

Legislative Testimony
Insurance and Real Estate Committee
Proposed HB 6088 – An Act Concerning Disclosure of Certain Third-Party
Administrator Fees
Thursday, February 14, 2019

Dear Senator Lesser, Representative Scanlon, and Members of the Insurance and Real Estate Committee,

My name is Dr. Jonathan Knapp. I currently serve as the Co-Chair of the Connecticut State Dental Association's Legislative Council. I am also a Past Chair of the American Dental Association's Council on Dental Practice. I currently serve as the Chair of The Subcommittee on Information Exchange for the ANSI accredited ADA Standards Committee on Dental Informatics, and I sit on the Electronic Claims Content Committee, which addresses issues with electronic dental claims submission. I have been practicing dentistry in Bethel, Connecticut for 25 years and I'm an active Medicaid provider. I have been involved in The Connecticut Mission of Mercy free dental clinic and on its oversight board since its inception. I am writing in support of HB 6088 AAC Disclosure of Certain Third-Party Administrator Fees.

There have been dramatic changes in dental insurance industry practices and claims reimbursement, particularly over the past 5-10 years. Historically some large carriers in this state were more transparent in how they implemented dental procedure reimbursement rates. One of the largest carriers even had a known formula that would adjust rates each year based on the fees submitted by dentists as their normal fee. More recently, transparent measures such as this one, have completely disappeared. The carriers previously used terms such as "usual", "customary" and "reasonable" to make it appear that their reimbursement rates have been established based on averages of fees submitted on legitimate claim forms. Because usual/customary/reasonable are terms that have been defined based on such claim averaging, the carriers have moved away from this terminology and are most frequently using the term maximum allowable fee. There is no requirement that a maximum allowable fee be based on fees that dentists typically charge or that they be indexed in any way to those actual fees. Therefore, a maximum allowable fee may be set by a carrier based on whatever criteria they choose. These third-party payer's fees have frequently been lowered of late, despite rising costs of dental supplies, dental materials, and technology necessary to deliver the highest quality of care to our patients. They currently bear little resemblance to what we must charge, after factoring in the high (70%) overhead costs before we take home any income. Moreover, no payers that I am aware of have ever informed providers regarding their criteria in setting maximum allowable fees. Because of this wide disconnect, HB6088 offers a small bit of relief in that it mandates that carriers notify providers of their maximum allowable fees. With that, dentists can make informed business decisions as to whether to continue to be a contracted provider with each carrier. Additionally, requiring the use of the standardized

CDT coding terminology will prevent the confusion, miscommunication and potential denial of benefits that occurs when alternative, arbitrary dental codes are utilized.

The needed transparency afforded in SB381 will also be very helpful for consumers in our state. The current failure of the third-party payers to be forthright about what will be reimbursed means that patients coming to a dental office find it difficult or impossible to be fully informed as to what their out of pocket expenses will be prior to initiating their care. This bill will go a long way to give consumers more and better information needed for them to make financial decisions related to needed treatment. For the reasons stated above, I urge that you support HB6088.

Respectfully Submitted,

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