



May 22, 2009

The Honorable Max Baucus
Chairman
U.S. Senate Committee on Finance
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member
U.S. Senate Committee on Finance
Washington, DC 20510

Sent via: Health_Reform@finance-dem.senate.gov

Re: Senate Finance Committee Policy Options Paper, *Expanding Health Care Coverage: Proposals to Provide Affordable Coverage to All Americans*

Dear Chairman Baucus and Ranking Member Grassley:

The National Association of Dental Plans (NADP) is the recognized voice of the dental benefits industry. Dental plans provide access to oral care services for over 173 million Americans through dental HMOs, dental PPOs, discount dental plans and dental indemnity products. Our membership includes major national carriers, and regional and local companies. Together, we are committed to improving Americans' oral health by providing access to affordable, high-quality dental benefits.

NADP greatly appreciates the opportunity to review and provide feedback on the Senate Finance Committee's policy options document entitled, *Expanding Health Care Coverage: Proposals to Provide Affordable Coverage to All Americans*. We applaud the Committee's process for seeking stakeholder input into the challenging and exciting task of health care reform. Our comments focus on key issues and concerns related to the role of the dental benefits industry in improving America's oral health. As the Committee's paper focuses on medical coverage, it is unclear whether dental would be included or excluded in specific proposals. We believe reform should expand consumers' access to oral care and augment, not supplant employer-sponsored dental coverage. As such our comments highlight how we believe dental benefits fit in the Committee's proposals. We look forward to working with you on these issues as you develop legislation.

Our comments and recommendations are outlined below:

Section I: Insurance Market Reforms

Non-Group, Micro and Small Group Markets

Recommendation: The Committee's non-group, micro-group and small group market reform proposals should include a HIPAA-like limited-scope dental benefit plan exclusion.

National Association of Dental Plans

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

972.458.6998 • 972.458.2258 [fax]

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The Committee options document proposes non-group, micro-group and small group market reforms that build on the access and renewability provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). HIPAA specifically exempts “excepted benefits,” including “limited-scope dental benefits” that are offered separately from the HIPAA group health plan requirements. This exemption from the portability, access, and renewability requirements applies when limited benefits are provided under a separate policy, certificate or contract of insurance. This distinction is codified in the federal Employee Retirement Income Security Act, the Public Health Services Act and the Internal Revenue Code. The Committee’s market reform proposals should include a similar limited-scope dental benefit plan exclusion.

In general, the Committee’s proposed rating, risk-adjustment and other market reforms appear aimed at medical plans. However, NADP is concerned that without language clarifying that the HIPAA excepted benefits provisions apply to these proposals, the reform options could be interpreted as including limited-scope dental benefit plans. Dental plans offer and manage a distinct and narrower set of benefits than medical plans. As a result, the dental benefits market is organized separately from and differently than the medical plan market. In crafting HIPAA, Congress recognized this distinction and the burden requirements designed for comprehensive medical plans would place on limited-scope dental benefit plans. We strongly urge the Committee to follow the HIPAA model and include the HIPAA exclusion for limited-scope dental benefits plans in any non-group, micro-group or small group market reform proposals.

Further, we are uncertain how the proposed risk-adjustment model would work if applied to dental benefit plans. The Committee suggests basing a new risk adjustment system on the Medicare Advantage (MA) risk-adjustment model. The MA risk-adjustment model is built on diagnosis codes. Although efforts are underway to advance their development, there currently is not a dental diagnostic code system that is widely accepted or has been adopted by the American Dental Association (ADA). The lack of diagnosis codes would seem to preclude condition-based risk adjustment. We believe this further argues for a HIPAA-like excepted benefits exclusion for limited-scope dental benefit plans in the proposed market reforms.

Health Insurance Exchange

Recommendations: To target federal investments in oral health to those most in need, the Committee should require dental coverage for adults eligible for Medicaid. Further, it should consider making optional dental coverage available to Exchange participants on a voluntary basis.

The Committee highlights the Massachusetts Connector in its discussion of Health Insurance Exchange policy options. In Massachusetts, the state made and continues to make several notable steps to address dental coverage for those individuals likely to face the most difficulty accessing coverage, including:

- 1) The state required Medicaid dental coverage for adults.
- 2) For the government-subsidized coverage for individuals with incomes below 100 percent of the federal poverty level, Massachusetts included dental benefits in the basic benefit package.

