

LEGISLATIVE TESTIMONY
INSURANCE AND REAL ESTATE COMMITTEE

RAISED BILL NO. 6088

AN ACT CONCERNING DISCLOSURE OF CERTAIN THIRD-PARTY ADMINISTRATOR FEES
THURSDAY, FEBRUARY 14, 2019

Dear Honorable Members of the Insurance and Real Estate Committee:

Delta Dental of Connecticut, Inc. (“DDCT”) appreciates the opportunity to express its views on H.B. No. 6088. This bill would expand C.G.A. 38a-479 and 479b, to dental plans by requiring them to disclose maximum allowable fees for dental procedures. For the reasons set forth below, DDCT opposes this bill.

DDCT is a licensed insurer in the state of Connecticut since 2016, marketing and selling fully-insured dental insurance plans to entities and individuals.¹ DDCT maintains a vibrant network of participating dentists who provide services to DDCT’s members at discounted rates. Approximately 85% of the licensed dentists in the state participate with DDCT. Dentists in the state who participate with DDCT are in either the Delta Dental PPO or Delta Dental Premier™ network, with the former providing greater discounts to member patients than the latter.

DDCT submits that the proposed bill, which is similar to one it opposed in the last legislative session (H.B. No. 381), would inevitably lead to higher costs for consumers and their families. This would occur insofar as any dentists who may charge lower fees for their services than those published may then seek to raise those fees to the published rate, thus increasing the price of plans which would then be passed on to employer groups and individuals who buy the plans. This would likely initiate a vicious cycle whereby costs are raised which then results in fewer people able to purchase insurance, which, in turn, would lead to people not visiting dentists until they had serious issues. At that time, the cost of addressing any problems would be increased from the amount that could have been utilized had they been able to afford the plan in the first place. Deferring needed dental care also increases the chance of medical complications, which increases the probability of patients seeking urgent medical care in hospital emergency departments, which dramatically increases the total cost of care and adversely impacts treatment outcomes. As people ignore oral healthcare or cannot afford to buy it, there is also a greater likelihood that they would experience other illnesses which proper oral care could have addressed.

The proposed bill, which seeks to amend C.G.A. 38a-479 and 479b, seeks disclosure of certain third-party maximum allowed fees that can contractually be charged to members with respect to dentists and dental plans, as apparently exists with other healthcare providers. DDCT opposes this bill as being against the interests of consumers of dental insurance plans in Connecticut. If the purpose of the bill is to align dental plans with

¹ DDCT is a subsidiary of Delta Dental of New Jersey, Inc. (“DDNJ”), which is a licensed third-party administrator in Connecticut.

medical health insurance plans to provide transparency in pricing of services, then DDCT submits that this is not a constructive purpose.

First, with the well-chronicled explosion of medical costs throughout the country it cannot be said that such transparency does anything to control costs and is not a model the state should seek to replicate for dental insurance. Second, the fees and services with respect to dental providers are far more limited in nature and number than those for medical healthcare services, so the same considerations are not present as they are in the more complex medical health insurance arena. Third, dentists are aware of the fees that providers pay, particularly if they have been participating with a provider for even a short period of time, and, given the number of dentists who elect to participate with DDCT, it is clear that they understand the level of fees. Fourth, if a dentist states that they are not aware of DDCT's allowed fees, DDCT will make available to them their allowed fees upon request for all procedure codes they have charged to DDCT since January 1, 2017. Finally, and equally important, fees paid by insurers such as DDCT are the result of proprietary analysis and information gathering, so making them available generally would result in the disclosure of such proprietary information.

For these reasons, DDCT opposes H.B. No. 6088.

Thank you for the opportunity to present this perspective.

Respectfully submitted,

Paul J. Di Maio