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of Dental Plans

April 14, 2021

The Honorable Senator Heather Sanborn and Honorable Representative Denise Tepler
Chairs, Joint Committee on Health Coverage, Insurance and Financial Services
100 State House Station
Augusta, Maine 04333
Sent via Email

RE: Opposition to LD 1266

Dear Chairpersons Sanborn and Tepler, and members of the Committee,

The National Association of Dental Plans (NADP) offers the following information and context as the Joint Committee on Health Coverage, Insurance and Financial Services ("the Committee") explores policies and practices to improve the value of dental insurance. We understand and appreciate the Committee's interest in safeguarding value for consumers who are enrolled in individual and group dental plans while ensuring that health coverage in Maine remains stable. **However, NADP respectfully opposes LD 1266** and encourages the Committee to fully investigate the ramifications this legislation may have on constituents and employers in the state.

Nationally, NADP members provide dental HMO, dental PPO, dental indemnity, and other dental products to 200 million Americans with dental benefits. **In Maine, where an estimated 1,016,819, or 76% of the Maine population, currently has dental benefits, NADP represents nearly 30 companies that provide dental coverage.** 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.

LD 1266 creates a retrospective dental Minimum Loss Ratio (MLR) and the application of rebating when that standard is not met. This legislation is unprecedented, and its unintended consequences would severely impact Maine's dental consumers. LD 1266 will result in increased premiums, reduced use of dental services, and a reduction in employer and consumer options for purchasing dental coverage.

National Association of Dental Plans
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Dental Insurance Contributes to Oral and Overall Health

Maintaining dental coverage that is affordable and accessible is important in reducing overall health care costs and improving oral health. Treatment of periodontal disease is connected to lowering the treatment costs for the chronic medical conditions such as diabetes and coronary artery disease.[1] Most of the more than 2 million dental-related visits to hospital emergency rooms were for preventable conditions that could have been addressed earlier in a dental office at a significantly lower cost.[2]

Individuals with dental coverage visit the dentist more often and receive the care they need when compared to individuals without coverage. A 2019 NADP Consumer Survey reported 75% of persons with dental benefits have seen a dentist in the past year compared to only 47% of those without dental benefits. The cost of dental care related to lack of insurance was 2.7 times more likely to be reported as the reason for not going to the dentist than fear of going to the dentist.[3]

Due to the ongoing impact of the COVID-19 pandemic, employers feel increased pressure to drop or reduce contributions to dental coverage, and employees are opting for less comprehensive health benefits or dropping their dental coverage completely. In 2009, the recession and a stalled economy contributed to a 5.7% decline in dental benefits enrollment a greater decline than seen in medical coverage.[4] While some Americans will retain coverage by newly enrolling in Medicaid or Marketplaces, dental coverage is not ensured in public programs. Maine is one of several states without comprehensive adult dental Medicaid coverage.[5] **LD 1266 will exacerbate this decline in coverage and limit access to affordable dental coverage for the 96.5% of Mainers who rely on group insurance offered by their employers and for the remaining 3.5% who purchase a plan individually.** Low-income populations in Maine without comprehensive coverage will be left with little to no low-cost dental plan alternatives.

Loss Ratios Do Not Measure Value or Quality

Dental plans in Maine and across the nation want consumers and employers to know what they are buying and what is covered. NADP and Maine's dental benefits carriers agree that the focus should be providing consumers greater value for their dental plans; however, MLRs are not a useful or meaningful measure of a dental plan's value to consumers or employers who purchase dental plans.

An MLR is a ratio of expenditures to insurance premiums. A loss ratio does not measure value. A loss ratio measures the cost of covered patient care (to a dental plan) divided by the total premium charged.

