



April 22, 2016

L. Becky Dover
Staff Attorney
South Carolina Department of Consumer Affairs
P.O. Box 5757
Columbia, SC 29250-5757
Sent via USPS Priority

RE: R.28-90, Discount Medical Plan Organizations

Dear Ms. Dover,

The National Association of Dental Plans (NADP) would like to comment on draft regulation 28-90 clarifying registration requirements and processes regarding discount medical plan organizations (DMPO).

NADP has been active in the issue of regulating discount plans, including testimony before the National Association of Insurance Commissioners (NAIC). NADP agrees regulatory oversight is necessary, but strongly believes state requirements can be achieved without being overly burdensome and costly to the industry and consumers. Otherwise, consumers may lose an affordable option for savings on their dental care expenses. Today, over 6 million Americans have a discount dental plan – four percent of the total dental benefits market. Over a third of our member companies currently offer discount dental plans.

In addition to our work with the NAIC, NADP member companies have studied and complied with various statutes and legislative initiatives regulating the discount industry and are experienced in identifying practical and valuable provisions as well as those that create unnecessary costs without offsetting value. We understand the need to clarify regulatory processes for the benefit of discount plan registrants and the Department. However, we are concerned with the unintended consequences of proposed 28-90(C):

“Discount Medical Plan Organizations shall notify the Department on a continual basis of any changes in representatives or marketers, to include any addition or inactivation. New representatives or marketers shall not act on behalf of the Discount Medical Plan Organization until the addition is reported to the Department. The Discount Medical Plan Organization’s list of marketers and representatives must be updated at the subsequent registration/renewal to reflect any changes.”

OFFICERS & DIRECTORS

Chair

THERESA McCONEGHEY
Principal Financial Group
Des Moines, IA

Vice Chair

DR. GENE SHERMAN
Starmount Life
Baton Rouge, LA

Secretary

KIRK E. ANDREWS
UnitedHealthcare Dental
Santa Ana, CA

Treasurer

STACIA ALMQUIST
Assurant Employee Benefits
Kansas City, MO

Directors

RON BOLDEN
Cigna
Phoenix, AZ

DR. DAN CROLEY
Delta Dental of
CA, NY, PA & Affiliates
San Francisco, CA

KATE McCOWN
Ameritas Life Insurance
Corp. Lincoln, NE

SUE WRIGHT
Lincoln Financial Group
Omaha, N3

Immediate Past Chair

CHRIS SWANKER, FSA,
MAAA
Guardian Life Insurance
Company of America
Bethlehem, PA

Executive Director

EVELYN F. IRELAND, CAE
National Association
of Dental Plans
Dallas, TX

National Association of Dental Plans

12700 Park Central Drive • Suite 400 • Dallas, Texas 75251

972.458.6998 • 972.458.2258 [fax]

nadp.org

“the representative and recognized resource of the dental benefits industry”



Continuous reporting of this kind is not stipulated in the DMPO law enacted by HB 3711, which does require DMPOs to submit a list of all representatives and marketers authorized to sell products annually. The proposed mandate leads to more questions, i.e. what constitutes reporting on a “continual basis”?

This type of regulation will be extremely costly for both the DMPO and the Department as single representatives may join the DMPO or their marketers on a daily basis, which could mean daily reporting. As well, marketers and representatives must abide by all DMPO requirements, so providing ongoing lists is not worthwhile for any stakeholder. The Department has not demonstrated the insufficiency of current annual submissions nor the public interest in establishing new and burdensome reporting, which threatens the low-cost nature of these products.

NADP requests the Department reconsider their recommendation, and maintain the current regulation of requiring annual reporting of marketers and representatives.

NADP greatly appreciates your time and attention to our concerns. In addition to these comments, we have attached our South Carolina Dental State Fact Sheet for your review. Please contact me with any questions regarding these comments at khathaway@nadp.org or 972.458.6998 x. 111. Again, thank you for your consideration.

Sincerely,



Kris Hathaway
Director of Government Relations

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 92 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.

