



February 20, 2019

Sen. Delores G. Kelley, Chair
Senate Finance Committee
3 East
Miller Senate Office Building
Annapolis, MD 21401

Madam Chair:

The National Association of Dental Plans (NADP) is providing these comments in opposition to SB 239, which imposes new taxes on insurers, including dental plans.

Last year the Assembly enacted a law that created a new, one-time 2.75% tax on premiums. SB 239 would expand that law by collecting that 2.75% tax in every year that the federal government does not collect the Health Insurance Providers Fee under § 9010 of the Affordable Care Act. In every year that the federal government *does* collect that fee, SB 239 would impose a new 1% tax. The proceeds from these taxes are intended to fund a reinsurance program at the state level.

While NADP understands the state's desire to stabilize the individual health insurance market, please be aware that imposing the tax on dental plans is not appropriate for the reasons outlined below, and would create a domino effect of negative consequences, from higher premiums to declining health outcomes for Marylanders:

Dental premiums are low: Dental premiums are 1/12th of medical premiums even though dental plans and medical issuers perform the same basic administrative functions with similar structures (e.g. claim payment, customer service, network development, etc.) Dental carriers have fewer premium dollars to support similar administrative functions, which are critically important. They are also subject to taxes and fees similar to health plans. The taxes included in this bill would likely force dental carriers to raise their premiums, which would otherwise remain relatively unchanged.

Dental premiums are stable: Premiums in our industry do not vary greatly. The average annual change in premiums over the last five years has been in the range of +1.5% to -0.9%. Consumers are extremely price sensitive to the cost of their dental benefit premiums whether offered through their employer or purchased in the individual market. In surveys, cost is always

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listed as their top consideration when deciding which dental insurance product to buy. Because dental is a voluntary benefit, an increase in premiums triggered by the taxes in this bill will result in fewer consumers having access to oral health coverage. This effect would be further compounded because consumers' health insurance costs would also increase due to the tax on health insurance premiums.

Premium hikes lead to declining oral health and overall health. Surveys show that consumers with coverage are more than twice as likely to go the dentist as those without coverage. An increase in premiums will cause consumers to forgo purchasing dental coverage. Without dental benefits, dental visits would drop precipitously, and dentists will see fewer consumers for treatment. Given the strong link between oral and overall health, medical costs would rise further for adults with periodontal disease and chronic and high cost medical conditions such as diabetes, heart disease, susceptibility to stroke and pregnant women at risk for low birth weight babies. Because the bill also taxes health insurance premiums, the higher costs of medical, dental and other impacted coverages would compound these effects, and further impair consumers' ability to afford voluntary dental benefits.

Given the low cost of dental benefits, the relatively flat premium increases, and consumer sensitivity to the price of dental products, the proposed taxes are disproportionate and unfair to dental consumers and carriers, who do not benefit from the state reinsurance program.

For these reasons, NADP strongly urges the Committee to exempt dental plans from the taxes proposed by this bill. Doing so would prevent premium increases for patients and maintain their access to dental care, which is critical to preserving their health.

NADP appreciates the opportunity to provide comments and is available to provide further information as requested – we maintain and collect a broad range of data on the dental benefits industry. In addition to these comments, we have also attached our Maryland Dental State Fact Sheet for your review. Please contact me with any questions regarding these comments at 972.458.6998x111 or eaugustini@nadp.org. Again, thank you for your consideration.

Sincerely,



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NADP Description: NADP is the largest non-profit trade association focused exclusively on the dental benefits industry. NADP's members provide dental HMO, dental PPO, dental Indemnity and discount dental products to more than 195 million Americans with dental benefits. Our members

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include the entire spectrum of dental carriers: companies that provide both medical and dental coverage, companies that provide only dental coverage, major national carriers, regional, and single state companies, as well as companies organized as non-profit plans.

CC: Members of the Committee: Vice Chair Feldman; Sen. Augustine; Sen. Beidle; Sen. Benson; Sen. Hayes; Sen. Hershey; Sen. Jennings; Sen. Klausmeier; Sen. Kramer; Sen. Reilly

