

**TESTIMONY OF THE MASSACHUSETTS DENTAL SOCIETY
BEFORE THE JOINT COMMITTEE ON FINANCIAL SERVICES
October 29, 2019**

**S.544/H.3557 – AN ACT RELATIVE TO TRANSPARENCY OF DENTAL BENEFITS
CORPORATIONS**

The Massachusetts Dental Society (MDS) represents approximately 80% of dentists in the Commonwealth through initiatives in education, advocacy, and promotion of the highest professional standards. As the leading authority on oral health care in the Commonwealth, we take great pride in championing oral health and lending the voice of dentistry to worthy initiatives that can make a difference in the lives of Bay State residents.

The MDS encourages the Committee to support *An Act Relative to Transparency of Dental Benefits Corporations*, which would ensure that dental benefits companies are transparent and accountable.

Massachusetts fails to hold dental benefits companies to the same standards as general health insurers in three major ways that are costly and unfair to patients:

1. The Division of Insurance (DOI) has no power to regulate dental benefit companies' reimbursement fees, regardless of the impact on patients and providers.
2. While all other health benefits providers must by law spend 80% of premium dollars on patient care, dental benefits companies are free to raise rates without directing any of the increases to actual patient spending.
3. Preferred provider organizations (PPOs) are able to "rent" their in-network dentists to other PPOs without first providing any notice to the dentists.

DOI Oversight

The DOI has little to no oversight in terms of dental benefits companies setting fees. Most carriers can, unless otherwise stipulated in provider contracts, increase or decrease reimbursement fees whenever they choose to do so. The carriers do not need to take into consideration the impact on patients and providers.

To protect both patients and providers from frequent rate changes, this legislation would give the DOI oversight of all dental benefit plan premiums and fee reimbursements. All rate changes would be subject to the review and approval of the DOI. This process already takes place for one carrier in Massachusetts; this legislation would ensure all carriers are held to a similar standard.

Medical Loss Ratio

Medical loss ratio, or MLR, is the proportion of an insurer's premiums that are spent on medical care or quality improvement expenses to what they spend on administrative costs. Under current law, all medical plans must spend at least 80 percent of patient premium revenue directly on patient care or quality improvement. However, no MLR standard exists for dental plans. Due to the lack of ratio standard, dental benefits companies are free to raise premiums while spending less on care.

This legislation would require dental benefits companies to submit medical loss ratio data and file annual financial reports to the DOI, including detailing self-funded lines of business.

Leased Networks

In dentistry, network leasing or sharing is a mechanism in which a preferred provider organization (PPO) rents its dental network to other PPOs, such that the first PPO's in-network dentists must unknowingly accept patients and terms as an "in-network" provider with other PPOs—even though they have never directly engaged in negotiations or agreed directly to the new carrier's terms. These participating provider contracts contain a provision, which is not negotiable, that implies consent to any terms the carrier imposes, including the leasing of its provider network.

Dentists may be participating with numerous PPOs without knowing it, often unaware until they submit a claim and receive an explanation of benefits indicating additional terms and restrictions. Network leasing raises issues of transparency and lack of choice for the patient, who is unaware of their out-of-pocket financial obligations.

To address this issue, this legislation would limit carriers from granting third-party access to a provider network contract or a provider's services and contractual discounts pursuant to a provider contract. It would also prohibit granting access to dentist discounts under a provider network contract, in order to prevent the improper selling or leasing of these contractual discounts, under what is commonly known as a "silent PPO" arrangement. Carriers would need to receive written consent from a provider prior to the carrier entering into a leased network relationship with another carrier.

The Massachusetts Dental Society urges the committee to report favorably *An Act Relative to Transparency of Dental Benefits Corporations* to protect consumers by bringing transparency and accountability to dental plans in the Commonwealth.