



January 8, 2016

The Honorable James B. Eldridge and the Honorable Aaron Michlewitz  
Chairs, Joint Committee on Financial Services  
The Commonwealth of Massachusetts  
Rooms 218 and 254, State House  
Boston, MA 02133  
RE: Opposition to House Bill 951

Dear Chairmen Eldridge and Michlewitz,

The National Association of Dental Plans (NADP) is providing comments in opposition to House Bill 951, which would establish a loss ratio for dental plans and limit contractual proceedings between providers and dental plans. The bill is on the agenda to be discussed by your committee on Tuesday, January 12.

Medical loss ratios are designed to require a certain percentage of an enrollee’s premium to be paid towards health services, not a carrier’s administrative expenses and profit. Several facts regarding dental coverage and impacts of a dental loss ratio (DLR) should be considered, and NADP would like to take this opportunity to better educate the Committee on why DLRs have not been advanced by any state or federal policymakers:

**Precedent:** The loss ratio standard established as part of the Affordable Care Act (ACA) has not been applied to HIPAA-excepted benefits, including dental plans, by the federal government or any state. Generally, states do not apply loss ratios to dental plans but utilize the detailed financial reports filed with regulators to examine carriers’ financial solvency and overall value provided to enrollees. When loss ratios have been applied to dental plans, they are significantly lower than medical ratios, and the methodology for coming into compliance is usually an administrative plan worked out with state regulators, rather than individual payments to consumers.

**Medical and Dental Prevailing Loss Ratios:** Dental premiums are 1/12th of medical premiums while 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. For these reasons, it is reasonable to expect lower minimum loss ratios

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for dental insurance than for medical. The National Association of Insurance Commissioners (NAIC) has also recognized the impact of these fixed costs and suggests that lower loss ratios could be appropriate for limited benefit plans or lower premium products<sup>iii</sup> like dental plans.

- As an example, at \$40 per month for a dental premium, at a 95% DLR, only \$2 can go towards administrative functions. At the 85% medical loss ratio on a monthly \$400 medical premium, \$60 goes towards administration of the plan. Dental plans cannot cover operational costs on a \$2 margin which must cover underwriting, filings, member relations, claims operations, dental clinicians, etc. No dental plan could function at that rate, or anything close to it.

**Impacts to Provider Payments and Premiums; Disruption in Coverage and Dental Care:** Applying loss ratios to dental policies requires carriers to reduce expenses and/or increase payments to providers thus increasing premiums for consumers. Given the limited funds available for necessary administrative functions at the extreme rate proposed by the bill, the latter is the only reasonable result. This would have considerable impacts particularly for low premium type products, which after raising premiums to accommodate a loss ratio would lose one of their primary values for consumers, low premium cost. In addition, the higher payments to providers add absolutely no value to consumers. As dental is a *voluntary benefit*, any increase of premium will result in less consumers having access to critical oral health coverage.

- Consumers and employers are very price sensitive; cost is the top determinant of which dental insurance product they buy. In surveys, cost is always listed as their top consideration.
- NADP's 2012 Consumer Survey found that 65% of consumers faced with high premium increases would purchase preventive-only coverage to replace their full coverage option—keeping their premium low. Payments for needed dental care beyond prevention would be eliminated and consumers would be more likely to postpone treatment identified in preventive visits due to lack of coverage for those expenses.
- Surveys show that consumers with coverage are more than twice as likely to go the dentist as those without coverage.<sup>iii</sup> With higher premiums, consumers are less likely to purchase coverage. And without coverage in place, dentists will see fewer consumers for treatment.

In addition to implementing a DLR, H 951 interferes with dental provider contracts and reimbursements. A state should not dictate payments to providers. The American Dental Association tracks reimbursement levels of providers and they understandably vary by state, with Massachusetts slightly above the national average. No provider is required to enter into a contract with a dental carrier, and once they agree to a contract, a provider can always leave if they feel they are not receiving fair compensation. In fact, about 15 percent of dentists in active private practice nationwide do not participate in networks insurance. The NADP/DDPA Joint Report on Networks for 2013 shows Massachusetts is less than half the national average for dentists participating in DHMO networks, 5 percent versus 13 percent. For DPPOs, Massachusetts is a few percent higher than the national average, at 90 percent versus 86 percent.