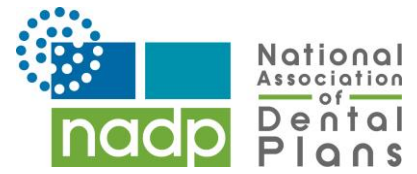
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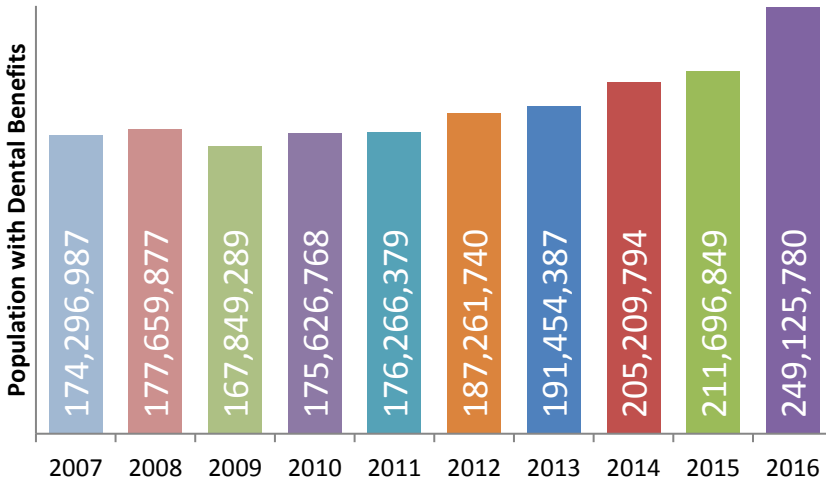


Maryland

Dental Benefits Fact Sheet



National Enrollment Trends



Source: 2017 NADP Dental Benefits Report on Enrollment

State Enrollment Trends

An estimated 5,005,876 or 83% of the Maryland population have dental benefits compared to 77% of the population nationally.

Plan Type	Enrollment
Private Plans	
DHMO	457,103
DPPO	2,970,570
Indemnity	162,061
Other Private	91,624
Public Plans	
Medicaid/CHIP	1,324,519

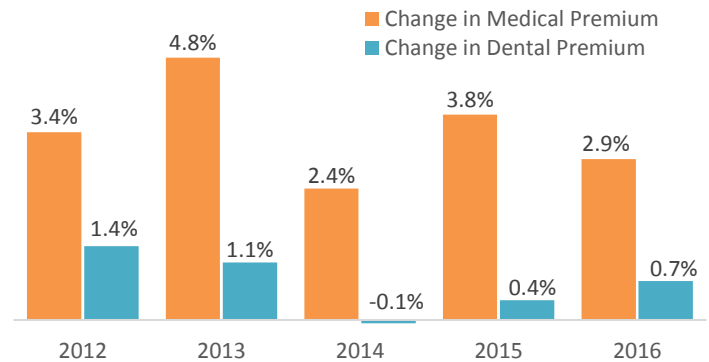
Source: 2017 NADP Dental Benefits Report on Enrollment

Distribution of Commercial Benefits: State v National

	DHMO	DPPO	Indemnity	Other
Maryland	12.4%	80.7%	4.4%	2.5%
National	6.9%	81.1%	6.4%	5%

Source: 2017 NADP Dental Benefits Report on Enrollment

National Change in Premium



Source: NADP 2013-2016 Dental Benefits Report: Premium and Benefit Utilization Trends and 2017 NADP Survey of Members

State Workforce

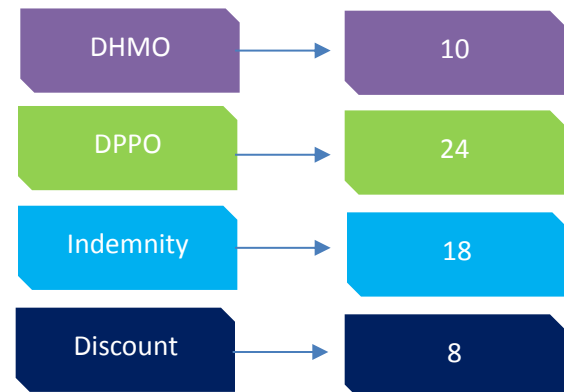
The federal standard for an adequate supply of dentists is 3.33 practicing dentists per 10,000 population. The table presents the number of dentists participating on provider networks in Maryland including the number of network dentists per 10,000 population.

Network Type	Total Dentist	General Dentists	Pediatric Dentists	Specialists	Per 10,000
DHMO	1,126	697	50	379	1.9
DPPO	7,836	5,229	573	2,034	13.0

Source: 2017 NADP Dental Benefits Report: Network Administration & Network Statistics

