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EME AUGUSTINI
National Association
of Dental Plans

April 10, 2020

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd St, SW
Washington, DC 20416

RE: Payment Protection Program and Business Loan Program Temporary Changes;
Paycheck Protection Program (SBA-2020-0015)

Dear Administrator Carranza,

The National Association of Dental Plans (NADP) and its members are grateful for the availability of funds to small businesses through the Paycheck Protection Program (PPP) in response to the economic fallout of the COVID-19 pandemic.

However, additional clarity is needed for small businesses to ensure they have access to forgivable loans that cover an accurate sum of their payroll costs, including dental plan premiums. The broad definition of “payment required for the provisions of group health care benefits, including insurance premiums” as part of “payroll costs” in Section 1102 of the CARES Act and Page 10 of the Interim Final Rule (IFR) leaves ambiguity for loan applicants on the inclusion of dental plan premiums paid by the employer. We believe the legislative language is sufficiently broad enough to encompass dental plan premiums, but also believe it would be helpful for the Small Business Administration to confirm this in its regulatory guidance. Without this confirmation, employers may not use PPP funds towards dental premiums, for fear they will not count towards “payroll costs” and the 75% threshold for PPP forgiveness.¹

Dental insurance is the most-requested employee health benefit after major medical coverage. More than 92% of Americans with private dental coverage have it through their employers, and 80% of those employers share the cost of dental premiums with

¹ U. S. Small Business Administration. “Business Loan Program Temporary Changes; Paycheck Protection Program.” 13 CFR Part 120. April 2020. <https://home.treasury.gov/system/files/136/PPP--IFRN%20FINAL.pdf>

National Association of Dental Plans

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their employees.² As a result, employees at firms of all sizes depend on continued premium support from their employer to maintain critical dental coverage.

- **Recommendation:** In order to ensure continued dental coverage for employees of small businesses, SBA should clarify that the costs of all ancillary health benefits, including dental benefits, paid by employers are included both in the definition of group health plan costs and payroll costs in the IFR. Doing so would provide needed clarity to small businesses calculating their PPP expenditures and forgiveness. Ongoing ambiguity could lead to dropped coverage by individuals and employers not utilizing PPP funds for all their health insurance related premiums, including dental plan costs.

While neither the CARES Act or the IFR cite a definition of group health benefits, the primarily health-related³ nature of employer sponsored dental benefits and other existing federal statutes⁴ would indicate dental premiums are included in the definition. Employers that offer embedded or stand-alone dental benefits normally include their premium payments in payroll costs in the same fashion they would for medical premiums. Furthermore, a Q&A released by the Treasury Department would follow that rationale:

What counts as payroll costs? Payroll costs include:

... Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits **including insurance premiums** (emphasis added); and payment of any retirement benefit⁵

While the guidance to lenders states “insurance premiums” are included in the definition of payroll costs, uncertainty on the part of applicants may lead to inconsistent spending of PPP loans on **dental** premiums. Several of our members have already received questions from small businesses on dental premiums and the PPP. A clarification from SBA in the form of an updated Q&A, sub-regulatory guidance, or a citation for the definition of “group health care benefits” would alleviate uncertainty that may lead to dropped coverage or unpaid premiums.

² NADP. “2019 NADP Dental Benefits Report on Enrollment.” November 2019. Ordering information at www.nadp.org

³ CMS. “Reinterpretation of “Primarily Health Related” for Supplemental Benefits.” April 2018. <https://www.nahc.org/wp-content/uploads/2018/05/HPMS-Memo-Primarily-Health-Related-4-27-18.pdf>

⁴ IRS. “Topic No. 502 Medical and Dental Expenses.” February 2020. <https://www.irs.gov/taxtopics/tc502>

⁵ Department of Treasury. “PAYCHECK PROTECTION PROGRAM (PPP) INFORMATION SHEET: BORROWERS.” April 2020. <https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>



Dental coverage and access to oral health care are critical. Patients who receive regular dental care have lower treatment costs for chronic diseases like diabetes and are less likely to visit the emergency room for dental pain and conditions. In a moment of extreme and extraordinary strain on our hospital systems, group dental benefits allow enrollees to receive the dental care they need and avoid costly emergency treatment. A direct confirmation of the inclusion of dental benefit premiums in payroll costs will encourage small businesses to continue to provide benefits they may otherwise cut if there is uncertainty about their inclusion.

NADP urges immediate action to clarify the inclusion of dental premiums in the definition of payroll costs. Small businesses are actively applying for and spending PPP funds as of April 3. Please contact Teresa Cagnolatti, Director of Government and Regulatory Affairs, with any questions regarding these comments at tcagnolatti@nadp.org or 972-458-6998 x111. Again, thank you for your consideration.

Sincerely,



Eme Augustini
Executive Director

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 200 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.

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