**Massachusetts Commission Warns Against DLRs:** In late 2014, the Massachusetts Special Commission on Dental Insurance released a report which laid out several recommendations. A main theme of the report conveyed a warning of any conditions which may increase dental premiums. As adult dental coverage is

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not a required benefit and usually is purchased solely or partially by the consumer, those individuals are very price sensitive and may forego dental coverage all together if dental premiums are not affordable. The report looked at DLRs and specifically recommended NOT requiring a DLR but to allow for the Division of Insurance to review financial data from dental carriers. Representatives from the Commission included legislators, regulators and other stakeholders interested in oral health.

Massachusetts dental carriers are nationally recognized for their research and innovation within the oral health arena. *Undoubtedly, H 951 will remove these carriers and all separate dental policies from the state – a detrimental impact to oral health as well as employers in the state.* Again, we urge the Committee to vote against H 951.

NADP is appreciative for the opportunity to provide comments on H 951, and is happy to provide further information as NADP maintains and collects a substantial range of information on the dental benefits industry. In addition to these comments, we have also attached our Massachusetts Dental State Fact Sheet and our member list for your review. Please contact me with any questions regarding these comments at 972.458.6998x111 or khathaway@nadp.org. Again, thank you for your consideration.

Sincerely,



Kris Hathaway  
Director of Government Relations

cc: Members of the Joint Committee on Financial Services

#### **NADP DESCRIPTION**

NADP is the largest non-profit trade association focused exclusively on the dental benefits industry, i.e. dental PPOs, dental HMOs, discount dental plans and dental indemnity products. NADP's members provide dental benefits to more than 90 percent of the 205 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.

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<sup>i</sup> National Association of Insurance Commissioners. Guidelines for Filing of Rates for Individual Health Insurance Forms, Model Regulation Service. July 2000.

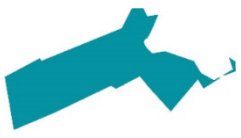
<sup>ii</sup> National Association of Dental Plans. The Haves and the Have-nots: Consumers With and Without Dental Benefits. February 2009

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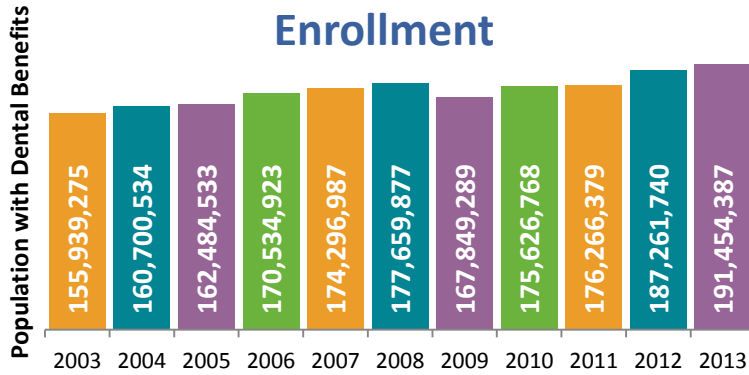
# Massachusetts

## Dental Benefits Fact Sheet



### National Enrollment Trends

An estimated 191,454,387 Americans, 61% of the population, have dental benefits.



Source: 2014 NADP/DDPA Joint Dental Benefits Report on Enrollment

### State Enrollment

An estimated 5,159,422 residents, 77% of the population, have dental benefits in Massachusetts.