Maryland NADP Members

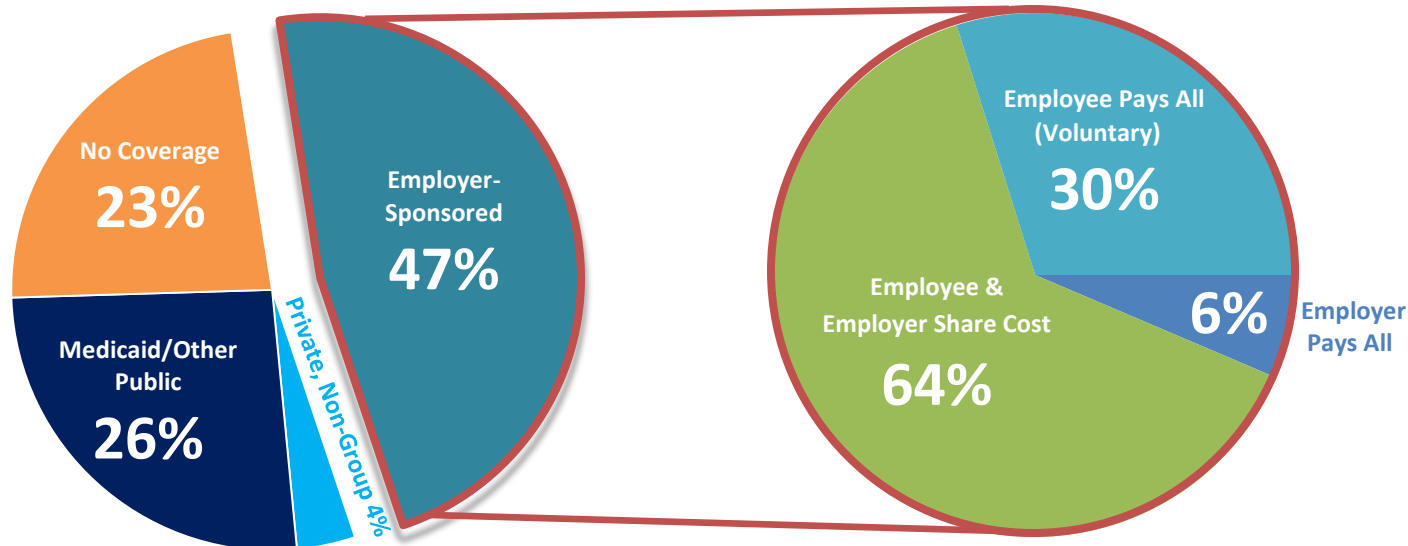
Plan Types Offered by NADP Members



Source: 2017 NADP Membership Directory

National Dental Benefits

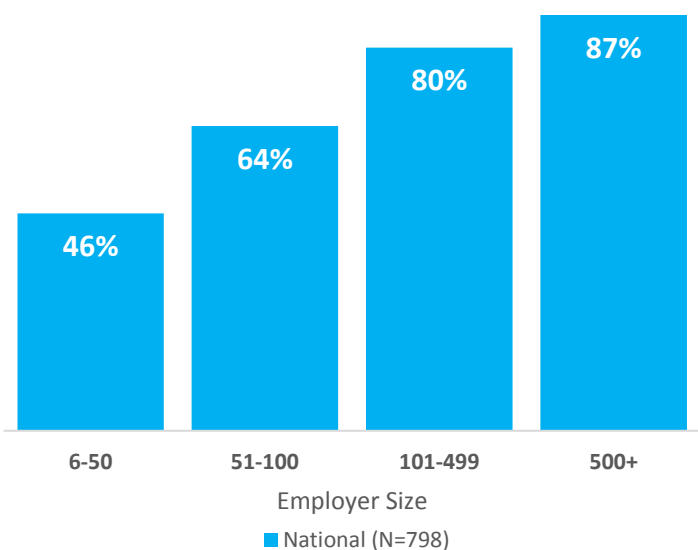
Sources of Dental Coverage Group Policy Funding



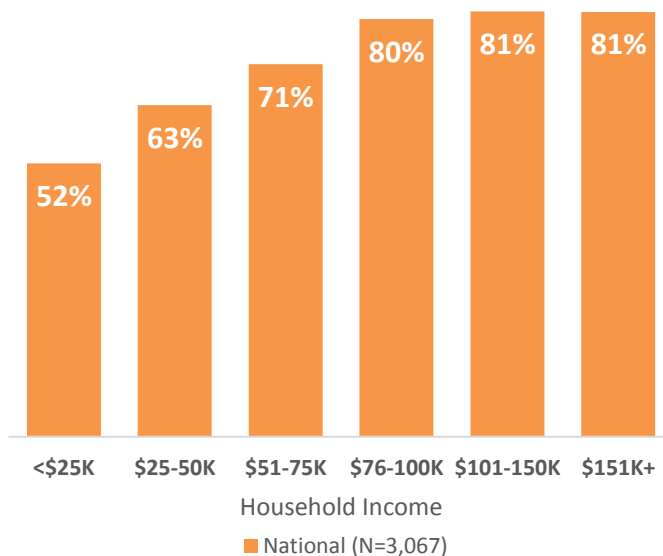
Source: 2017 NADP Dental Benefits Report on Enrollment

Source: 2017 NADP Survey of Employers

Employers Offering Dental by Employer Size Consumers with Dental by Household Income



Source: 2017 NADP Survey of Employers



Source: 2017 NADP Survey of Consumers

About NADP



The National Association of Dental Plans (NADP), a nonprofit corporation with headquarters in Dallas, Texas, is the “representative and recognized resource of the dental benefits industry.” NADP is the only national trade organization that includes the full spectrum of dental benefits companies operating in the United States. NADP’s members provide dental benefits to more than 195 million Americans.