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[1] Nazir, Muhammad Ashraf. *Prevalence of periodontal disease, its association with systemic diseases and prevention.* Int J Health Sci (Qassim) 2017 Apr-Jun; 11(2): 72–80.
[2] Pew Charitable Trusts, 2015
[3] HEALTH AFFAIRS 35, NO. 12 (2016): 2176–2182.
[4] 2010 NADP Dental Benefits Enrollment Report.
[5] https://www.maine.gov/dhhs/sites/maine.gov.dhhs/files/inline-files/Adult-Dental-Coverage-Summary-07152020.pdf

High minimum ratios can be achieved either through a large numerator (high dental expenditures) or through a small denominator (low insurance premiums). Low MLR dental plans, by definition, spend a higher percentage of premium on administration; this is not, however, inherently bad for consumers. It is not clear that lower administrative expenses are socially more desirable than higher expenses, given that higher administrative expenditures may reflect a greater investment in management of care. Furthermore, neither premiums nor expenditures by themselves indicate quality of care. Patient satisfaction surveys, preventive services use, and clinical outcomes can all shed light on quality of care; a loss ratio does not.

Dental plans often provide value to consumers by investing a portion of premiums in developing stronger networks with deeper discounts, delivering patient protections against fraud and abuse, educating and incentivizing consumers to use their benefits more efficiently, or by providing sophisticated web tools, online provider directories and pre-treatment cost estimators that increase transparency. Dental plans must budget for such activities with a much smaller premium than medical, thereby resulting in a lower MLR.

The range of premiums and benefit designs in the dental benefits market makes it impossible to compare dental plans using MLR data. Patients in lower MLR, lower-cost managed care dental plans can receive more patient care than patients in some higher MLR, high-cost dental plans. A low MLR plan can be more affordable to more consumers, especially those least likely to have premiums subsidized by an employer, and can provide greater out-of-pocket savings to consumers. Conversely, higher loss ratios do not translate into more dental care or better oral health. High MLR plans can be less affordable for individuals and small groups, who are more likely to defer their dental care needs.

Consumers can arguably receive greater "value" from a lower MLR plan; however, this will not be reflected using a metric that only puts the cost of patient care to the plan in the numerator, and its premium in the denominator. As dental carriers' blocks of business decrease in size, their loss ratios also trend downward, this is due to higher administrative costs per member due to lack of scale. Similarly, loss ratios are lower on individual than group dental business due to the higher administrative expense allocation to individual business. This means that **smaller dental carriers, particularly those specializing in individual coverage, will be affected to a greater extent than larger carriers by the minimum dental loss ratio set under LD 1266.**

Imposing a static 80% loss ratio requirements across all dental benefit programs discourages a diversity of products as well as investment in those administrative systems promote effective utilization of the benefits, encourage transparency, and protect patients from fraud and abuse. Applying loss ratios to dental policies requires carriers to reduce expenses and/or increase payments to providers thus increasing premiums for consumers. **The higher payments to providers add little value to the consumer in relation to the increase in premiums.**

Dental Plans Differ from Medical Plans

Dental plans offer a wide variety of products and benefit designs compared with medical plans. For the same reasons that comparisons cannot be drawn across dental plans, they most certainly cannot be drawn between dental and medical plans. Ultimately, any measurement of a dental plan's value must reflect the fundamental differences between how medical and dental are structured, priced, offered, and purchased if it is to be accurate and meaningful to consumers.

Dental benefit plan design differs fundamentally from medical plan design because dental claim frequency is higher but the *severity of* claims is lower; most dental disease can be treated at a much lower cost than medical illnesses or injury. A dental plan generally manages costs by paying a greater share of preventive and restorative services to encourage regular visits that can reduce the need for more costly procedures in the future. Consumers share a higher percentage of the cost for more expensive procedures such as crowns, periodontal surgery, and dentures. Higher cost-sharing for certain procedures keeps dental premiums low and affordable. Over the last 5 years, the industry has had negative price growth in some years and the highest positive yearly change was only 2.5%.

