

Dear Health Insurance & Long-Term Care Issues Committee Members:

On behalf of the undersigned members of the Organized Dentistry Coalition, we urge you to adopt the *Medical Loss Ratios (MLR) for Dental Health Care Services Plans Model Act* (the Model Act). The Model Act, sponsored by Del. Steve Westfall (WV), will be presented to the Health Insurance & Long-Term Care Issues Committee for further consideration on July 20, 2023. Medical Loss Ratio laws serve to maximize patients' investments in their health care coverage plans. Adopting this act will help dental patients receive greater value from their dental insurance products and therefore, improved access to dental care.

Medical Loss Ratio is a simple measure of the percentage of insurers' revenue spent on actual care. Measuring insurers' investment in care is not a new concept, but in recent years there has been an increasing concern about insurance products' lack of transparency and whether they provide true value for patients. On the major medical side, lawmakers have acted upon this concern using MLR data to better ensure health care value for patients. Medical plans in all states are now required to spend 80-85% of their premium revenue on actual care or refund to patients an amount that would equate to reaching this percentage. Dental Insurers have claimed that negative results will occur if MLR is implemented, but analysis of the major medical argument rebuts that claim. According to a May 2015 report from the Robert Wood Johnson Foundation/Urban Institute, MLR changed the behavior of low-MLR plans: "The MLR rule appears to have prompted significant increases in claims payouts among insurers with low-MLRs in 2010."<sup>1</sup> Health insurers are being held accountable for the products they market. Dental insurers with low-MLRs can be anticipated to increase the value of their plans for consumers by paying out more for claims, just as the health plans did.

In order to effectively promote and establish accountability and improve patient access to care, the Model Act must include four components:

- Comprehensive definitions that ensure all dental insurers are included and clearly define how MLR will be calculated.
- Transparency that allows both regulators and the public to see accurate information about insurers' MLR.
- Minimum MLR standard, with refunds for subscribers if the standard is not met.
- Rate Review and Approval allowing state insurance authorities to block excessive and unreasonable rate increases.

These policies will maximize the care available to patients within their dental plans by requiring dental insurers to be more transparent in their operations and spend the majority of patient premiums on patient dental care — just as medical insurers already do. Dental insurers are also claiming that having transparency alone is enough for consumers, but analysis of data from California, which has had a MLR reporting-only law since 2014, the average MLR of plans in the state has remained unchanged. In short, consumers have not yet reaped any benefit.

While dental insurance was not included in the national MLR reforms in 2010, dental patients deserve the same protections, and clearly want them. In November 2022, Massachusetts voters approved a standard-setting MLR ballot question by a substantial, bipartisan, 72 percent. Adopting the Model Act at NCOIL would be one of the first steps to ensure dental patients across the country enjoy the same protections as found under medical insurance MLR guidelines. Leading health care thinktanks on both sides of the aisle agree. The Consumer

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<sup>1</sup> <https://www.urban.org/sites/default/files/publication/52726/2000222-Health-Insurer-Responses-to-Medical-Loss-Ratio-Regulation-Increased-Efficiency-and-Value-to-Consumers.pdf>

Choice Center, a right-leaning organization, suggested that adding a requirement for a medical loss ratio for dental insurers would help promote price transparency and provide incentives to reduce administrative waste. This would help reduce costs for patients.<sup>2</sup> Similarly, the Progressive Policy Institute says dental plans should be subject to greater regulation to ensure that consumers' and employers' premium dollars are going toward actual dental care.<sup>3</sup>

Adopting the Model Act would serve to promote accountability among dental insurers. We urge NCOIL to take the lead in promoting the same accountability that has existed for over a decade for health plans and adopt the Model Act. On behalf of our members and their patients, we thank you for your consideration. Please contact Chad Olson at 312-440-3520/olsonc@ada.org with any questions.

Sincerely,

American Dental Association  
Academy of General Dentistry  
American Academy of Pediatric Dentistry  
American Academy of Periodontology  
American Association of Endodontists  
American Association of Oral and Maxillofacial Surgeons  
American Association of Orthodontists  
American College of Prosthodontists  
American Society of Dentist Anesthesiologists  
American Student Dental Association

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<sup>2</sup> [Dental Insurance Reform 2021 Policy Note](#)

<sup>3</sup> [Dental insurance: Plans without protections](#)