#### Private Plan Enrollment

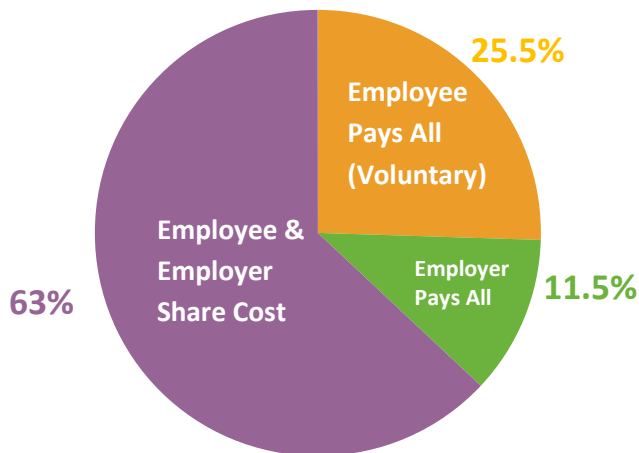
Plan Type	Enrollment
DHMO	47,412
DPPO	2,782,110
Indemnity	801,300
Other Private	74,941

#### Public Plan Enrollment

Medicaid/CHIP <sup>1</sup>	1,439,094
Other Public <sup>2</sup>	14,565

Source: 2014 NADP/DDPA Joint Dental Benefits Report on Enrollment

### Group Policy Funding

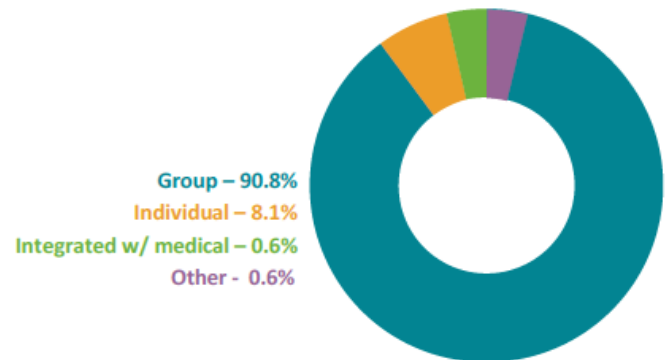


Source: 2014 NADP/DDPA Joint Dental Benefits Report on Enrollment

### Distribution of Commercial Benefits: State vs National

	DHMO	DPPO	Indemnity	Other
Massachusetts	1.3%	75.1%	21.6%	2.0%
National	7.9%	78.9%	6.8%	6.4%

#### Sources of National Private Dental Coverage



Source: 2014 NADP/DDPA Joint Dental Benefits Report on Enrollment

### Premium Facts

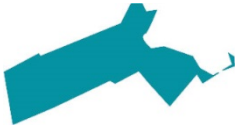
Massachusetts	DHMO	DPPO	Indemnity
Small Group	--	\$42.58	\$37.64
Large Group	--	\$36.97	\$30.33

National	DHMO	DPPO	Indemnity
All Group Avg	\$18.59	\$32.12	\$24.00

Source: NADP 2014 Dental Benefits Report: Premium and Benefit Utilization Trends

<sup>1</sup> Data from the Center for Medicare and Medicaid Services and 2014 NADP/DDPA Joint Dental Benefits Report on Enrollment

<sup>2</sup> "Other Public": Includes enrollment in federal and state programs not part of Medicaid



# Massachusetts Dental Benefits Fact Sheet

## Workforce

The federal standard for an adequate supply of dentists is 3.33 practicing dentists per 10,000 population.<sup>2</sup>

According to the American Dental Association 5,639 dentists are actively practicing in Massachusetts or 8.43 dentists per 10,000 population.<sup>3</sup>

Network Type	Total Dentists	General Dentists	Pediatric Dentists	Specialists
DHMO	281	187	6	88
DPPO	4,788	3,584	230	974
Discount	2,915	2,276	139	397

