



April 11, 2024

The Honorable Joseph J. Solomon, Jr.
Chairperson, House Committee on Corporations
Rhode Island State House
82 Smith Street
Providence, RI 02903

RE: Letter of Concern H-7082 – AN ACT RELATING TO INSURANCE – NONPROFIT DENTAL SERVICES CORPORATIONS – THE RHODE ISLAND FAIR SHARE FOR DENTAL CARE ACT

Dear Chairperson Solomon:

I write on behalf of the Office of the Health Insurance Commissioner (OHIC) to express concerns regarding [House Bill 7082](#). This legislation would require annual reporting by carriers offering dental benefit plans to the Office of the Health Insurance Commissioner for the purposes of determining the loss ratio of dental claims to earned premium. OHIC applauds efforts related to creating transparency around how Rhode Islanders' health care money is being spent. However, H7082 could potentially increase dental plan premiums, in some cases substantially, and produce other unintended consequences.

The minimum dental loss ratio (DLR) concept appears to be modelled after the longstanding minimum loss ratio (MLR) requirement for comprehensive major medical plans under the Affordable Care Act (ACA). The ACA created a MLR requirement for commercial health insurers that sell plans in the individual and group markets. Insurers are required to meet an 80% MLR for individual and small group plans and an 85% MLR for large group market plans. Should the carrier fall below these minimum requirements, the excess in administrative costs and profits are to be returned to the consumer in the form of rebates. The federal MLR calculation methodology allows for several adjustments to the numerator and denominator of the ratio. For instance, taxes and fees are deducted from the denominator of the ratio and health care quality improvement and fraud detection expenses are included in the numerator along with incurred claims. Furthermore, the federal MLR calculation is based on a three-year moving average of claims experience.

As presently written, H7082 does not align with the model utilized by the federal government and given differences in the absolute magnitude of dental premiums and incurred claims, compared to medical premiums and incurred claims, the targeted 85% minimum DLR may not be the optimal value without consideration of other adjustments to the ratio calculation. To avoid potential substantial increases in dental premiums, OHIC would favor a data-driven approach that seeks to first account for DLRs based on current experience. With this baseline knowledge, the impact of meeting alternative minimum DLRs on premiums, incurred claims, and covered benefits could be modelled. Coupled with the necessary funding and staffing

Protecting Consumers • Engaging Providers • Improving the System • Ensuring Solvency

www.ohic.ri.gov • 1511 Pontiac Avenue • Building 69-1 • Cranston, RI 02920 • 401.462.9517

resources, such a data-driven process would allow for thoughtful consideration of the potential impacts and bring clarity to any refinements to the DLR calculation that may be warranted.

Thank you for your continued leadership and hard work on all matters related to the health of Rhode Islanders.

Sincerely,



Cory B. King
Health Insurance Commissioner

CC: Honorable Members of the House Committee on Corporations
Honorable Joseph M. McNamara
Nicole McCarty, Esquire, Chief Legal Counsel to the Speaker of the House