

September 11, 2024

The Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814

RE: Support of Senate Bill 1369 – Restricting Predatory Dental Plan Payment Practices

Dear Governor Newsom:

On behalf of the American Association of Endodontists (AAE), I am writing in **strong support of Senate Bill 1369 and urge you to sign the bill into law**. This bipartisan legislation would prohibit predatory payment practices used against dentists by dental plans through contracted virtual credit card companies. The AAE is the largest global association of endodontists, representing more than 8,000 members, including 930 members in California, committed to delivering the highest standards of oral health care to their patients. Endodontists are dental specialists with distinctive expertise in diagnosing and managing dental pain. Our specialty extends to preserving patients' natural teeth through root canal therapy and related surgical procedures, thereby contributing to the overall well-being and oral health of individuals under our care.

Across California and the country, dental plans are increasingly using third-party virtual credit card companies (VCCs) to pay dentists. This payment method puts a heavy financial strain on providers as VCC payments require dentists to process them through credit card terminals, resulting in fees ranging from 2-5%. On top of these processing fees, dentists also have to bear merchant transaction fees, which can decrease their total reimbursements by as much as 10%. This financial pressure can hurt dental practices, leading to staff reductions, limited patient scheduling, and delayed access to care, ultimately affecting patients.

Dental plans often claim dentists can easily opt out of VCCs, but the process in reality is burdensome for dental practices. Even when dentists successfully opt-out, payments frequently default back to virtual credit card companies for future reimbursements, resulting in significant administrative work and associated fees for dental staff.

Senate Bill 1369 aims to protect dentists by prohibiting these unfair practices and ensuring that any payment to a provider that includes a processing fee cannot be the default payment method. The proposed law would mandate that dental plans obtain written consent from dentists before enrolling them in any specific payment method and require clear disclosure of all associated fees and alternative payment options.

The AAE commends the recent passage of Senate Bill 1369 by the California State Legislature, a testament to the bipartisan support for this issue. We urge the bill to be signed into law as soon as possible to protect dentists from unjust practices by dental plans and allow them to focus on delivering high-quality dental care to Californians. For more information, please contact Darcy McLaughlin, AAE's Director for Advocacy and Professional Relations, at dmclaughlin@aae.org or (312) 872-0462.

Sincerely,



Natasha M. Flake, DDS, PhD, MSD
President, American Association of Endodontists