Source: 2014 NADP/DDPA Joint Dental Benefits Report on Network Statistics

## NADP Members

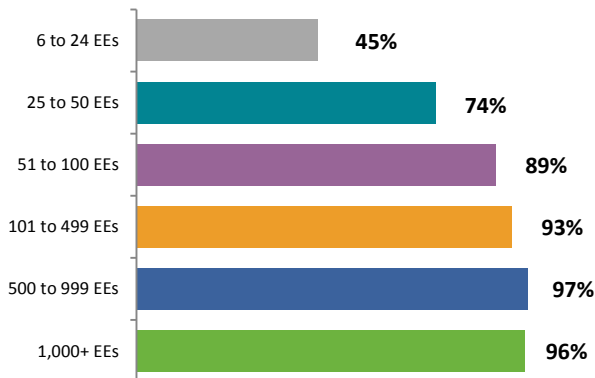
### Plan Types Offered by NADP Members



Source: 2014 NADP Membership Directory

## Where do Consumers Get Dental Benefits

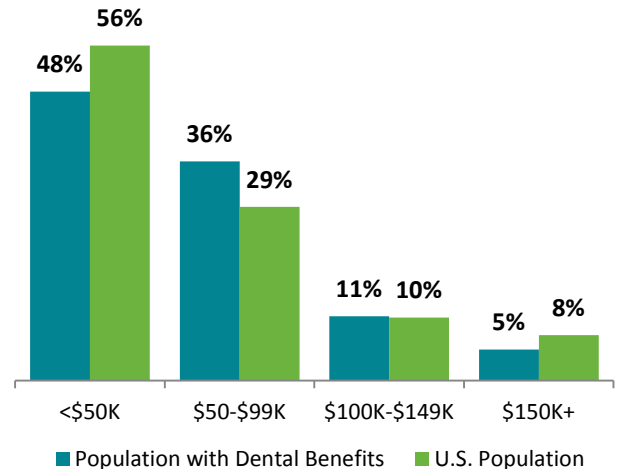
### Employers Offering Dental Benefits by Employer Size



Source: 2011 NADP Purchaser Behavior Survey

## Who Has Dental Benefits

### Consumers with Dental Benefits by Household Income compared to General Population



Source: 2012 NADP Survey of Consumers

## About



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 90 percent of the 191 million Americans with dental benefits.

<sup>2</sup> U.S. Department of Health and Human Services

<sup>3</sup> American Dental Association

# NADP MEMBERS & SUBSIDIARIES

Last Updated: January 2016



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**Advantage Dental Plan****Aetna Dental**