Dental plan premiums are also on average only 1/20th of medical premiums.[6] For medical plans, an MLR of 80 percent leaves $120 per month for a health plan to administer that plan at $600 per member per month. An 80 percent loss ratio for dental plans, such as a large DHMO averaging $12.48 per month nationally, would not even closely cover the cost of basic plan operations: administration, claims systems, compliance and state-mandated consumer protections and commissions. **If low-cost plans cannot cover their administrative costs under the 80% loss ratio, those plans will be forced to no longer offer in Maine, resulting in market consolidation which will reduce Maine's employer and consumer options for purchasing dental coverage.**

Given the fundamental differences between medical and dental coverage and based on input from the National Association of Insurance Commissioners(NAIC), **Congress did not include a medical loss ratio for dental in the Affordable Care Act (ACA).** Standards published by the NAIC provide guidelines for low average premium plans (i.e., dental insurance), recognizing that lower premium plans need a larger portion of the premium to cover the fixed cost of administering plans, maintaining quality customer service, and processing claims timely.[7] Most of the Maine market is at, or well above, the range of loss ratios that NAIC Standards provide.[8]

See attached for more information on the differences between dental and medical insurance.

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[6] 2019 NADP Financial Operations and Premium Report. Monthly dental PPO premium for large group is $28.70/month; small group is $30.71/month. Kaiser Family Foundation Employer Health Benefits Survey reported annual premium for an individual with an employer sponsored policy at $7,188/ $599/month.
[7] https://content.naic.org/sites/default/files/inline-files/MDL-134_0.pdf
[8] System for Electronic Rates and Forms Filing (SERFF) commercial dental rate filings submitted by major dental insurers in the state of Maine.

Robust Dental Market Recovery & Support Measures for Consumers, Employers, and Providers

Our customers represent the patients who have struggled to navigate the recent economic downturn and the businesses that have been disrupted by the pandemic, which is why NADP members are committed to ensuring access to continuity of care in a safe manner for all dental consumers and that oral care is affordable and high quality.

NADP and its members have been pleased to support a rapid and robust recovery of the Maine dental industry. When guidance from the Centers for Disease Control was not updated on May 18, Maine deferred to the American Dental Association (ADA) and the Maine Dental Association (MDA) which recommended reopening for routine care.[9] Since the reopening, patient volume has steadily increased and is at its highest level since the onset of the pandemic with dentists in large group practices, rural areas, oral surgeons, and endodontists seeing relatively higher patient volume than prior to the pandemic. According to March 2021 BLS data, employment in dental offices has fully recovered to pre-pandemic levels.[10]

Through myriad relief and recovery programs, dental benefits carriers have supported enrollees in safely re-engaging with their dental care, plan sponsors and employers in maintaining dental benefits policies, and dentists as practices reopen. Many carriers implemented temporary recovery assistance measures in the absence of, or prior to, state regulatory mandates.

See attached for an overview of the dental benefits industry's response to the pandemic.

The financial benefit of these programs has been significant for Maine consumers and providers. Some examples of measures taken nationwide by dental plans include: credits or refunds of premiums for each policyholder; rate freezes, deferrals, or other financial accommodations to policyholders; relaxation or waiver of frequency limits or network requirements; waiver of deductibles or maximum annual rollover limitations; modification eligibility requirements to allow employees to remain covered in the event of furlough or termination; expansion of coverage to include tele-dentistry or temporary services; increased reimbursement rates to dental care providers; assistance for the acquisition of personal protective equipment (PPE) by dental care providers; grants or loans given to dentists; and services, grants, or donations in support of local communities or low income or historically underserved communities.

Relief programs vary because there is no one-size-fits-all prescription for how best to provide relief to consumers or employers. Every dental benefit carrier is in a different position with respect to the marketplace, its mix of individual, small, medium, and large group customers, the size and manner with which the plan manages its dental network, its financial solvency, and the regulatory requirements it bears. Overall, **NADP members have provided relief totaling hundreds of millions of dollars to date**,

[9] https://www.maine.gov/dental/documents/board_guidance_covid-19_may_15_2020.pdf
[10] American Dental Association Health Policy Institute, *2021 Dental Industry Outlook*. Presented on April 8, 2021

helping millions of beneficiaries receive deferred care as dental practices reopened. These relief efforts demonstration our members commitment to providing value to Maine consumers.