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- 3) The state realized that it had to limit benefit requirements in order to make the unsubsidized plans offered through the Connector affordable for individuals and small groups. Dental services were not included as required benefits. However, it is our understanding that the state has started to allow dental plans as an unsubsidized, voluntary option in the Connector 'Choice' for participants.

Although dental coverage is not required for individuals to meet the state's individual mandate, reports from Massachusetts suggest dental plan enrollment gains across income levels. Based on anecdotal evidence, we suspect that employees and other individuals who are evaluating their medical benefit options in order to comply with the individual mandate also use that opportunity to explore their dental benefit options. This seems to suggest that facilitating access to optional dental plan choices at group rates would be a valuable and affordable federal policy step to promote dental coverage.

To that end, NADP supports federal reform efforts that leverage the lessons learned from Massachusetts. Specifically, to target federal investments in oral health to those most in need, we support requiring dental coverage for adults eligible for Medicaid. Further, we support making optional dental coverage available to Exchange participants on a voluntary basis.

Finally, the one additional lesson we would draw from Massachusetts and other state reform efforts is the value of local solutions. Dental plan enrollment increases in Massachusetts were aided by a community-based campaign focused on oral health. Community resources were best able to connect individuals with community answers. Therefore, we favor a more regional or state approach, utilizing a standardized regulatory framework, to organizing the Health Insurance Exchange model, rather than establishment of a single, national Exchange.

Section II: Making Coverage Affordable

Benefit Options

Recommendation: The proposed comprehensive benefit and cost-sharing requirements for health insurance plans should not apply to limited-scope dental benefit plans.

The Committee's proposed option, which would require all health insurance plans to offer a broad range of defined medical benefits and establish cost-sharing limits on those benefits, appears to be focused on medical benefit plans. When crafting legislation to implement this option, we urge the Committee to distinguish between limited-scope dental benefit plans, which are not intended and not able to provide comprehensive medical benefits, and the medical coverage that is the focus of this section.

Limiting cost-sharing for preventive services, as the Committee proposes, is a common feature of dental plans. However, the proposed language prohibiting annual limits on any benefits would dramatically change the way dental benefits are provided. To make dental plan products affordable for employers to offer and to encourage enrollees to use annual preventive services rather than accumulate expensive,

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untreated dental problems, dental plans frequently are designed with a yearly benefit maximum. Without this feature, dental plans would be less attractive to the employer market, and we are concerned that existing employer-based coverage would decline. We urge the Committee to recognize the distinction between medical and dental benefit design and excluded limited-scope dental benefit plans from these requirements.

Low-Income and Small Business Tax Credits

Recommendation: The Committee should include opportunities for individuals with low-incomes and small employers to use the proposed tax credits to meet their and their employees’ oral health needs.

In the same way small businesses struggle to offer medical coverage, they frequently struggle to provide dental benefits. As the Committee considers incentives, such as tax credits, to help small businesses afford to offer medical coverage, we encourage you to explore opportunities to help small employers’ access tax credits to provide for their employees’ oral health. Dental plans can best serve this market by operating under the HIPAA exclusion rules discussed above. Further, taxpayers with low-incomes who elect voluntary dental coverage through the Exchange should have access to the proposed low-income tax credit.

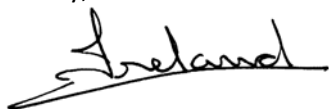
Section IV: Role of Public Programs

Recommendation: To the extent possible, the Committee should consider creating opportunities for Medicaid and CHIP eligible individuals and families to use these resources to participate in comparable employer-sponsored dental coverage when it is available.

NADP members manage dental services for millions of Americans in public programs. We strongly support the role of public plans in providing dental services to individuals and families in need, and applaud the Committee for its leadership in requiring dental coverage in the Children’s Health Insurance Program (CHIP). As health reform proposals progress, we urge the Committee to maximize opportunities for Medicaid and CHIP eligible individuals and families to use these resources to participate in available, comparable employer-sponsored coverage.

Thank you, again, for your consideration of NADP’s views. We look forward to working with you to advance health reform. If you have any questions or need additional information, please contact Kris Hathaway, NADP Director of Government Relations at 972.458.6998x111 or through e-mail at khathaway@nadp.org.

Sincerely,



Evelyn Ireland
Executive Director

National Association of Dental Plans

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