

Senator Joshua Miller, Chairman
Senate Committee on Health and Human Services
82 Smith Street
Providence, RI 02903

Mr. Chairman:

The National Association of Dental Plans (NADP) submits the following testimony in opposition to Senate Bill 2672 regarding fees for dental services, referenced in this letter as non-covered services (NCS), and amending the definition of “covered services.” This Bill is on the Committee’s agenda for a hearing on Tuesday, April 3. NADP opposes this Bill because, while it would not increase costs for insurers, it would increase costs for consumers by allowing dentists to charge higher fees for services.

Rhode Island’s existing NCS law was adopted in 2009 and prohibits a dental plan from requiring a dentist to accept a negotiated fee set by the plan unless the plan compensates the dentist for that specific service. The definition of “covered services” under current law is services that are reimbursable under the contract, subject to contractual limitations like deductibles, waiting periods, or frequency limitations. The law currently in effect in Rhode Island is consistent with the model law promulgated by the National Conference of Insurance Legislators (NCOIL). To date, 38 states have adopted NCS laws, with the overwhelming majority being consistent with the NCOIL Model.

S 2672 would depart from the NCOIL model by amending the definition of covered services to include only those services that are actually *reimbursed*, as opposed to those that are *reimbursable*. This would allow dentists to charge patients fees that are higher than the discounted rate for services provided after the patient reaches a contractual limitation, such as a frequency limitation or annual maximum. Under this definition, if a patient reaches their annual maximum in the middle of the year, a dentist could charge a higher rate for preventive dental visits or cleanings, potentially increasing out-of-pocket costs significantly for consumers.

The changes proposed by this Bill would hurt consumers by greatly narrowing the range of contractual discounts for dental services available to them – discounts to which dentists agree in order to participate in dental networks. Joining dental networks allows dentists to grow their practices, have a steady flow of insured patients, and receive prompt payment of claims. By denying insureds the benefit of discounts negotiated for services, the Bill negates one of the primary benefits of insurance for covered persons, and serves to increase costs for dental benefits consumers.

OFFICERS & DIRECTORS

Chair

THERESA McCONEGHEY
Principal Financial Group
Des Moines, IA

Vice Chair

RON BOLDEN
Cigna
Phoenix, AZ

Secretary

KATE McCOWN
Ameritas Life Insurance Corp.
Lincoln, NE

Treasurer

STACIA ALMQUIST
Sun Life Financial
Kansas City, MO

Directors

JEFF ALBUM

Delta Dental of
CA, NY, PA & Affiliates
San Francisco, CA

DR. MARY LEE CONICELLA

Aetna
Hartford, CT

JEREMY HEDRICK

Careington International
Frisco, TX

JOSH NACE

Dental Health Services of
America
Seattle, WA

SUE WRIGHT

Lincoln Financial Group
Omaha, NE

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 opposes the definition proposed by the bill and strongly recommends that Rhode Island maintains its existing NCS law for the following reasons:

- Current law is consistent with the NCOIL Model, which was developed over two years of discussions and consensus among providers, carriers, consumers, legislators, and regulators
- Current law allows your constituents to receive the benefits of contracted rates voluntarily agreed to by dentists
- Current law allows your constituents to avoid the “sticker shock” that results from higher fees for dental services, which places an onerous financial burden on families, and can delay necessary care, leading to deteriorating oral health

Attached is a detailed overview of non-covered service to review this issue in more detail. NCS legislation is a stated priority of organized dentistry at the state and national levels, with the stated primary purpose of increasing dentist income, which raises out-of-pocket costs for consumers. Opponents of such efforts include local chambers of commerce, the AFL-CIO, state employees, and more.

In addition to the NCS summary, we have also attached our Rhode Island State Fact Sheet for your review. NADP appreciates the opportunity to share our views, and we are available to answer the Committee’s questions. Thank you again for your attention to this important issue.