Given the rapid recovery of dental care, anticipated high levels of utilization, and increased severity of claims, an accurate understanding of carrier financial performance cannot be viewed in isolation or assessed with a single measure such as an MLR. Dental carriers are gathering data to anticipate future dental care utilization and allocate plan resources responsibly in order to remain solvent and meet obligations to enrollees.

NADP greatly appreciates the opportunity to share our views and stands ready to serve as a resource to this Committee as it continues to investigate ways to improve the value of insurance products and protect consumers and employers. Our members offer their expertise to engage in further conversations on how to ensure that the nation's consumers have access to affordable, quality oral care.

In addition to the resources noted above, we have also attached our Maine Dental State Fact Sheet for your review. Please do not hesitate to contact me if I or my colleagues at NADP can be of any assistance to you. I can be reached at 972.458.6998 x111 or tcagnolatti@nadp.org

Teresa Cagnolatti
Director of Government and Regulatory Affairs

cc: Members of the Joint Committee on Insurance and Financial Services
- Senator Stacy Brenner of Cumberland
- Senator Trey Stewart
- Representative Poppy Arford
- Representative Mark Blier
- Representative Heidi Brooks
- Representative Jon Connor
- Representative Richard Evans
- Representative Kristi Mathieson
- Representative Gina Melaragno
- Representative Joshua Morris
- Representative Tracy Quint

Dental is Different:
Facts About Dental Benefits

Dental benefits lower health care costs and improve oral and overall health

75% of persons with dental benefits have seen a dentist in 2019 compared to only 47% of those without

- Maintaining dental coverage that is affordable and accessible is important in reducing overall health care costs and improving oral health.
- Individuals with dental coverage visit and take their children to the dentist more often, and are more likely to receive the care they need, when compared to individuals without coverage.
- Cost of dental care related to lack of insurance was 2.7 times more likely to be reported as the reason for not going to the dentist than fear of going to the dentist.[i]
- Treatment of periodontal disease is connected to lowering the treatment costs for chronic medical conditions such as diabetes and coronary artery disease.[ii]
- Most of the more than 2 million dental-related visits to hospital emergency rooms were for preventable conditions that could have been addressed earlier in a dental office at a significantly lower costs.[iii]

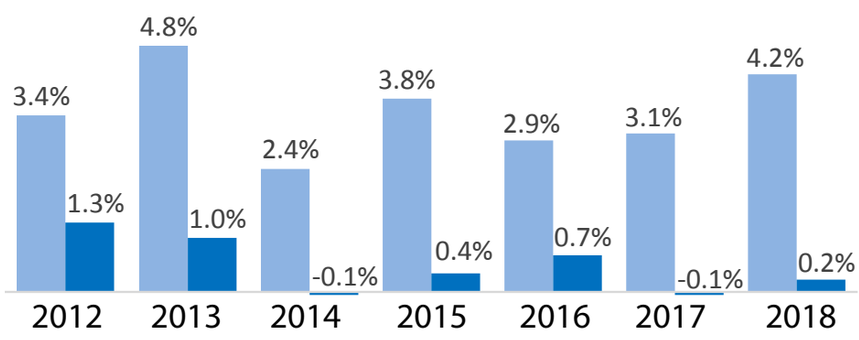
Dental benefits deliver value at low and stable premiums

The average dental premium= $25 - $30 a month

A typical dental plan is designed to promote frequent preventive care and early treatment while also providing some coverage of major services (e.g. crowns and periodontal surgery).

Over the last 5 years, the dental benefits industry has had negative premium growth in some years and the highest positive yearly change was only 1.35%.

