

## ENSURING DENTAL PLAN TRANSPARENCY

### **H.3557/S.544: An Act Relative to Transparency of Dental Benefits Corporations**

Bill Sponsors: Representative Kevin Honan and Senator Harriette Chandler

The Massachusetts Dental Society (MDS) seeks to 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 at least 80% of premium dollars on patient care, dental benefits companies can spend an unlimited amount of premium dollars on executive salaries, marketing, and advertising while limiting spending on patient care.
3. Preferred provider organizations (PPOs) are allowed to "rent" their in-network dentists to other PPOs without first providing any notice to the dentists.

## DIVISION OF INSURANCE OVERSIGHT

### **Background**

- 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.

### **Key Provisions**

- 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

### Background

- Dental benefits companies, unlike health insurance companies, are not held to ratio standards in which they must spend at least 80% of premium dollars on patient care.
- Due to the lack of a ratio standard, dental benefits companies are free to raise premiums and increase executive salaries while spending less on care.

### Key Provisions

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

## LEASED NETWORKS

### Background

- In dentistry, network leasing or sharing is a mechanism in which a 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 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.
- This network leasing raises issues of transparency and lack of choice for the patient, who is unaware of their "out-of-pocket" financial obligations. A provider may unknowingly and incorrectly inform a patient that their insurance is not accepted because the provider was never notified of the network leasing.
- Twenty states have enacted legislation to limit network leasing.

### Key Provisions

- This legislation prohibits 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.
- This legislation requires that carriers 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 legislature to pass ***An Act Relative to Transparency of Dental Benefits Corporations*** to protect consumers by bringing transparency and accountability to dental plans in the Commonwealth.

Questions can be directed to:

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The Massachusetts Dental Society (MDS) represents more than 5,000 dentists in the Commonwealth of Massachusetts (about 80 percent of dentists). A statewide constituent of the American Dental Association, the MDS is dedicated to the professional development of its members through initiatives in education, advocacy, the promotion of the highest professional standards, and championing oral health in the Commonwealth.