*Group Dental Service*

**Altus Dental Ins Co****American Dental Professional Svcs**

*American Dental Partners*

**American Enterprise Group**

*Medco Benefits*

**Ameritas Life Ins Corp.**

*First Ameritas Life Ins Corp.*

**Anthem Blue Cross Blue Shield**

*Anthem Health & Life Ins Co*

*Blue Cross Blue Shield of GA*

*Blue Cross Blue Shield of MO*

*Blue Cross Blue Shield of WI*

*Blue Cross of CA*

*DeCare*

*Golden West Dental & Vision Plan*

*Unicare Health Ins Co of the Midwest*

*Unicare Life and Health Ins Co*

*WellPoint*

**Argus Dental Plan, Inc.****Assurant Employee Benefits**

*Dental Health Alliance, LLC*

*DentCare, Inc. a Kentucky corporation*

*DentiCare of Alabama, Inc.*

*DentiCare of Oklahoma, Inc.*

*DentiCare, Inc. a Florida corporation*

*First Fortis Life Ins Co*

*Fortis Benefits DentalCare of New Jersey In*

*Fortis Benefits DentalCare of WI, Inc.*

*Fortis Benefits Ins Co*

*Fortis Dental Benefits*

*Georgia Dental Plan, Inc.*

*UDC Life and Health Ins Co*

*Union Security Life Ins Co of NY*

*United Dental Care Ins Co*

*United Dental Care of Arizona, Inc.*

*United Dental Care of Colorado, Inc.*

*United Dental Care of Michigan, Inc.*

*United Dental Care of Missouri, Inc.*

*United Dental Care of Nebraska*

*United Dental Care of New Mexico, Inc.*

*United Dental Care of Ohio, Inc.*

*United Dental Care of Pennsylvania, Inc.*

*United Dental Care of Texas, Inc.*

*United Dental Care of Utah, Inc.*

*United Dental Ins. Company*

**Best Life and Health Ins Co****Blue Cross Blue Shield of AZ****Blue Cross Blue Shield of MI**

*Blue Care Network*

*Blue Care Network of East MI*

**Blue Cross Blue Shield of NC****Blue Cross Blue Shield of NE****Blue Cross Blue Shield of SC****Blue Cross Blue Shield of RI****Blue Shield of CA****CareFirst BlueCross BlueShield**

*The Dental Network, Inc.*

**CAREINGTON INTERNATIONAL****CarePlus**

*Dental Associates*

**CBA, Inc.**

*Blue Cross of Vermont*

**The CDI Group****Cigna Dental & Vision Care**

*Great West Healthcare*

**Companion Life Ins Co****Dedicated Dental / Interdent****Delta Dental of CA**

*Alpha Delta of AL*

*Alpha Delta of AZ*

*Alpha Delta of NV*

*Delta Dental Ins. Co. (DE)*

*Delta Dental Ins. Co. (DC)*

*Delta Dental Ins. Co. (MD)*

*Delta Dental of NY*

*Delta Dental of PA*

*Delta Dental Ins. Co. (PR & VI)*

*Delta Dental of PR & VI*

*Delta Dental Ins. Co. (WV)*

**Delta Dental of IA****Delta Dental of MI, OH, IN**

*Delta Care*

*Delta Dental of AR*

*Delta Dental of TN*

**Delta Dental of MO**

*Advantica Benefits*

**Delta Dental of RI****Delta Dental of MA****Delta Dental of WI****DENCAP Dental Plans****Dental Care Plus Group Inc.****Dental Health Svcs of America**

*Custom Benefit Advisors*

*DBA-Preferred Administrators*

*Dental Health Svcs (an Oregon corp)*

*Dental Health Svcs, Inc.*

*Dental Health Svcs, Inc. (Arizona corp)*

*Dental Management Svcs*



Dental Network Svcs  
DHS Ins Svcs Inc

**Dental Network of America, Inc. (DNOA)**

Blue Cross Blue Shield of IL  
Blue Cross Blue Shield of NM  
Blue Cross Blue Shield of TX  
Colorado Bankers Life  
Dearborn National  
DenteMax, Inc.  
Ft. Dearborn Life Ins Co  
Health Care Svcs Corp  
Medical Life Ins Co

**Dental Select**

**DentalPlans.com**

**DentaQuest**

**Dominion Dental Svcs, Inc**

**EMI Health**

**EmblemHealth Svcs**

Connecticare  
GHI HMO Select  
Group Health Inc  
**Employee Choice**  
Blue Cross Blue Shield of LA

**First Continental Life**

**GEHA**

PPO USA

**Guardian Life Ins Co of America**

Berkshire Life Ins Co of America  
First Commonwealth, Inc.  
Managed Dental Care

**Health Resources, Inc.**

**HealthNet**

**HealthPartners, Inc**

Central Minnesota Group Health Inc  
Group Health Plan Inc  
HealthPartners Administrators, Inc.  
Midwest Assurance Company

**Horizon BCBS NJ**

**Humana Ins. Co.**

CompBenefits Corporation  
Oral Health Svcs

**IHC Health Solutions**

American National Life Ins. Company  
Fidelity Security Life  
GroupLink Reins Co LTD  
Guarantee Trust Life  
Madison National Life Ins Co  
Strategic Health Alliance

**Kaiser Permanente Dental Care Program**

**Kansas City Life Ins Co**

**Liberty Dental Plan**

**Lifemap Assurance**

**Life and Specialty Ventures**

Blue Cross and Blue Shield of Arkansas

HMSA (Blue Cross and Blue Shield of Hawaii)  
Florida Blue  
Blue Cross Blue Shield of MA  
Florida Combined Life Ins Co  
USABLE Life