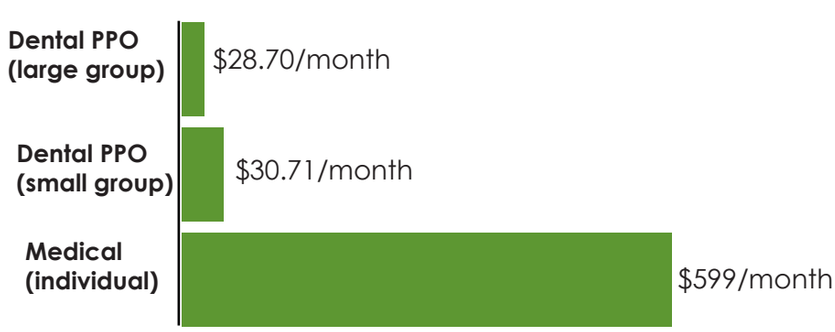
National Change in Premium



Source: 2019 NADP Dental Benefits Report on Enrollment

Dental vs Medical Monthly Premiums

Dental plan premiums cost, on average, only 1/20th of medical premiums



2019 NADP Financial Operations and Premium Report. Monthly dental PPO premium for large group is $28.70/month; small group is $30.71/month. Kaiser Family Foundation Employer Health Benefits Survey reported annual premium for an individual with an employer sponsored policy at $7,188/year, $599/month.)

- A typical policy has a $25-$30 monthly premium, a very low deductible, no cost sharing for preventive care, and low cost sharing for basic care like filings.
- 95% of Americans with coverage never hit the annual benefit maximum in a year. A typical limit is $1,500, with a range of $1,000 - $2,000.

Dental benefits differ from medical benefits

99% of private dental benefits are sold separately from medical

- More than 99% of private dental benefits are sold under a separate policy from medical coverage. 92% of all private dental coverage consumers enroll in dental benefits through their employer.
- Dental benefit plans offer a wide variety of products and their design differs fundamentally from medical plan design because dental claim frequency is higher, but the severity of claims is lower.
- Dental benefits and medical benefits are very different in terms of diseases treated, diagnostic cost and complexity, and the role for prevention and delivery of care, all which impact benefit structure and types of services covered.
- Most dental diseases can be treated at a much lower cost than medical illnesses or injury.

How Medical and Dental Practice Differ	Medical	Dental
Diseases Treated	Myriad	Mainly two
Diagnostic complexity	Great	Small
Diagnostic cost	High	Low
Prevention: cost/effectiveness	Variable	High
Institutional based treatment	High	Low
Nature of disease	Acute/chronic	Chronic
Life threatening	Not uncommon	Rare
Good/better/best treatment	Rare	Common
Audit trail	Varies	Very Good

How Medical and Dental Insurance Differ	Medical	Dental
Covers low cost/high frequency	Not Standard	Standard
Covers high cost/low frequency	Yes	No

[i] *HEALTH AFFAIRS 35, NO. 12 (2016): 2176–2182*

[ii] *Nazir, Muhammad Ashraf. Prevalence of periodontal disease, its association with systemic diseases and prevention. Int J Health Sci (Qassim) 2017 Apr-Jun; 11(2): 72–80.*

[iii] *Pew Charitable Trusts, 2015*

nadp National Association of Dental Plans

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To promote and advance the dental benefits industry to improve consumer access to affordable, quality dental care.

nadp.org

National Association of Dental Plans

As the nation addresses COVID-19, NADP remains committed to supporting and informing dental carriers, dentists, consumers, and various stakeholders, including federal and state policymakers. NADP members are committed to assisting providers in the delivery of essential services and ensuring continuity of care in a safe manner for all dental consumers during this time. Americans need regular oral health care to maintain and improve their oral and overall health, and dental coverage is an important gateway to oral health care.

Through myriad relief and recovery programs, dental benefits carriers are supporting enrollees in safely re-engaging with their dental care and supporting plan sponsors, employers in maintaining dental benefits policies, and dentists as practices reopen and treat patients.

CONTINUITY OF CARE AND SUPPORT DURING SHELTER-IN-PLACE ORDERS

- To support the delivery of essential dental treatment during the pandemic, NADP plan members have business continuity plans in place, have taken steps to minimize interruption of normal business processes, and are able to process and pay claims. During dental office closings, DHMO plans continued capitation payments to providers.
- When dental offices were closed and as they re-opened, carriers have assisted enrollees in finding dental providers for urgent and emergent care, which during this time may be covered as in-network services for greater out-of-pocket savings.
- Tele-dentistry is one modality of care that can support access to care for dental consumers. Dental carriers typically pay for covered services that are provided on a telehealth basis, which became more important during dental office closures.
- For individual members, plan sponsors, and dentists, carriers are distributing information (i.e. FAQs) via websites, online portals, and other electronic communication channels.

