

April 11, 2024

The Honorable Representative Joseph J. Solomon, Jr.
Chairman House Corporations Committee
Rhode Island State House
82 Smith St
Providence RI, 02903

RE: Bill Number: 7082 AN ACT RELATING TO INSURANCE -- NONPROFIT DENTAL SERVICE CORPORATIONS -- THE RHODE ISLAND FAIR SHARE FOR DENTAL CARE ACT

Dear Chairman Solomon and Honorable Members of the House Corporations Committee:

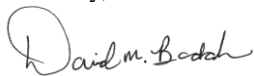
Like last year we are writing to express our concerns about the proposed legislation H7082, which seeks to impose a medical loss ratio for dental plans. If this bill is passed in its current form, it will disrupt the balance of access and affordability that all Rhode Islanders currently experience when it comes to their dental care. Municipalities are in a unique position as all our members are generally self-insured – even those covered through the Interlocal Risk Management Trust have their own liabilities – and would be significantly impacted by this legislation. We also offer these additional considerations for the committee:

- **High Quality of Care and Participation** – Rhode Island is among the top states in the country for access and affordability to dental care. 94% of Rhode Islanders have dental coverage (compared to 82% in Massachusetts) and there is a 10-year history of on average 1% premium increase, while at the same time, Rhode Island dentists are among the highest wage earners in their profession across the country.
- **Best Practices from Regional Counterparts** – Several states have moved to reporting bills to better determine the appropriate loss ratio for dental coverage. In fact, the American Dental Association and the National Association of Dental Plans recently agreed to a model reporting bill with the National Association of Insurance Legislators (“NCOIL”). Rhode Islanders would be better served if the state took that same approach and collaborated with all stakeholders to preempt the negative effects that an enforced medical loss ratio would have. It is important to further consider what Massachusetts and Connecticut have implemented and learn from their mistakes.
 - As noted, Massachusetts adopted a similar measure via referendum in November 2022 and to date 5 insurers have left the small group market as a result of the DLR. It has been two years since the vote and MA regulators still have not issued regulations related to DLR. MA is still learning what the potential impacts are of a DLR.
 - The CT legislature recently ended its consideration of DLR legislation without passage.
- **Detailed Analysis** – There has been no detailed analysis performed by the state of the potential negative effects of this bill. Imposing a loss ratio meant for medical insurance onto dental insurance without a full understanding of the industry would be irresponsible governance by the legislature.
 - Dental insurance is different from medical insurance, both in product design and price. The Affordable Care Act expressly excludes dental products from Medical Loss Ratio requirements because stand-alone dental plans are Excepted-Benefit Plans and therefore exempt from the constraints of the ACA.

In addition to all of these points, our estimates project that municipalities would see an increase of 25-30% in claims in just the first year of implementation. While the following years are unknown, an increase of that magnitude is not sustainable. For these reasons, we strongly encourage the Committee to hold this legislation for further study and work with municipalities, specifically those that are self-insured, to address their concerns in a future legislative session.

On behalf of the League of Cities and Towns thank you for allowing me the opportunity to express our views.

Sincerely,



David M. Bodah
Associate Director

Cc: House Corporations Committee
Ernie Almonte, Executive Director