**Lincoln Financial Group**

**MetLife**

SafeGuard Dental and Vision  
SafeGuard Health Plans, Inc  
SafeGuard Health Enterprises

**Mutual of Omaha**

**National Guardian Life Ins Co**

**Nationwide Mutual Ins Co**

**Nevada Dental Benefits**

**NexDent**

**Nippon Life Ins Co of America**

**Northeast Delta Dental**

**Pacific Source Health Plans**

**Pan American Life**

**Physicians Mutual**

**Premera Blue Cross**

Blue Cross of WA and AK  
Lifewise Assurance  
Lifewise Health Plan of OR  
Premera Blue Cross Blue Shield of AK

**Principal Financial Group**

Diversified Dental Svcs  
Employers Dental Svcs, Inc.

**Renaissance Life & Health Ins. Company**

Renaissance Dental Network  
Renaissance Health Inc. Company of NY

**Security Life Ins Co of America**

Union Security Life Ins. Company of NY

**SelectHealth**

**Solstice Benefits**

**Southland National Ins Corporation**

**Standard Ins Co**

**Starmount Life Ins Co**

Always Care

**Sun Life Financial**

**Superior Dental Care Inc.**

**TruAssure**

**United Concordia Companies Inc.**

Blue Cross Blue Shield of WV (Mountain St)  
Highmark Blue Cross Blue Shield  
United Concordia Life & Health

**United Healthcare Specialty Benefits**

Dental Benefit Providers, Inc.  
Illinois Pacific Dental  
MAMSI Life & Health Ins Co  
National Pacific Dental  
Nevada Pacific Dental  
Oxford Health Plans  
Pacific Union Dental  
PacifiCare Dental & Vision  
PacificDental Benefits, Inc.

*Solstice Benefits  
United Health Care Corporation*

**UPMC Health Plan**

**Western Dental Svcs**

**Willamette Dental Insurance, Inc**

*Willamette Dental Group  
Willamette Dental Management Corporation  
Willamette Dental of Idaho, Inc.  
Willamette Dental of Washington, Inc.  
Willamette Dental Group (Skoutes, Inc.)*

**Associate Members**

*Aspen Dental  
Benevis  
Coast Dental  
Dental Associates  
Dental Care Alliance  
DentalOne Partners  
Great Expression Dental Centers  
Heartland Dental Care  
North American Dental Group  
Pacific Dental Services  
Park Dental  
Smile Brands Inc.*

**Supporting Organizations**

*Aldera  
Beam Dental Technologies  
BeneCare  
Brighter  
Dentistat, Inc. & go2dental.com, Inc.  
EHG  
Eldorado  
Health Care Excel  
Health Solutions Plus  
Healthscape Advisors  
McKenna, Long & Aldridge  
McKinsey and Company  
Milliman Inc.  
NextGen  
Nova Net  
P & R Dental Strategies, Inc.  
Perio Protech  
Plexis Healthcare  
Pure Perio  
Revolv (formerly Corvesta)  
Secure EDI  
Sprig Health  
Stratose  
Tesia Clearinghouse  
The Ignition Group  
The Premier Dental Group, Inc.  
Towers Watson  
West Monroe Partners  
Wonderbox Technologies*

**Individual Members**

*Dr. Peter Barnett  
Dr. Manny Chopra  
Dr. Leigh Colby  
Jeff DeCapua  
Teresa Duncan  
Dr. D.E. FitzGerald  
Lynda Hunnicutt  
Dr. Mark W Jurkovich  
Dr. Steven Keller  
James Kingston  
Dr. David Klock, Ph.D.  
Dolores Kordek  
Dr. Krefman  
Dr. Nanarao Krothapalli  
E. Craig Lesley  
Tom Limoli, Jr.  
James Lintner  
Allan Morris  
David O. Mulligan  
Dr. James Spivey  
Chuck Stewart  
Dr. Doyle Williams  
Ruth Ann Woodley*