STABILITY OF COVERAGE FOR EMPLOYERS AND ENROLLEES

- To offer financial support to members and employers facing challenges during the crisis, carriers have provided premium grace periods on late premium payments, allowing members the ability to maintain coverage and avoid cancellation. Some carriers have also offered rate guarantees or applied premium credits for additional financial relief.

SAFE RE-OPENING FOR CRITICAL, ROUTINE, AND PREVENTIVE DENTAL CARE

- To provide economic assistance to dentists, support the purchase of personal protective equipment (PPE) and meet CDC guidance, carriers have implemented programs such as advance claims payment programs, discounted PPE sites, provider relief and recovery funds or grants, temporary PPE courtesy payments per patient visit, or increased reimbursement for certain procedures.
- To support the resumption of dental care as dental offices re-open, carriers are reviewing and addressing plan/coverage policies such as frequency limitations and coverage maximums for enrollees who may have been impacted by office closures in March and April.

SUPPORT FOR THE COMMUNITY

- Dental carriers and affiliated foundations are also pledging funds and support to communities and clinics like federally qualified health centers impacted by COVID-19 with the goal of increasing access to care as well as COVID-19 recovery funds.

Approaches to implementation of the above programs will vary by carrier based on their business and state or regulatory environment and are responsive to the unique needs of the employers, enrollees, and public programs they serve.

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Maine

Dental Benefits Fact Sheet

National Association of Dental Plans

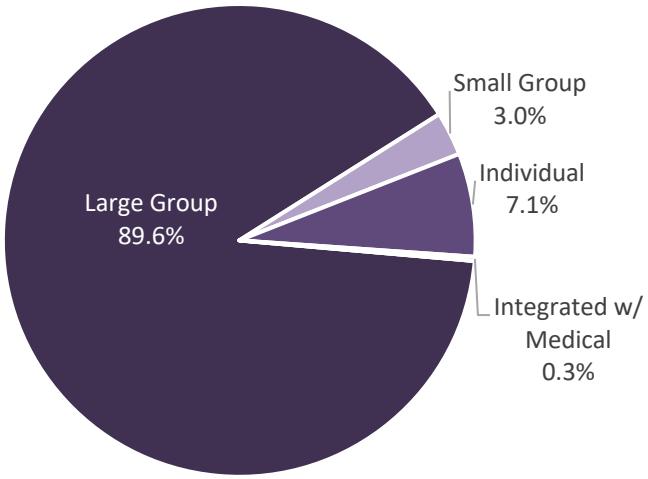
State Enrollment

An estimated 992,391 or 74% of the Maine population has dental benefits compared to 80% of the population nationally.

Plan Type	Enrollment
Private Plans	
DHMO	1,022
DEPO	--
DPPO	620,605
Indemnity	11,913
Other Private	--
Public Plans	
Medicaid/CHIP	256,900
Exchange SADPs*	10,024
Medicare Advantage	101,951

Source: 2019 NADP Dental Benefits Report on Enrollment
**Enrollment in Exchanges may also be counted in the commercial enrollment numbers.*

National Sources of Dental Coverage



NADP 2013-2018 Dental Benefits Report: Premium and Benefit Utilization Trends and 2019 Dental Benefits Report: Financial Operations and Premium

