



March 18, 2010

Ms. Leslie Ludtke  
Health Care Policy Analyst  
New Hampshire Insurance Department  
21 South Fruit Street, Suite 14  
Concorde, New Hampshire 03301

Re: *Chapter Ins 4100 (Section 4102.05 Loss Ratio Standards for Policy Forms)*

Dear Ms. Ludtke;

NADP is providing the following comments on the proposed changes to Chapter Ins 4100 'Requirements for Accident and Health Insurance Rate Submissions' by the New Hampshire Insurance Department. In our initial review the modifications did not appear to be applicable to our 27 member plans that offer dental (and some vision) coverage to New Hampshire residents. However, further legal review indicates that supplemental plans may potentially be captured by the definitions within Section 4102.05 requiring specified loss ratio standards. NADP believes it is important to share the dental benefits industry perspective and the potentially adverse impact of the proposed regulations if that is the Department's intention.

NADP is the largest non-profit trade association focused exclusively on the dental benefits industry, i.e. dental HMOs, dental PPOs, discount dental plans and dental indemnity products. NADP's members provide dental benefits to over 82% of the 176 million Americans with dental benefits, including more than half a million consumers with private policies from the state of New Hampshire. Our members include major commercial carriers, regional and single state companies, as well as companies organized as non-profit plans.

***Dental Is Different***

During the last five years, growth in dental plan premiums has been approximately equal to the consumer inflation rate; dental premiums grew on average 2.66% while the inflation rate has been 2.9%. Depending on the type of dental insurance, average premiums range from \$15 to \$30 a month, yet we abide by many of the same regulations (which cost the same to administer) as the medical carriers. Dental benefits

National Association of Dental Plans

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are discretionary, and even more so within the vision industry which has smaller premiums. Not all employers offer dental benefits, and those who do, often require employees to pay part (58%) or even all of the premiums (20%). Thus, dental benefits – and consumer access to dental care – are extremely sensitive to cost pressures.

Dental product types are varied, and requiring a 65% or 70% MLR throughout all of the diverse product types, would have a devastating impact. In the few states which require a restrictive MLR, dental plans have found it difficult to offer economically priced dental programs. Currently, we are unaware of any state which has higher than a 60% MLR for dental, and for small DHMO group plans the MLR ratios can be relatively low due to their administrative costs on a low premium base and lack of pooling ability.

Although dental and vision plans adhere to many of the same state and federal compliance requirements as medical plans, the percentage of administrative costs are much higher because of the small premium base. Allowing only 15% of a \$15 to \$30 monthly premium is unrealistic, compared to 15% of a medical premium which could be \$300-\$500 a month (dental premiums are approximately 1/12 of medical premiums). The resulting dollars are disproportionate for dental plans and do not provide sufficient amounts to pay for the same type of administration, claims systems, compliance, and distribution that the medical dollars afford. Most health insurance requirements are similar regardless of product type, yet the small premium base for ancillary products makes it virtually impossible to offer them affordably.

### ***Dental Benefits Are Important***

In 2000, the Surgeon General released the report “Oral Health 2000” which found that the top barrier to seeking dental care was cost and that dental benefits overcame that barrier. Dental benefits also increased the percentage of people visiting a dentist on an annual basis by 20%. This is extremely important, as the report documents that oral health is integral to overall health; more than 164 million hours of work and 51 million school hours are lost each year due to dental disease or dental visits. Additionally, research is showing connections between dental disease and costly medical conditions, especially between advanced gum disease and diabetes, heart attacks, stroke and low birth weight in premature babies.

Allowing dental plans to continue offering affordable and diverse programs is crucial to the overall health of New Hampshire residents. NADP recommends that similar insurance regulations in the future exempt dental plans specifically, include lower standards or thresholds for ancillary benefits, or allow the Commissioner of Insurance to have the flexibility to work with the dental benefits industry on practical application of requirements.

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NADP understands the appeal of curbing insurance rates, however from discussions we've had with members operating in New Hampshire, this type of legislation has the reverse effect than what is intended, and would actually increase premiums for dental coverage, not slow their growth.

NADP apologizes for the delay in our comments as we understand the comment process on Ins 4100 has been ongoing; however having just learned of its potential applicability, we are hopeful you will review our comments and allow for flexibility or additional review of the current MLR rate if it is to be applied to dental and vision plans. NADP greatly appreciates the opportunity to share our perspective, and look forward to answering any questions you may have.

Sincerely,



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