

March 4, 2019

Governor Steve Bullock  
Office of the Governor  
Helena, MT 59620-0801

Governor:

The National Association of Dental Plans (NADP) is providing these comments in opposition to SB 125, which imposes new taxes on insurers, including dental plans. The bill would create a reinsurance association with mandatory membership for insurers, and would tax each insurer up to 1% of total premium volume for major medical health insurers and up to 2% for all other health and disability insurers, regardless of license type.

NADP is concerned that the bill's language could mistakenly subject some HIPAA excepted benefits, including dental plans, to the new taxes. Dental plans have historically been excluded from benefiting from reinsurance programs because the risk of extraordinarily high and unpredictable claims from high cost patients is almost non-existent within dental benefits. Therefore, this bill would tax dental plans for a program from which they would never benefit. Also, the nature of this bill is retroactive and would assess taxes on products that were priced without being able to take the taxes into consideration. This will compound the impact of the legislation on premiums for consumers of supplemental insurance products, who expect their premiums to remain stable.

Excepted benefits products are intended to be supplemental to medical coverage, and consumers who purchase them could be negatively affected if they are pulled into the scope of this legislation. The bill already recognizes this by exempting Medicare supplement insurance and long-term care insurance. Other similar policies, such as standalone dental plans should be treated similarly and exempted.

Additionally, imposing the taxes 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 Montanans:

**National Association of Dental Plans**

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**Dental premiums are low:** Dental premiums are 1/12<sup>th</sup> 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 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 would 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

#### National Association of Dental Plans

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benefits industry. In addition to these comments, we have also attached our Montana Dental State Fact Sheet for your review. Please contact me with any questions regarding these comments at 972.458.6998x111 or [eaugustini@nadp.org](mailto:eaugustini@nadp.org). Again, thank you for your consideration.

Sincerely,



Eme Augustini  
Director of Government Relations  
[EAugustini@nadp.org](mailto:EAugustini@nadp.org)  
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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 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: Jessica Rhoades; Adam Schafer

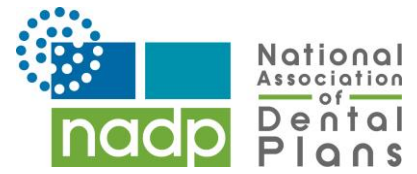
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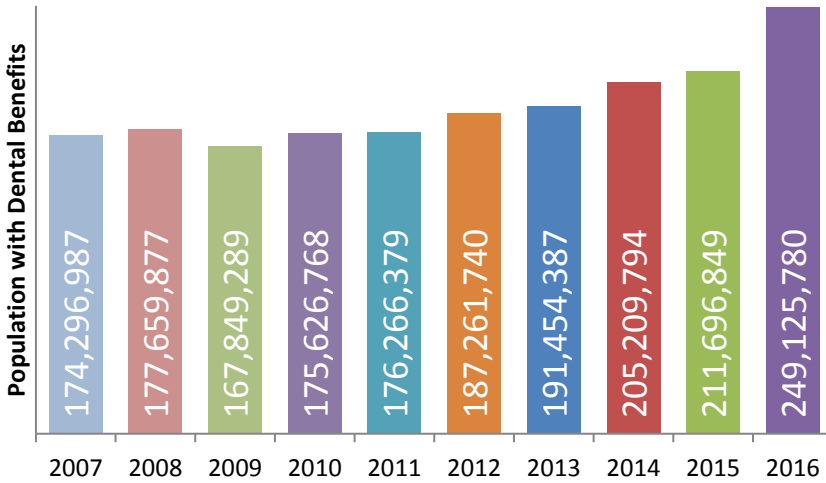


# Montana

## Dental Benefits Fact Sheet



### National Enrollment Trends



Source: 2017 NADP Dental Benefits Report on Enrollment

### State Enrollment Trends

An estimated 576,939 or 55% of the Montana population have dental benefits compared to 77% of the population nationally.