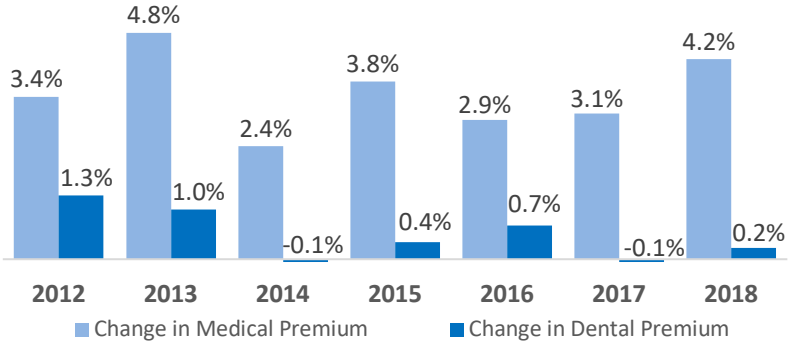
State Premiums

Maine

	DHMO	DPPO
Small Group		$43.19
Large Group		$38.70
National Avg.	DHMO small: $15.31 DHMO large: $12.48	DPPO small: $35.14 DPPO large: $30.98

Source: NADP 2019 Dental Benefits Report: Financial Operations & Premium Report
Note: Premiums represented as monthly premium per member

National Change in Premium



Source: 2019 NADP Dental Benefits Report on Enrollment

State Workforce

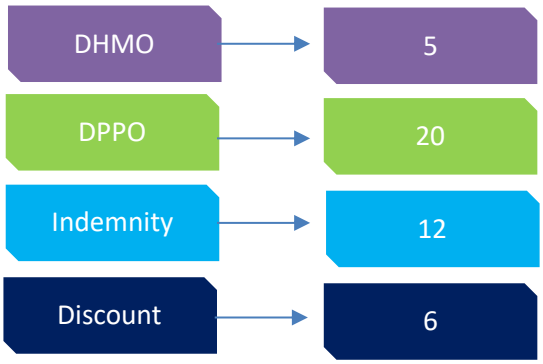
The table presents the number of dentists listed in provider networks in Maine including the number of network dentists per 10,000 population.

	State	National
DHMO	3.09	1.64
DPPO	7.34	6.43

Source: 2019 NADP Dental Benefits Report: Provider Networks

Maine NADP Members

Plan Types Offered by NADP Members



Source: 2019 NADP Membership Directory

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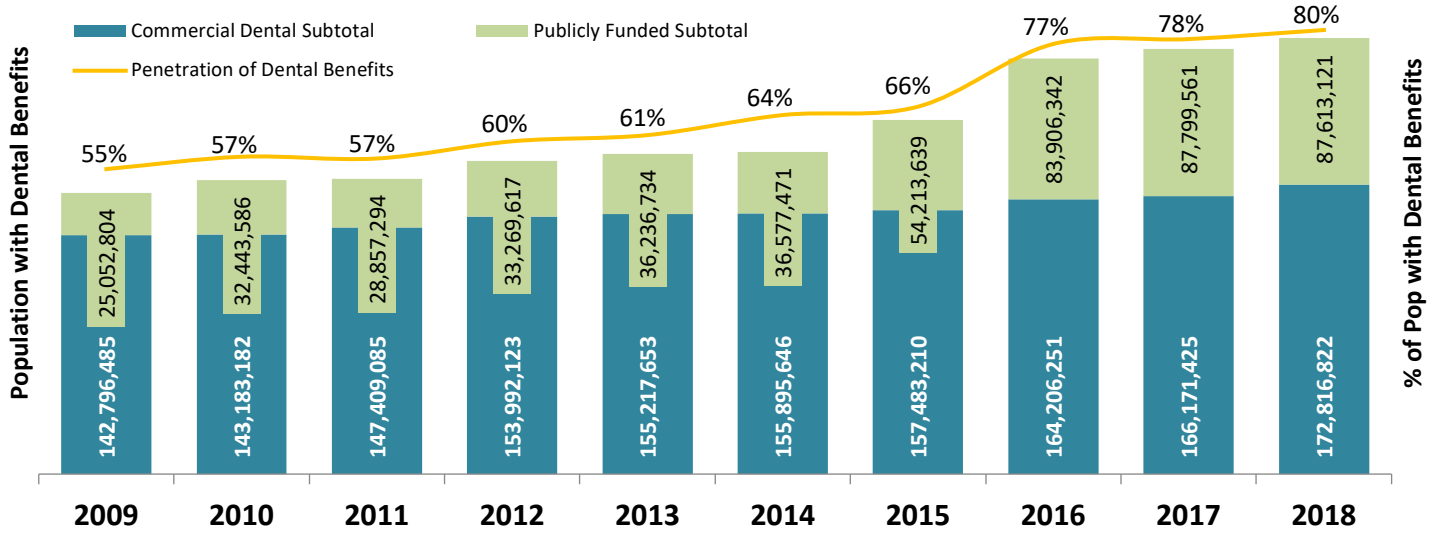
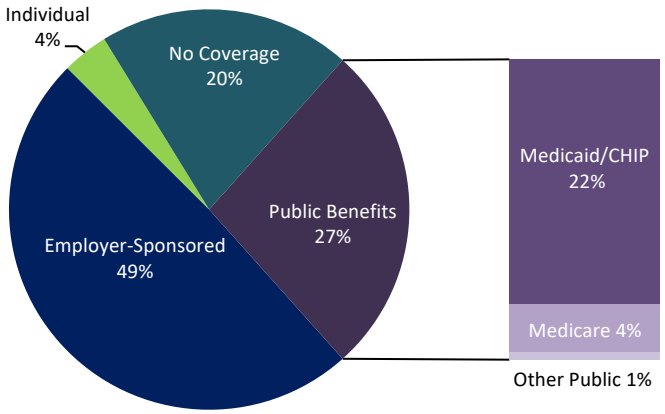
National Dental Benefits

