



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

KIM REYNOLDS
LT. GOVERNOR

February 11, 2013

The Honorable Kathleen Sebelius
Secretary, US Department of Health & Human Services
200 Independence Avenue Southwest
Washington, DC 20201

Dear Secretary Sebelius:

As Governor of the State of Iowa, one of my priorities is to ensure the people of Iowa have access to a fair and competitive insurance marketplace. I am writing to inform you of Iowa's intent to allow stand-alone dental plans to be permitted to meet the pediatric oral health requirement of the essential health benefit package (EHBP) outside our State-Federal partnership health benefits exchange. Furthermore, Qualified Health Plans (QHPs) outside our exchange are waived from the requirement to include pediatric dental within their coverage if stand-alone plans are available, mirroring the waiver provided inside an exchange.

I understand that there is confusion in the marketplace about the equitable treatment of stand-alone dental plans to provide the EHBP outside of an exchange, as they are permitted to do inside an exchange. In addition, states, health industry representatives, businesses, and consumers need clarity now about how dental coverage will be provided outside exchanges.

The existing marketplace relies upon freely available, separately contracted dental plans in all states, which provide 98 percent of coverage. In Iowa, stand-alone dental plans are the major supplier to individual, small and large groups for their dental benefit coverage. If this issue is not resolved to maintain a fair and competitive marketplace, thousands of Iowa families with small group and individual coverage could suffer significant disruption in coverage starting January 1, 2014. This disruption may result in bifurcation of coverage to Iowa families, causing children to be separated from their parents' policies and a family having to juggle multiple dental plans and dental networks. Not allowing stand-alone dental plans to provide the essential pediatric dental benefit both inside and outside of the exchange devalues and limits a fair and competitive insurance marketplace in Iowa, and hurts Iowa consumers.

I encourage your Department to clarify in regulations that stand-alone dental plans will satisfy the pediatric dental coverage requirements of the EHBP outside the exchanges. Specifically, please make clear that outside an exchange in the individual and small group markets Qualified Health Plans can offer the EHBP without essential pediatric dental benefits, provided that there are stand-alone dental plans offering these essential pediatric benefits in these markets.

Another solution is to provide states with the authority to resolve this issue. Recently, the National Association of Insurance Commissioners (NAIC) submitted comments (dated December 19, 2012) on the issue of equitable treatment of stand-alone dental plans to the EHB proposed regulations. Specifically, the NAIC comments: "This difference in the treatment of pediatric dental benefits will impact rating and consumer choices, and will promote adverse selection against plans outside the exchange and against stand-alone dental coverage. It should be clarified that states have the authority to resolve this issues in their states."

Quick clarification is needed. Insurance carriers require guidance on dental coverage to develop and file specific policies and the Iowa Insurance Division will need time to adequately review those policies. I am committed to providing fair and competitive markets for Iowa consumers. To meet this commitment, stand-alone dental plans must receive equitable treatment outside the exchange.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry E. Branstad". The signature is fluid and cursive, with a large loop at the end.

Terry E. Branstad
Governor