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.
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 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. 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
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.

2 National Association of Dental Plans. The Haves and the Have-nots: Consumers With and Without Dental Benefits. February 2009
Massachusetts
Dental Benefits Fact Sheet

National Enrollment Trends

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

State Enrollment

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

Private Plan Enrollment

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Enrollment</th>
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<tbody>
<tr>
<td>DHMO</td>
<td>47,412</td>
</tr>
<tr>
<td>DPPO</td>
<td>2,782,110</td>
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<tr>
<td>Indemnity</td>
<td>801,300</td>
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<tr>
<td>Other Private</td>
<td>74,941</td>
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Public Plan Enrollment

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<tr>
<th>Plan Type</th>
<th>Enrollment</th>
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<tr>
<td>Medicaid/CHIP(^1)</td>
<td>1,439,094</td>
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<td>Other Public(^2)</td>
<td>14,565</td>
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Group Policy Funding

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<th>Plan Type</th>
<th>Enrollment</th>
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<tr>
<td>DHMO</td>
<td>1.3%</td>
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<tr>
<td>DPPO</td>
<td>75.1%</td>
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<tr>
<td>Indemnity</td>
<td>21.6%</td>
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<tr>
<td>Other</td>
<td>2.0%</td>
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</table>

Massachusetts
National

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<th>Plan Type</th>
<th>Massachussetts</th>
<th>National</th>
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<tr>
<td>DHMO</td>
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<td>7.9%</td>
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<tr>
<td>DPPO</td>
<td>75.1%</td>
<td>78.9%</td>
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<tr>
<td>Indemnity</td>
<td>21.6%</td>
<td>6.8%</td>
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<tr>
<td>Other</td>
<td>2.0%</td>
<td>6.4%</td>
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Sources of National Private Dental Coverage


Premium Facts

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<tr>
<th>Plan Type</th>
<th>Small Group</th>
<th>Large Group</th>
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<tr>
<td>DHMO</td>
<td>--</td>
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<tr>
<td>DPPO</td>
<td>$42.58</td>
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<td>Indemnity</td>
<td>$37.64</td>
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National
All Group Avg

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<tr>
<th>Plan Type</th>
<th>DHMO</th>
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<th>Indemnity</th>
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<tr>
<td>DHMO</td>
<td>$18.59</td>
<td>$32.12</td>
<td>$24.00</td>
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1 Data from the Center for Medicare and Medicaid Services and 2014 NADP/DDPA Joint Dental Benefits Report on Enrollment
2 “Other Public”: Includes enrollment in federal and state programs not part of Medicaid

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The federal standard for an adequate supply of dentists is 3.33 practicing dentists per 10,000 population.\(^2\)

According to the American Dental Association 5,639 dentists are actively practicing in Massachusetts or 8.43 dentists per 10,000 population.\(^3\)

<table>
<thead>
<tr>
<th>Network Type</th>
<th>Total Dentists</th>
<th>General Dentists</th>
<th>Pediatric Dentists</th>
<th>Specialists</th>
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<tbody>
<tr>
<td>DHMO</td>
<td>281</td>
<td>187</td>
<td>6</td>
<td>88</td>
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<tr>
<td>DPPO</td>
<td>4,788</td>
<td>3,584</td>
<td>230</td>
<td>974</td>
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<tr>
<td>Discount</td>
<td>2,915</td>
<td>2,276</td>
<td>139</td>
<td>397</td>
</tr>
</tbody>
</table>


Where do Consumers Get Dental Benefits

Employers Offering Dental Benefits by Employer Size

- 6 to 24 EEs: 45%
- 25 to 50 EEs: 74%
- 51 to 100 EEs: 89%
- 101 to 499 EEs: 93%
- 500 to 999 EEs: 97%
- 1,000+ EEs: 96%

Source: 2011 NADP Purchaser Behavior Survey

Consumers with Dental Benefits by Household Income compared to General Population

- <$50K: 56%
- $50-$99K: 36%
- $100K-$149K: 11%
- $150K+: 5%

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.

\(^2\) U.S. Department of Health and Human Services

\(^3\) American Dental Association
NADP MEMBERS & SUBSIDIARIES

Last Updated: January 2016

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 Ins Co
  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 Pennsylvannia, 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 Svc
DHS Ins Svc 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
USAbile 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 Ins. 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 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
Paciﬁc Dental Benefits, Inc.
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**
Alera
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
Tesiia Clearinghouse
The Ignition Group
The Premier Dental Group, Inc.
Towers Watson
West Monroe Partners
Wonderbox Technologies

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E. Craig Lesley
Tom Limoli, Jr.
James Lintner
Allan Morris
David O. Mulligan
Dr. James Spivey
Chuck Stewart
Dr. Doyle Williams
Ruth Ann Woodley