Sincerely,



Eme Augustini
Director of Government Relations
eaugustini@nadp.org; (972) 458-6998 ext. 111

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 plan

CC: Members of the Committee: Sen. Calkin; Sen. Crowley; Sen. Goldin; Sen. Paolino; Sen. Satchell; Sen. Sheehan; Sen. Sosnowski

National Association of Dental Plans

12700 Park Central Drive • Suite 400 • Dallas, Texas 75251
972.458.6998 • 972.458.2258 [fax]





An Overview of Dental Non-Covered Services

Non-covered services (NCS) legislation would prohibit a dental insurance plan from requiring a contracted dentist to accept a payment fee set by the dental plan unless the dental plan compensates the dentist for such services. While prohibiting discounts on non-covered services does not impact the plan's revenue, it will have a direct and lasting negative impact on a consumer's out-of-pocket costs.

Dental plans cover a wide array of dental services; however, most have an annual maximum benefit per plan year. After the annual maximum amount is met, consumers can continue to benefit from insurance coverage when discounts are afforded to them through contracted fees between their dental plan, and that plan's contracted dentists.

- **Prohibiting contracted discounts for non-covered services is financially harmful to the consumer and leads to higher costs and confusion for individuals and families.**

Minimizing American's out-of-pocket health costs is one of the primary goals for federal health care reform. Dental consumers, dental plans and dentists have a responsibility to work together to offer competitive costs for dental services. Dentists who contract with a dental plan may agree to accept the fees for dental services specified in the contract, regardless of the payment source. The dental plan pays for covered services in part or in whole, and the consumer pays for non-covered services. Regardless of the payment source, the total the dentist receives is the agreed upon contracted fee, thus providing benefits to the consumer and the employer as described below:

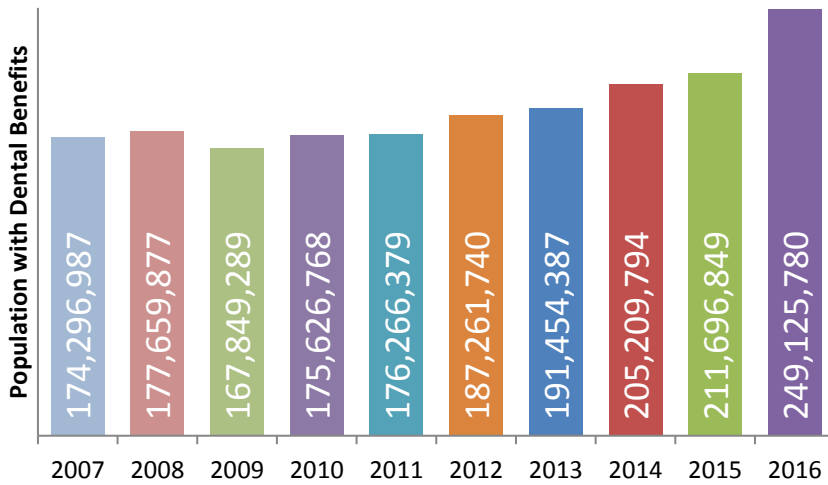
- **Contracted Fees—Benefits to the Consumer:**
 - Consumers receive the contracted fee even if the service is not covered by their insurance plan. Without the contracted fees, consumer costs for non-covered services are generally higher.
 - Cost of dental care is predictable for the consumer when the same contracted fees are applied to needed services even after the annual maximum is met. Dental plans and consumers can better calculate expected costs up front when a single fee schedule is adopted for all services, covered or not, and this helps avoid surprised "sticker-shock" that might otherwise result from non-contracted fees for dental services.
 - Cost savings realized when consumers receive non-covered services at a contracted fee encourages them to seek treatment in a timely manner and not delay care due to cost restraints. Paying a higher, non-contracted fee can put significant financial strain on individuals and families.
- **Contracted Fees—Benefits to the Employer:**
 - Due to rising medical premiums, employers are facing hard choices with their health care benefit options. A dental plan's ability to offer a single contracted fee schedule for all services under a group employer dental plan increases the scope of benefits without increasing premiums, thereby increasing the overall value of the program for employees.
 - Employers review their employees' utilization and customize their dental plan selection accordingly. The design of the dental policy selected by the employer dictates what services are covered under a plan. This allows the employer to offer a plan at an affordable cost to both the employer and the consumer. Dental plans contract fees with dentists, and offer multiple policies based on the contracted fee. The Act being considered by NCOIL would limit employer flexibility, and reduce their product choices.
- **Contracted Fees—Dentist Topics:**
 - Dentists may be initially in favor of prohibiting discounts on non-covered services; however, there is little evidence to support increased revenue by supporting this measure. A recent study by Delta Dental Plans Association of all Delta plans showed only a .44 percent difference in total approved claims costs are even affected. Dentists can do their part in health care reform by holding their costs to the contracted fees already agreed to for patients covered by dental insurance.
 - Dentists have the choice to join a dental plan's network and accept the contracted fees for both covered and non-covered services.