National Enrollment Trends



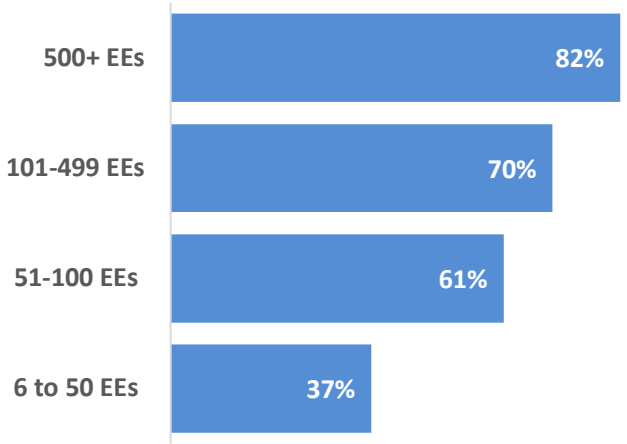
Source: 2019 NADP Dental Benefits Report on Enrollment

National Sources of Dental Coverage



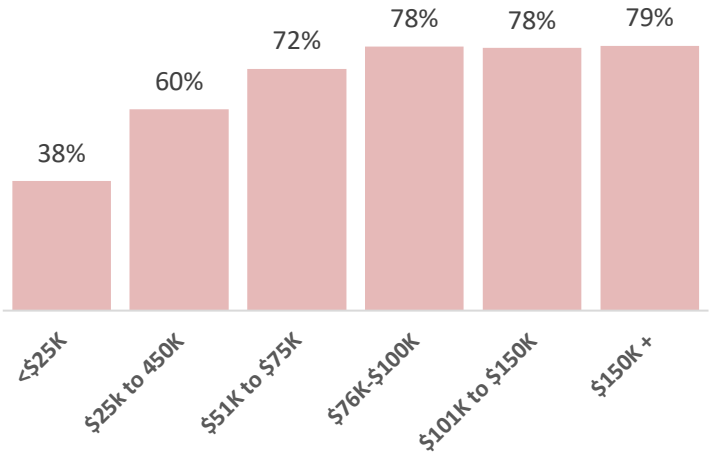
Source: 2019 NADP Dental Benefits Report on Enrollment

Employers Offering Dental by Employer Size



Source: 2018 NADP Survey of Employers

Consumers with Dental by Household Income



Source: 2019 NADP Survey of Consumers

About NADP

National Association of Dental Plans

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.

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