



Connecticut State Dental Association

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**Legislative Testimony
Insurance Committee
SB 16 AAC Standards For Health Care Provider Contracts
Tuesday, January 25, 2011
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Senator Crisco, Representative Megna, and members of the Insurance committee, my name is Jon Davis and I am the President of the CT State Dental Association which represents over 2,400 dentists and dental team members. I have been practicing dentistry for 35 years in the town of Fairfield. I thank you for the opportunity to present this written testimony to you in support of SB 16 AAC Standards For Health Care Provider Contracts, and more specifically **section 5**.

Section 5 of this bill is very important to dentists because it addresses a fundamentally unfair strategy insurance companies are starting to use across the country. These large and powerful insurance companies are using their vast market power to dictate prices for dental services that they **DO NOT** cover as part of its benefit plan.

Dentists must rely on government to police the market: Unlike organized labor, dentists cannot band together to demand fair treatment and resist abusive market power by insurance companies. Because of antitrust restrictions, the only place dentists can turn for relief from this abuse is the government. Similarly, the CT State Dental Association (CSDA) cannot involve itself in contract decisions of individual dentists and is only able to support the profession through the pursuit of changes in public policy.

Insurers gain and consumers are victimized by cost shifting: The real reason why insurers are trying to dictate fees for non-covered services is to make their plans appear more attractive in the market. However, the artificial pricing set by insurers doesn't save any money; it will instead result in a cost shifting from those covered under a particular insurance plan to everyone else – especially those who have no dental insurance and may be the least able to afford care. Hence, this plan is a money maker for insurers, not a cost savings for those who pay for and consume dental services. Moreover, decisions about a patient's oral health care should not be beholden to insurers marketing strategies.

The power to price is the power to ration health care: The power to set prices for non-covered services effectively gives insurers the power to ration care. Those covered under these plans will be able to access non-covered services at artificially low fees. Meanwhile,

everyone else will bear the burden of cost shifting, and for some, the cost of these services may become prohibitive. Thus, insurance companies are in effect making medical decisions that should be made by a dentist with his or her patient.

Insurers are trying to change the longstanding insurer-dentist relationship that has made dental care more accessible and affordable for decades: Dentists accept discounted fees from insurance plans based upon an agreement of covered services. The fees, by the way, are not negotiated between the insurers and the dentist. The insurance companies tell dentists what fee they will pay the dentist for the service provided by the dentist. The insurance companies do not negotiate and in essence say "take it or leave it." Efforts by insurers to dictate fees for non-covered services is a very substantial change in the longstanding relationship between dental insurers and dentists. It is too early to tell how this change will affect the delivery of dental care but I am certain it will have an impact.

Impact on dental practices: Dental fees reflect the extremely high overhead costs of operating a dental practice—upwards of 65%. Limiting fees on non-covered services could have a troubling impact on the viability of some practices—particularly those in low-income and underserved areas.

To date, 16 state legislatures (AK, AZ, CA, ID, IA, KS, LA, MS, NE, NC, OK, OR, RI, SD, VA, and WA) have recognized this as an unfair practice and have passed legislation to ban the setting of fees for non-covered services. In addition to CT, it is expected that approximately 14 other state legislatures will introduce similar legislation this year.

In closing, I would like to again thank the Committee for allowing me to submit testimony. Should you have any questions I would be happy to make myself available at your convenience.

Sincerely,

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