



November 6, 2019

Senate Committee on Insurance and Financial Institutions
Sen. Bob D. Hackett, Chairman
1 Capitol Square
Columbus, OH 43215-4275

RE: Opposition to SB 148

Mr. Chairman and members of the committee:

The National Association of Dental Plans (NADP) submits the following testimony in opposition to Senate Bill 148 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 November 6th. 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.

NCS legislation prohibits a dental plan from requiring a dentist to accept a negotiated fee set by the plan, unless the plan compensates the dentist for the specific service. This type of agreement is common in many carriers’ provider contracts, a standard aspect of their contractual relationship that defrays the cost of dental care for plan enrollees. This benefits enrollees in situations where they need services that the purchaser or employer does not cover in the interest of keeping group dental premiums more affordable. Dentists knowingly enter into contracts with these provisions in return for the increased patient volume that accompanies membership in a dental plan network.

NADP respectfully opposes SB 148, and encourages the Committee to fully investigate the ramifications this bill would have on your constituents and employers in Ohio:

- **Consumers’ out-of-pocket expenses will increase due to the loss of the discounts on certain dental procedures.**
- Employers may experience complaints due to employee dissatisfaction at increased costs for non-covered services.

It is also likely that enacting this bill would only be a first step on the path to eliminating additional consumer protections. In a number of other states where similar legislation has been enacted, proponents have returned to state legislatures in subsequent years with amendments to narrow the range of services that can be considered “covered,” gradually chipping away at these laws, further increasing revenue for providers and driving up costs for consumers.

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In addition to these impacts, the bill improperly places penalties for violations in the Unfair & Deceptive Acts section of the Insurance Code, making inclusion of non-covered services policies in dental contracts a quasi-criminal offense. This is duplicative, as the bill already applies to the Health Care Contract Law, unnecessary and a departure from approaches taken in other states and the National Council of Insurance Legislators (NCOIL) model legislation.

Additional background information includes:

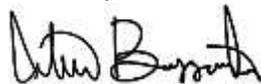
- Employers' demand for flexibility and affordability means not every dental plan design covers every single procedure on a dentist's contracted fee schedule. Often, the insurer pays 80% and the enrollee pays 20% of the contracted fee for a category of procedures that is selected and specified by the purchaser, in consultation with a benefits broker, consultant or the dental carrier. For other categories of specified services, the insurer pays 100% and the insured pays 0% of the contracted fee. Non-covered services are those for which the insurer pays 0% and the insured pays 100%. The value of having dental coverage when choosing these services lies in the lower rate the dentist has agreed to when collecting 100% of the contracted fee.
- While most policies cover the majority of frequently utilized procedures, a range of dental benefit plans, with appropriately varied premium ranges, is available in the marketplace to meet employer and employee budgets.
- Dentists choose to join a dental network and accept the contracted fees in return for increased access to patients who are customers of the dental carrier.

In sum, the effect of SB 148 would be to create confusion and drive up costs for consumers of dental services, as well as opening the door to further erosion of protections that currently make dental services affordable.

Attached is a detailed overview of non-covered services to review this issue in more detail. NCS legislation is a 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 Ohio 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,



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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 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.

CC: Members of the Committee: Vice Chair Hottinger; Ranking Minority Member Craig; Sen. Brenner; Sen. Burke; Sen. Dolan; Sen. Huffman; Sen. Kunze; Sen. Peterson; Sen. Thomas; Sen. Williams; Sen. Wilson

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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.

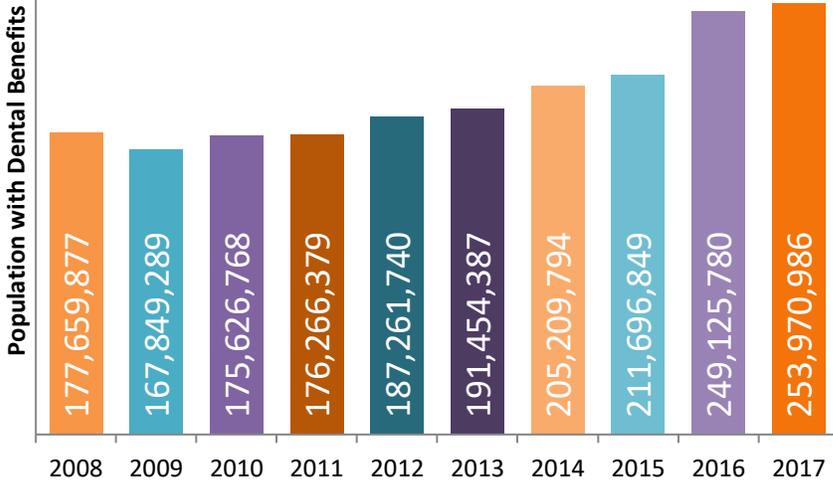
Dental plans cover a wide array of dental services; however, most have an annual maximum benefit per plan year. After the annual maximum amount is met, consumers can continue to benefit from insurance coverage when discounts are afforded to them through contracted fees between their dental plan, and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