Rhode Island

Dental Benefits Fact Sheet



National Enrollment Trends



Source: 2017 NADP Dental Benefits Report on Enrollment

State Enrollment Trends

An estimated 919,538 or 87% of the Rhode Island population have dental benefits compared to 77% of the population nationally.

Plan Type	Enrollment
Private Plans	
DHMO	3,989
DPPO	415,786
Indemnity	201,615
Other Private	--
Public Plans	
Medicaid/CHIP	298,148

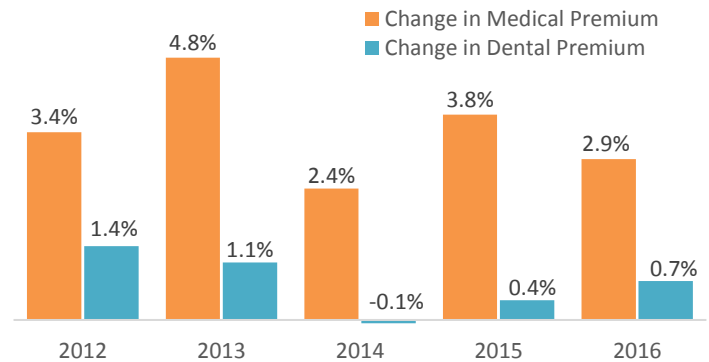
Source: 2017 NADP Dental Benefits Report on Enrollment

Distribution of Commercial Benefits: State v National

	DHMO	DPPO	Indemnity	Other
Rhode Island	0.6%	66.9%	32.4%	-
National	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

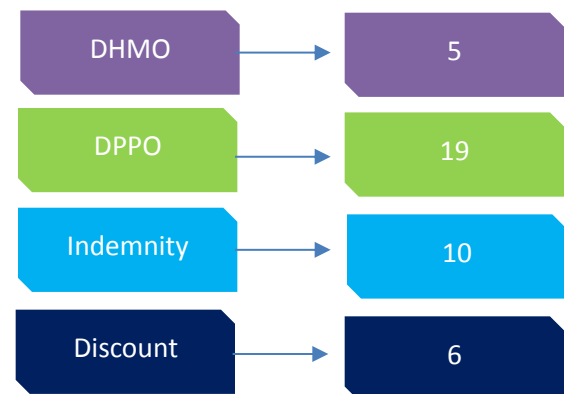
The federal standard for an adequate supply of dentists is 3.33 practicing dentists per 10,000 population. The table presents the number of dentists participating on provider networks in Rhode Island including the number of network dentists per 10,000 population.

Network Type	Total Dentist	General Dentists	Pediatric Dentists	Specialists	Per 10,000
DHMO	27	18	1	8	0.0
DPPO	998	765	50	183	9.5