National Association of Dental Plans

12700 Park Central Drive • Suite 400 • Dallas, Texas 75251

972.458.6998 • 972.458.2258 [fax]



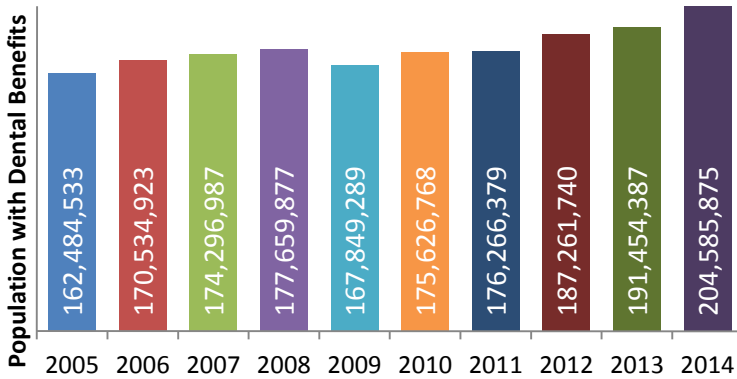
South Carolina

Dental Benefits Fact Sheet



National Enrollment Trends

An estimated 204,585,875 Americans, 64% of the population, have dental benefits.



Source: 2015 NADP Dental Benefits Report on Enrollment

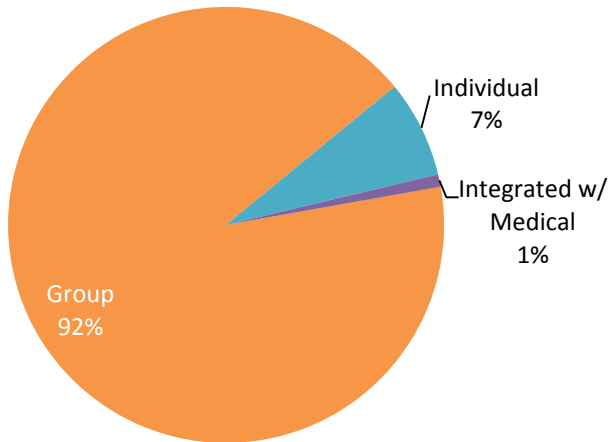
Dental Enrollment

An estimated 3,207,360 or 66% of the population have dental benefits in South Carolina.

| Plan Type | Enrollment |
|-----------------------------|------------|
| Private Plans | |
| DHMO | 3,927 |
| DPPO | 2,066,200 |
| Indemnity | 90,060 |
| Other Private | 35,257 |
| Public Plans | |
| Medicaid/CHIP ⁸¹ | 1,009,865 |

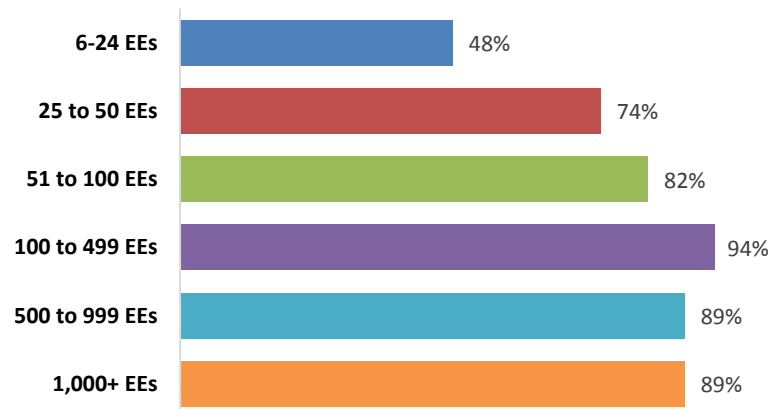
Source: Data from the Centers for Medicare and Medicaid Services and 2015 NADP Dental Benefits Report on Enrollment

