

Chairman Brinkman, Vice Chair Lampton, Ranking Member Miranda and members of the House Insurance Committee-

My name is Dave Owsiany and I am the Executive Director of the Ohio Dental Association. Thank you for the opportunity to testify on behalf of the 5,000 members of the Ohio Dental Association. We urge passage of House Bill 344. The members of the ODA are largely small business owners who combined employ over 20,000 people in the state of Ohio. House Bill 344 seeks to remedy an inequity in the dental insurance system. In the last several years, dental insurers began telling dentists what they can charge for services the insurers don't even cover. This scheme is inconsistent with the fundamental premise of dental benefits, which is to provide coverage for certain dental services for the enrollees. This practice of insurance companies dictating fees for services they don't even cover is creating significant hardships for dental offices and interferes in the dentist-patient relationship.

Small business dental practices are operating at narrow margins because of the nature of providing dental care including high overhead costs related to dental technology, equipment, and supplies. The opponents of this bill suggest that setting prices for non-covered services "saves" the enrollees money. In reality, this tactic by the insurance companies interferes with the dentist patient relationship and often acts to limit patient choices, forcing some patients to forgo preferred treatment options or disrupting continuity of care by forcing patients to go to other dentists for certain procedures.

It has been suggested that the dentists should just negotiate these non-covered services provisions out of the contracts. The problem is that in these provider contracts there is not an opportunity for meaningful negotiation. These contracts are offered by insurance companies as take it or leave it. These dental insurance companies are big businesses, some of them with hundreds of millions of dollars of annual revenue doing business in many different states. The small dental office is not provided any opportunity to negotiate related to the non-covered services issue. Each individual dentist that is presented with a provider contract from a dental insurance company is essentially faced with a "take it or leave it" proposition. There is no negotiation. The dentists collectively or the ODA cannot come together to fight against this practice because it would violate antitrust laws. In fact, the FTC has taken action against dentists in other states when they have tried to act collusively to gain leverage against the enormous market power controlled by the dental insurance companies. Further, these contracts are also "evergreen" so in many instances, dentists signed the initial contracts long before the insurance industry was setting fees for non-covered services. Now that the dentists have a significant portion of their patient bases – perhaps 20%, 30% or even 40% or more of their patients as enrollees of the insurance companies, the insurance companies have changed the rules midstream and are now dictating fees for services they do not cover. The dentists signed the contracts in good faith. The insurance companies have changed the rules. Most dentists aren't able to just walk away from these contracts and lose a significant portion of their patient base.

Because of this very situation unfolding in state after state, policymakers began to take notice and decided reforms needed to be put in place. The National Conference of Insurance Legislators passed a model act in 2010 prohibiting dental insurers from dictating fees for non-covered services. The NCOIL Act serves as a model for House Bill 344. Further House Bill 344 includes disclosure requirements. These disclosure requirements are taken directly from House Bill 156 from the 132nd General Assembly, which addressed these same non-covered services issues in the context of vision insurance. House Bill 156 passed the Ohio House of Representatives by a 92-2 vote in 2018. There is no reason not to extend these protections to the dental settings just as you have already done in the vision care setting.

This bill is very limited. It does not mandate coverage of any services or mandate that dental insurance companies pay a certain amount for any services. House Bill 344 just addresses the issue of dental insurance companies dictating fees for non-covered services. It is that simple. Forty-one states have now passed this reform legislation including our neighboring states, Kentucky and Pennsylvania, and states of all different sizes

and in every region of the country, including Illinois, Texas, California, Georgia, Washington, Virginia, North Carolina, and Wisconsin. Despite all of the dire predictions that the opponents of this bill have stated, none of the 42 states that have passed this legislation have experienced any difficulties in implementing these reforms on limiting dental insurers from setting prices for non-covered services and none of these states have had any disruptions in their dental benefit marketplaces and no state has experienced price spikes for dental services. In fact, companies similarly situated to the opponents of this bill have actually supported or at worse have been neutral on legislation like House Bill 344.

The Ohio Dental Association does not pursue legislative action related to the dental insurance industry very often, if ever. But this situation is a unique convergence of circumstances that makes legislative action necessary. This reform will protect small business dental offices from these unfair practices and ensures that dental insurance companies are not interfering with dentists and their patients on services that the insurers do not even cover.