National Enrollment Trends



Source: 2018 NADP Dental Benefits Report on Enrollment

State Enrollment Trends

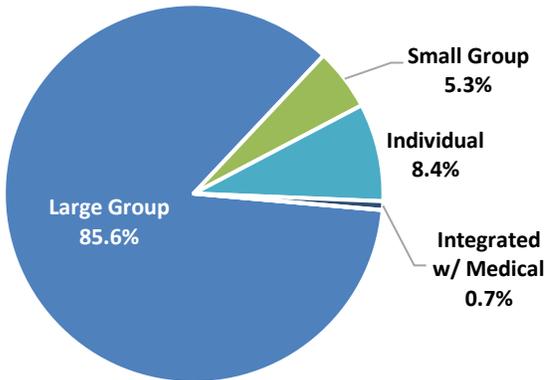
An estimated 9,380,151 or 80% of the Ohio population has dental benefits compared to 78% of the population nationally.

Plan Type	Enrollment
Private Plans	
DHMO	349,389
DPPO	5,408,423
Indemnity	77,329
Other Private	173,597
Public Plans	
Medicaid/CHIP	2,845,785
Exchange SADPs*	26,792
Medicare Advantage	525,629

Source: 2017 NADP Dental Benefits Report on Enrollment

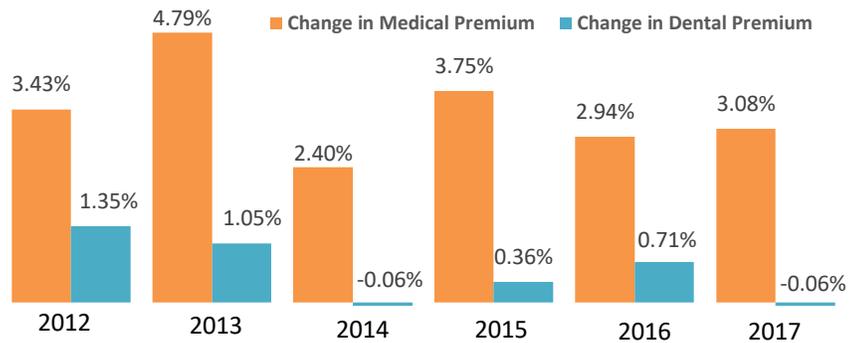
*Enrollment in Exchanges may also be counted in the commercial enrollment numbers.

Sources of Private Dental Coverage



Source: 2018 NADP Dental Benefits Report on Enrollment

National Change in Premium



NADP 2013-2017 Dental Benefits Report: Premium and Benefit Utilization Trends and 2018 Dental Benefits Report: Financial Operations and Premium

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 Ohio including the number of network dentists per 10,000 population.

Network Type	Total Dentists	General Dentists	Pediatric Dentists	Specialists	Per 10,000
DHMO	2,360	1,889	73	398	0.6
DPPO	9,512	7,020	597	1,895	8.2

Source: 2018 NADP Dental Benefits Report: Network Administration & Network Statistics