Plan Type	Enrollment
<b>Private Plans</b>	
DHMO	308
DPPO	299,372
Indemnity	29,982
Other Private	--
<b>Public Plans</b>	
Medicaid/CHIP	247,277

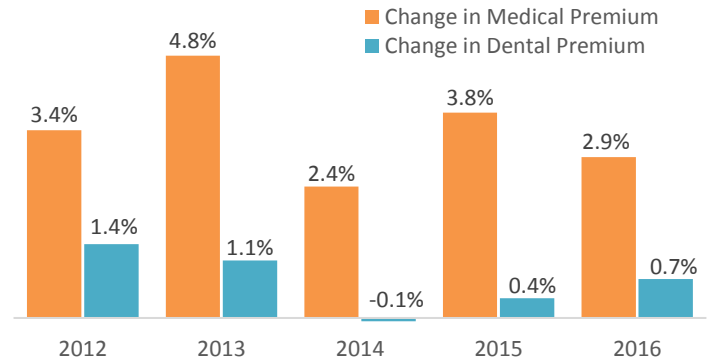
Source: 2017 NADP Dental Benefits Report on Enrollment

### Distribution of Commercial Benefits: State v National

	DHMO	DPPO	Indemnity	Other
<b>Montana</b>	0.1%	90.8%	9.1%	-
<b>National</b>	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

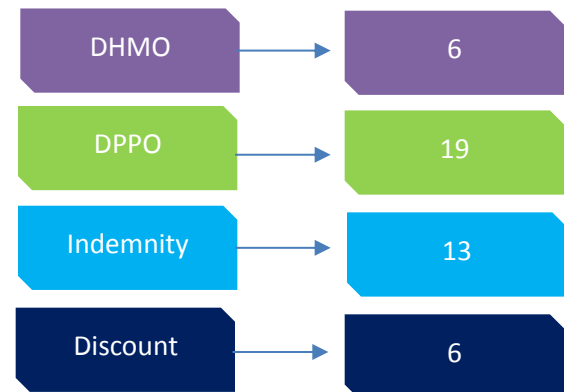
The federal standard for an adequate supply of dentists is 3.33 practicing dentists per 10,000 population. The table presents the number of dentists participating on provider networks in Montana including the number of network dentists per 10,000 population.

Network Type	Total Dentist	General Dentists	Pediatric Dentists	Specialists	Per 10,000
DHMO	181	147	12	22	1.7
DPPO	775	673	33	69	7.4