Sources of Private Dental Coverage



Source: 2015 NADP Dental Benefits Report on Enrollment

Employers Offering Dental Benefits by Employer Size



Source: 2015 NADP Survey of Employers

Premium Facts

| South Carolina | DPPO | Indemnity |
|---------------------|---------|-----------|
| DHMO | | |
| Small Group | -- | \$46.24 |
| Large Group | -- | \$31.81 |
| Individual | -- | -- |
| Nat'l All Group Avg | \$17.01 | \$36.13 |

Source: NADP 2015 Dental Benefits Report: Premium and Benefit Utilization Trends

Distribution of Commercial Benefits: State vs National

| | DHMO | DPPO | Indemnity | Other |
|-----------------------|------|-------|-----------|-------|
| South Carolina | 0.1% | 64.4% | 2.8% | 1.1% |
| National | 7.9% | 78.9% | 6.8% | 6.4% |

Source: 2015 NADP Dental Benefits Report on Enrollment

South Carolina Dental Benefits Fact Sheet

Workforce

NADP Members

The federal standard for an adequate supply of dentists is 3.33 practicing dentists per 10,000 population.⁸²

The table presents the number of dentists participating on provider networks including the number of network dentists per 10,000 population

| Network Type | Total Dentist | General Dentists | Pediatric Dentists | Specialists | Per 10,000 |
|--------------|---------------|------------------|--------------------|-------------|------------|
| DHMO | 52 | 42 | 1 | 9 | 0.11 |
| DPPO | 1,468 | 1,192 | 55 | 221 | 3.04 |
| Discount | 880 | 769 | 24 | 87 | 1.82 |

Source: 2015 NADP/DDPA Joint Dental Benefits Report on Network Statistics and U.S. Department of Health and Human Services

Plan Types Offered by NADP Members

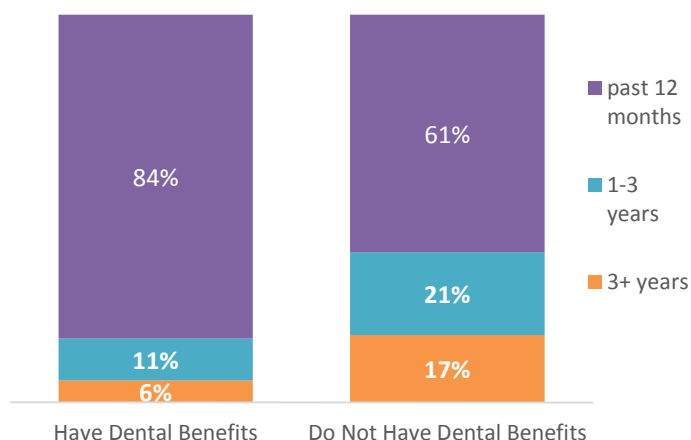


Source: 2015 NADP Membership Directory

Dental Benefits Impact Consumer Behavior

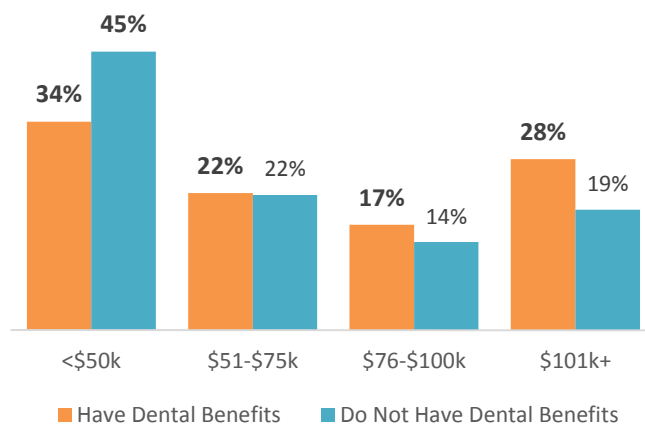
Who Has Dental Benefits

When was your last visit to the dentist?



Source: 2015 NADP Survey of Consumers

Consumers with and without Dental Benefits by Household Income



Source: 2015 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 about 90 percent of 205 million Americans with dental benefits.