Ohio NADP Members

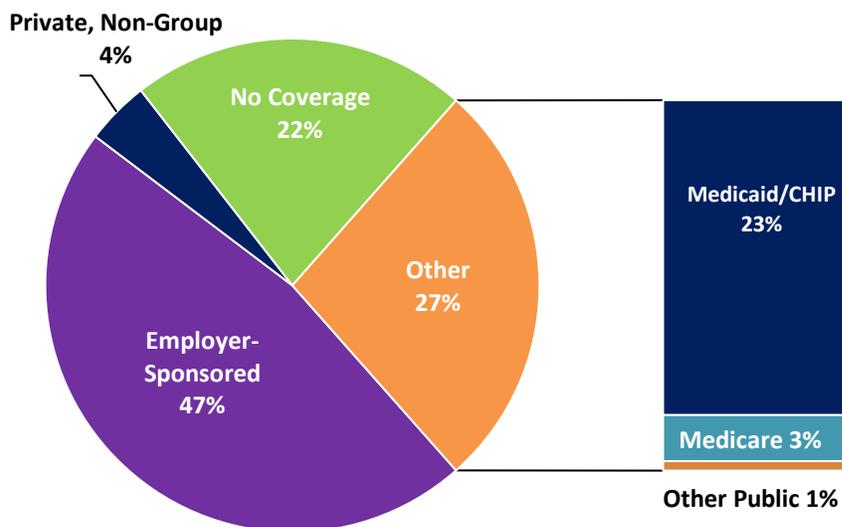
Plan Types Offered by NADP Members



Source: 2018 NADP Membership Directory

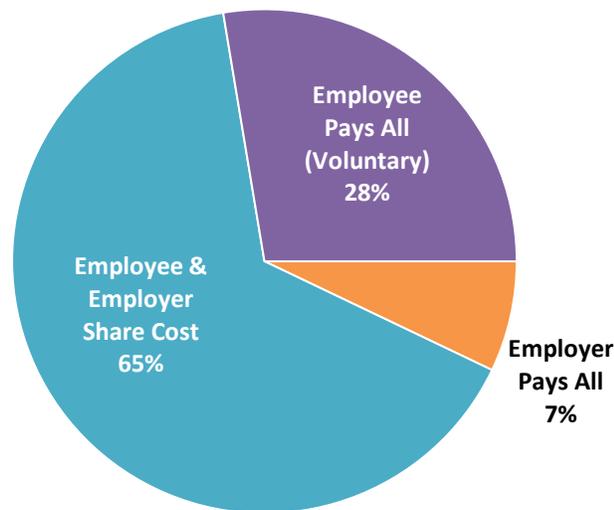
National Dental Benefits

Sources of Dental Coverage



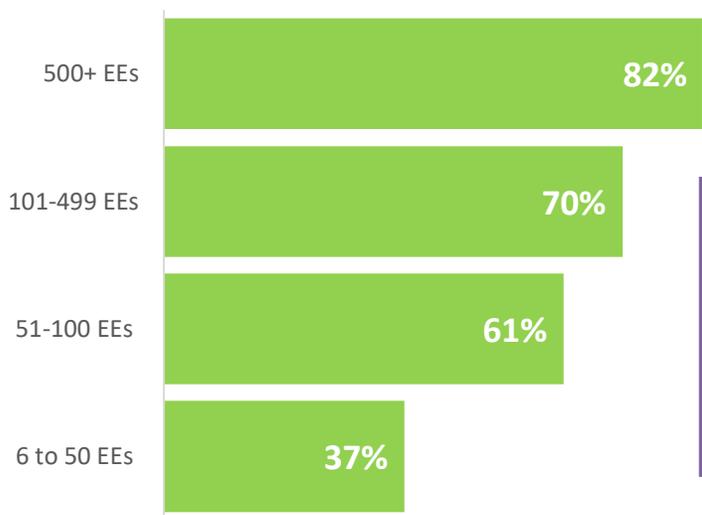
Source: 2018 NADP Dental Benefits Report on Enrollment

Group Policy Funding



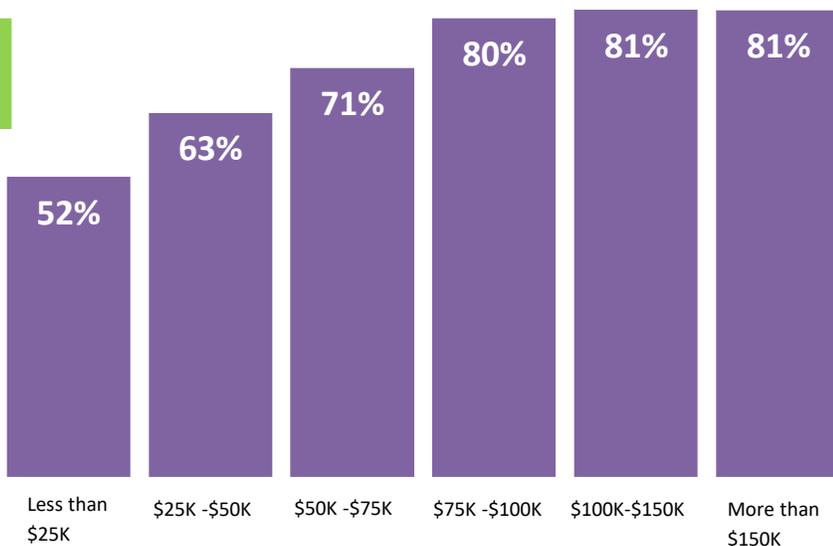
Source: 2018 NADP Survey of Employers

Employers Offering Dental by Employer Size



Source: 2018 NADP Survey of Employers

Consumers with Dental by Household Income



Source: 2018 NADP Survey of Consumers

About NADP



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 199 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.