



June 9, 2014

The Honorable Nancy Skinner
State Capitol, Room 6026
Sacramento, CA 95814

Re: AB 1962 – Oppose Unless Amended

Dear Assembly Member Skinner:

The National Association of Dental Plans (NADP) welcomes the recent amendments to your Assembly Bill 1962. We encourage the transparency of dental benefits to assure stakeholders that a majority of premium goes towards oral health care.

The original language of AB 1962 required the same loss ratio that was applied to medical policies by the ACA to dental carriers. As dental benefits have similar administrative costs but at 1/12 the premium, a parallel loss ratio could not be met by any dental HMO (DHMO) market sector, and would be difficult for most dental PPOs (DPPO). To better understand a reasonable dental loss ratio and to determine if one is necessary for dental plans, AB 1962 now requires dental plans to report their loss ratios to corresponding California regulatory agencies.

While NADP approves of this new direction, there are a few technical issues specific to dental that need to be addressed for NADP to withdraw our opposition and become neutral on the amended bill. NADP encourages amending AB 1962 in the following manner:

TECHNICAL RECOMMENDATIONS:

1. Section 1, 1367.004, (a) & Section 2, 10112.26, (a): After the term “group”, add “size”, so that reported DLRs correctly represent the product type and market sector rather than each issued policy.
2. Section 1, 1367.004, (a) & Section 2, 10112.26, (a): Replace the term “same” with “relevant” so that the form specifically made for medical policies can be modified where needed to dental policies. The current MLR medical form includes, among other items, high risk pools, prescription drugs, stop loss coverage and detailed quality expenses which are not applicable to dental plans. (see [CMS 10418](#))

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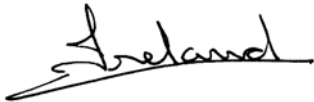
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3. Section 1, 1367.004, (h) & Section 2, 10112.26, (h): Technically the current legislature cannot mandate through intent language the actions of a future legislature. As well, AB 1962 should not presuppose the outcome of the analysis of data reported by dental plans. The language in (h) should be reworded to better reflect the law and allow flexibility in responding to the results of the DLR reporting forms. Replace Section (h) with "It is the intent of the Legislature that the data reported be considered by the 2018 Legislature in determining whether a loss ratio for dental plans is necessary, and if so what the appropriate loss ratios by product and market segment as well as the effective date."

NADP encourages continued dialogue among all interested stakeholders, and is available to answer any questions or to discuss our recommendations. Thank you very much for your attention towards this critical manner.

Sincerely,



Evelyn F. Ireland, CAE
Executive Director, NADP

cc: Senator Ed Hernandez, Chair, Senate Health Committee
Members, Senate Health Committee

NADP DESCRIPTION

NADP is the largest non-profit trade association focused exclusively on the dental benefits industry, i.e. dental PPOs, dental HMOs, discount dental plans and dental indemnity products. NADP's members provide dental benefits to approximately 90 percent of the 187 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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Last Updated: February 2014



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