

**Legislative Testimony
Insurance Committee
SB 16 AAC Standards For Health Care Provider Contracts
Tuesday, January 25, 2011
Jonathan Knapp, DMD**

Senator Crisco, Representative Megna and members of the Insurance committee, my name is Dr. Jonathan Knapp and I have been practicing dentistry for 18 years in the town of Bethel. I am a past president of the Connecticut State Dental Association and also serve on the American Dental Association's Council on Dental Practice which deals with most everything related to the practice of dentistry in Connecticut and nationwide. Thank you for the opportunity to present this written testimony in support of Section 5 of SB16.

Dental insurance is really a misnomer – it really isn't insurance. Rather, it is more like a reimbursement plan or a gift card, usually for no more than \$1000.00 to \$1500.00 per year – an amount that has not been adjusted for the cost of living or even raised much since the 1970's. At those limits, anyone who needs major dental work is not really "insured" because those limits are exhausted very quickly - and insurance carriers have certainly raised premium rates while not raising the annual limits over that timeframe. If you ask the insurance companies, they point to the employers and tell you that companies can have those limits raised if they are willing to pay higher premiums. They say it's only fair.

In the case of a particular procedure that is not covered, they point fingers at the HR departments of those employers who purchase the plans, claiming that it was the HR department's decision not to cover that procedure. They have even tried to point a finger at dentists who, they have implied, will over-charge their patients if this bill is enacted. My relationship with my patients is a personal one based on the trust that I have their best interests at heart. A very significant part of my responsibility is to present treatment alternatives at the lowest possible costs. Insurance companies are not altruistic non-profit agencies with lofty goals to protect the public; they are for-profit companies that are beholden to their shareholders.

So why then are the insurance companies choosing to leverage their power over doctors by promoting a practice that is so unfair to providers in their networks? When will they acknowledge the profit motive in their tactics? In fact, there have been more recent ploys utilizing other ways to manipulate the mechanisms in their contracts to impose constraints on dentists while increasing their profit margins.

Consider the following scenario: Company X is looking to cut costs (Dental coverage and eyeglass coverage are typically the first to be cut). Insurance company Y informs Company X that they can offer a cheaper plan because it limits the yearly maximum benefit per employee to \$300. The insurance company sweetens the deal by telling Company X that their employees will receive a 30% discount off of the dentist's fee on all other services because of their contracting providers. That will sound good to a lot of companies. When the majority of families in an area end up in a plan like this, the employers save money, the insurance company collects more premium dollars from more employees, and the dentists have no choice but to participate -and eat the 30% discount - in a profession where overhead costs (before the dentist takes home a dime) run around 65%. If the dentists stay in the network, they must "cost-shift" by charging much higher fees to uninsured patients. If they choose not to participate they will be forced to send away long-time patients and families, and in some areas may lose the bulk of their patient base. This is exactly what occurred in Rhode Island prior to 2009.

Happenings like this in other parts of the country further illustrate the insurance industry's response to this issue. In some states that have enacted such laws, but have not defined a "covered service" clearly, the carriers have sidestepped the laws by adding the codes previously not covered, and assigning a reimbursement rate of \$0.00 to force the dentists to discount those fees as well.

This is an issue that has become "high-profile" - for others in addition to dentists. There are ramifications for medicine as well as any other service that is "insurable". Even The National Conference of Insurance Legislators has adopted model legislation to address this issue. Monopolistic price fixing is precisely why this legislation passed unanimously in both chambers of the Rhode Island Legislature in 2009, and in 15 other states last year - as well as unanimously in our own Senate. I urge you to support SB16, and to ensure inclusion of section 5 of that bill. It's only fair!

In closing, I would like to again thank the Committee for allowing me to provide testimony. If you have any questions or need further information please feel free to contact me at your convenience.

Sincerely,

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