean received the first donations to the Fund, a cheque from the dealers and manufacturers of the Canadian section of the American Dental Trade Association, delivered by Mr. M.E. Bower, president of the Dental Company of Canada and vice-chairman of the Fund, and a cheque from the Canadian Dental Association delivered by Dr. D.W. Gullet, Association secretary. Five years after its founding, the CFDE had provided more than \$59,000 in fellowships to 27 dentists preparing for a career in teaching or research.

In 1974 the Fund received its largest personal contribution to date when **Dr. Lorne E. MacLachlin** (right) of Ottawa donated \$45,000 to establish an income fund for Canadian dental schools. In 1978 Dr. MacLachlin provided an additional \$55,000 to bring the total endowment to \$100,000.



Another notable figure in the early years of the CFDE was **Mr. Murray McDonald** (left) who served as the Fund's executive director from 1967 until his retirement in 1982. Mr. McDonald, a former executive and director with Wrigley Canada, had great influence on the Fund's development, establishing it as a major contributor to dental education projects. After his death in 1985, the Fund established the Murray McDonald Endowment Fund, the income of which supports the Memorial Lecture at CDA conventions.

### The Dentistry Canada Fund

In 1987, a bequest of over \$1.6 million by Mrs. Helen Langstaff of Toronto to the Canadian Dental Association assured that the library her father had founded years before would continue to be a dental Resource Centre like none other in Canada.

Mrs. Langstaff was the daughter of Dr. Sydney Wood Bradley, an Ottawa orthodontist who, during his active career of over 50 years, held numerous positions of responsibility. He served as president of the CDA from 1922 to 1924 and of the Royal College of Dental Surgeons of Ontario from 1945 to 1947. When the Canadian Dental Association moved to 234 St. George Street in Toronto in 1950, Dr. Bradley was influential in establishing the nucleus of a library and the CDA Library Trust Fund. In recognition of his legacy of \$50,000 upon his death in 1967, the library was named the Sydney Wood Bradley Memorial Library.



**Sydney Wood Bradley**  
1869-1967



**Helen Langstaff**  
1912-1986

With the addition of Mrs. Langstaff's \$1.6 million legacy supporting the library her father had so generously endowed years before, it was determined in 1994 to integrate all CDA's charities under one administration — the **Dentistry Canada Fund (DCF)**. Before the integration there had been a number of funds administered and managed independently:

- the Canadian Fund for Dental Education established in 1962
- the Canadian Dental Research Foundation founded in 1920 in memory of dentists who made the supreme sacrifice in World War I
- the Grieve Memorial Lectureship Trust established in 1950 in memory of orthodontist Dr. George Wellington Grieve
- the bequest from Dr. Frederic Gollop who practiced in Ottawa for more than 50 years.

The DCF has not only preserved the unique objectives of each charity, but by streamlining the administration of dental giving, the Fund has allowed the dental charities to accomplish much more for dental research and education than had been possible under the previous structures.

***The Canadian Dental Association: 1902-2002 — A Century of Service*** is a Centenary project of the Canadian Dental Association in collaboration with the Dentistry Canada Fund, the charitable foundation for the dental profession in Canada. The 11-part series is written by Dr. Ralph Crawford, Historian and Past President of CDA, with sincere thanks extended to all who have preserved our rich dental heritage.



*(All statements of opinion or supposed fact are published on the authority of the author and do not necessarily express the views of the CDA or the DCF.)*



Since 1959, Canadian Dental Service Plans Inc. (CDSPI) has pioneered, and made its own historical mark in, the provision of an ever-expanding program of service to the Canadian dental profession. From humble beginnings where it demonstrated accounting and administrative expertise as a local collector of insurance premiums, CDSPI, under a federal charter, has grown to a truly national service organization where it designs and provides a wide array of insurance and investment programs covering every aspect of a dentist's career — from days in university to dreams of retirement. Dentists know in confidence that "their" CDSPI was founded by dentists, and is governed by dentists for the benefit of dentists.

**Grateful thanks to ALL sponsors of the series,  
*The Canadian Dental Association: 1902-2002 — A Century of Service***



Premier Partners