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

Rhode Island NADP Members

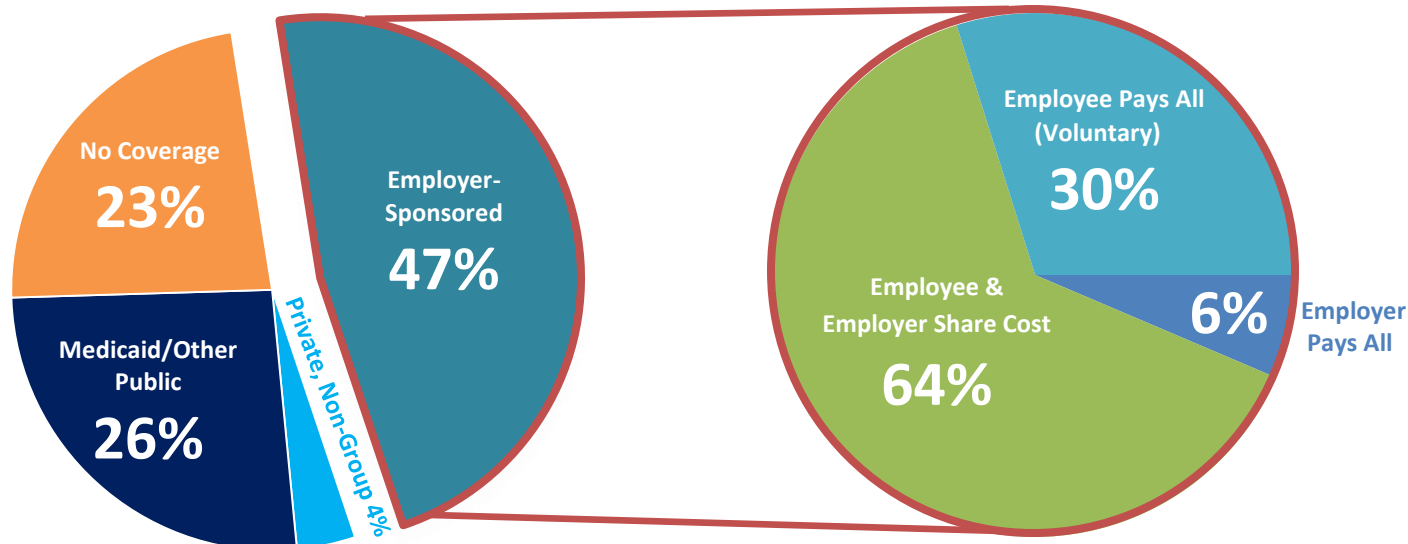
Plan Types Offered by NADP Members



Source: 2017 NADP Membership Directory

National Dental Benefits

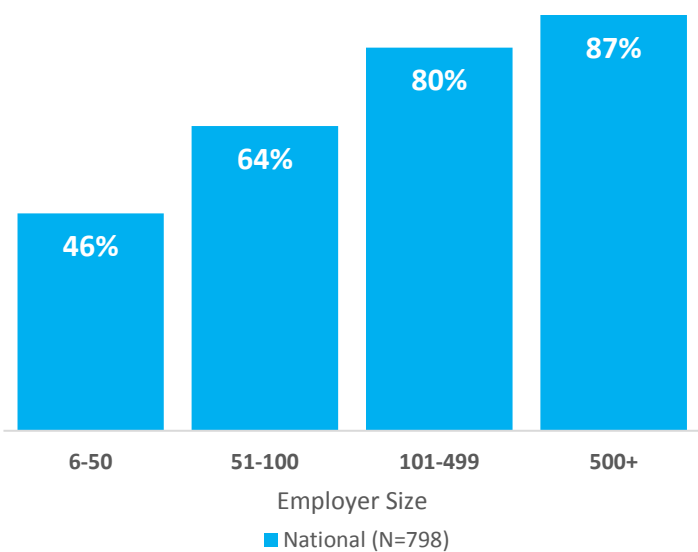
Sources of Dental Coverage Group Policy Funding



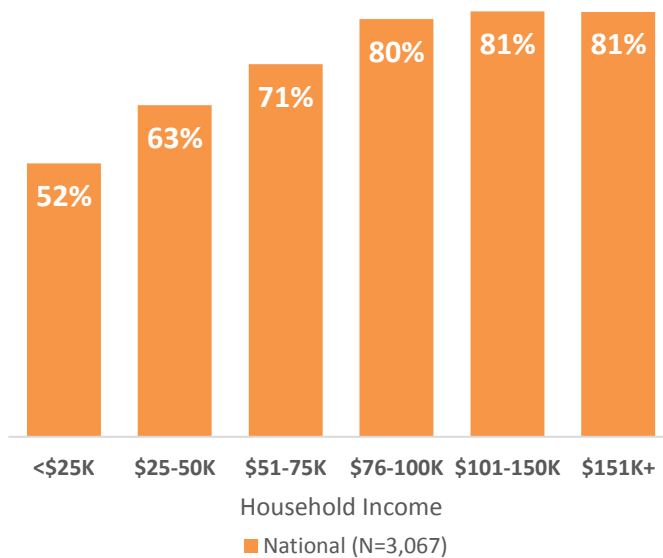
Source: 2017 NADP Dental Benefits Report on Enrollment

Source: 2017 NADP Survey of Employers

Employers Offering Dental by Employer Size Consumers with Dental by Household Income



Source: 2017 NADP Survey of Employers



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.