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

### Montana NADP Members

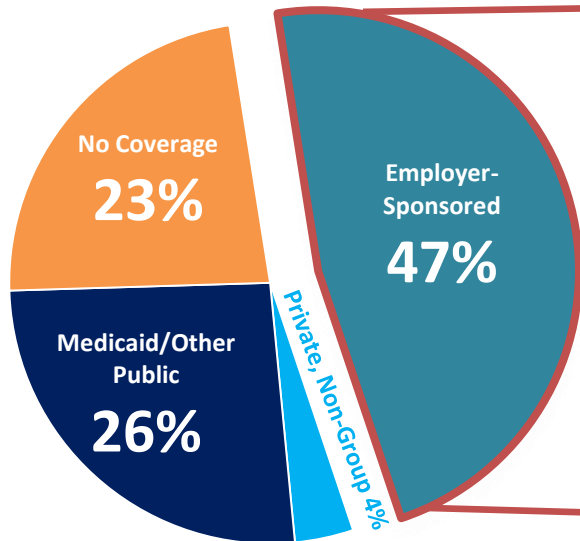
#### Plan Types Offered by NADP Members



Source: 2017 NADP Membership Directory

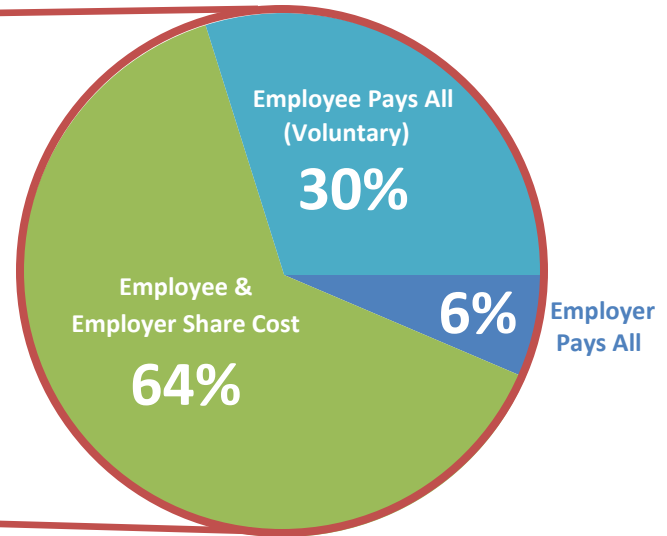
# National Dental Benefits

## Sources of Dental Coverage



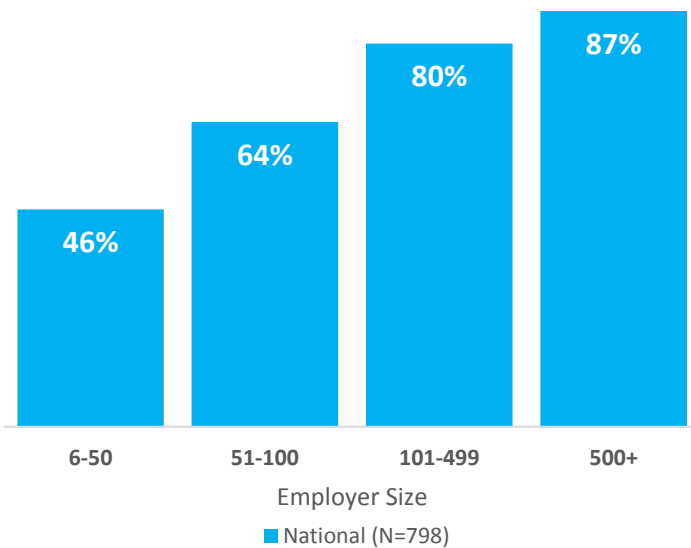
Source: 2017 NADP Dental Benefits Report on Enrollment

## Group Policy Funding



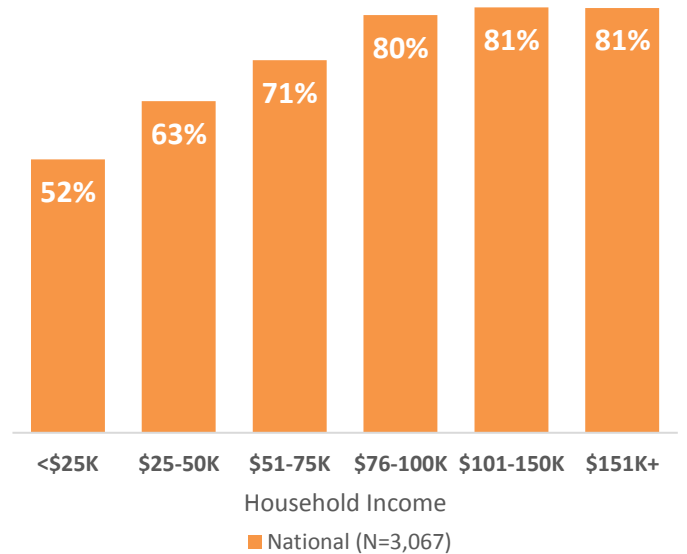
Source: 2017 NADP Survey of Employers

## Employers Offering Dental by Employer Size



Source: 2017 NADP Survey of Employers

## Consumers with Dental by Household Income



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.