



November 12, 2010

Co-Chair Director Michael McRaith and Co-Chair Commissioner Sandy Praeger  
NAIC (B) Committee Exchange Subgroup  
NAIC Central Office  
2301 McGee Street, Suite 800  
Kansas City, MO 64108-2662

Dear Director McRaith and Commissioner Praeger,

NADP appreciates the work of the Subgroup in developing a basic framework for state Exchanges in short order. We appreciate the consideration of the perspectives of interested parties in making refinements to that framework. With regard to the November 11, 2010 version of the NAIC Exchange Model; we have three brief additional observations.

#### **Comment 1: Transparency**

On the Exchange Subgroup's November 9 conference call, there was a discussion on transparent pricing of benefits as a duty of the Exchange. One regulator suggested that pricing transparency was an important standard in the Exchange but no language was included in the draft. Suggested language for separate pricing of dental benefits was submitted in the previous round of comments by both NADP and DDPA. The key reasons for inclusion of such language with regard to dental benefits are 1) ease of consumer comparison of benefits between dental benefits bundled with medical coverage and separately offered dental benefits and 2) improved competition.

- NADP supports either the revised language submitted by Delta Dental Plans Association for this provision, or the verbiage included in our November 8, 2010 Comment 2, i.e. add a Sec. 6 S *"Ensure transparency in premium pricing by requiring dental benefits, provided through the Exchange, are priced separately from other categories of essential benefits offered through the Exchange."*

#### **Comment 2: Dental Coverage in Exchanges**

NADP and other stakeholders within the oral health community are concerned whether adults will have an option to continue their dental coverage if the only option for dental coverage in the Exchanges are child-only dental policies. Today in the small group market, 43.9 million enrollees have separate dental coverage which includes 22.9 million children. These children are part of family coverage. If small employers do not continue to offer separate supplemental/ancillary dental benefits outside the Exchanges, and family policies are not allowed inside of the Exchanges, there may be no option for these adults to continue coverage.

#### **National Association of Dental Plans**

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The language in 1311(d)(2)(B)(ii) does not limit the offer of limited scope dental benefits to only pediatric dental coverage (*emphasis added to key phrases*):

“...a State shall allow an **issuer of a plan** that only provides limited scope dental benefits meeting the requirements of section 9832(c)(2)(A) of the Internal Revenue Code of 1986 to **offer the plan** through the Exchange (either separately or in conjunction with a qualified health plan) **if the plan provides pediatric dental benefits** meeting the requirements of section 1302(b)(1)(J).”

This language is repeated in Sec. 5(B)(2). To explain the implications of the language for the offer of dental coverage, NADP recommends inserting the following drafting note after Section 5 (B)(2):

- **Sec. 5(B)(2) Drafting Note:** This section inserts the language of the Federal Act from Section 1311(d)(2)(B)(ii). The statutory language does not prescribe the limited scope dental benefits plan to only the required pediatric dental benefits included in the essential health benefit package. Instead it allows the issuance of a plan of limited scope dental benefits as long as the plan provides the pediatric dental benefits that are required in the essential health benefit package. As dental benefit policies typically cover both children and adults, the dental benefits offered under this section may also cover adults and procedures for children other than those specified as essential.

### Comment 3: Certification Requirements

The detail added to Sec. 7(A)(6) of the Model raises specific issues for limited scope dental plans as the provisions inserted are related to qualification of health plans and were developed for broad scope health plans. Some of the requirements like accreditation and nationally accepted quality measures do not exist for limited scope dental benefits. Others would be impacted by the differences in the delivery system for dental and medical benefits.

NADP recommends the following drafting note in Section 7 (A)(6) so that appropriate consideration is given to the applicability of the provisions to limited scope dental plans for which consumers pay on an annual basis a premium roughly equal to a single month’s medical premium.

- **Sec. 7(A)(6) Drafting Note:** Section 1311(c) of the Federal Act establishes minimum criteria for the certification of health plans as qualified health plans. The provisions in this section were developed for a broad scope health benefit plan. As states consider application of these provisions to qualified dental plans, some factors that merit examination include the scope of the benefit, value added for consumers, and affordability.

NADP respectfully requests the NAIC to review and implement the above comments so the Exchange Model is more closely aligned with the current dental marketplace and the provisions of PPACA.

We are available to answer any of your questions with regard to the dental benefits industry; please feel free to contact Kris Hathaway, NADP’s Director of Government Relations (972.458.6998x111 or email - khathaway@nadp.org) or me for additional information.

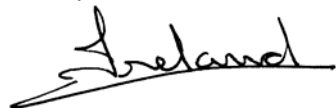
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Sincerely,



Evelyn Ireland, CAE  
National Association of Dental Plans

cc: Jolie Matthews, NAIC Senior Health Policy Advisor and Counsel

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 over 82% of the 176 million Americans with dental benefits. Our members include major commercial carriers, regional and single state companies, as well as companies organized as non-profit plans.

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