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National Council of Insurance Legislators (NCOIL)

Medical Loss Ratios (MLR) for Dental Health Care Services Plans Model Act

**Sponsored by Del. Steve Westfall (WV)*

**Co-sponsored by Rep. Rita Mayfield (IL)*

**Draft as of February 8, 2023. To be discussed during the Health Insurance & Long Term Care Issues Committee Meeting on July 20, 2023.*

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Section 1. Title

This Act shall be known and cited as the “[State] Medical Loss Ratios (MLR) for Dental Health Care Services Plans Act.”

Section 2. Purpose

The purpose of this Act is to provide for transparency of the expenditure of dental health care plan premiums, and to require annual reports and rebates to patients if the medical loss ratio exceeds a certain percentage.

Section 3. Definitions

- (a) "Commissioner" means the Insurance Commissioner of this state.
- (b) "Dental carrier" or "carrier" means a dental insurance company, dental service corporation, dental plan organization authorized to provide dental benefits, or a health benefits plan that includes coverage for dental services.
- (c) "Dental health care service plan" or "plan" means any plan that provides coverage for dental health care services to enrollees in exchange for premiums, and does not include plans under Medicaid or CHIP.
- (d) "Medical loss ratio" or "MLR" means the minimum percentage of all premium funds collected by an insurer for dental insurance plans each year that must be spent on actual patient care rather than overhead costs, administration, and other expenses.

Section 4. Transparency of Patient Premium Expenditures

- (a) A carrier that issues, sells, renews, or offers a specialized dental health care service plan contract shall file a Medical Loss Ratio (MLR) annual report with the commissioner that is organized by market and product type and contains the same information required in the 2013 federal Medical Loss Ratio (MLR) Annual Reporting Form (CMS-10418).
- (b) The MLR reporting year shall be for the fiscal year during which dental coverage is provided by the plan. All terms used in the MLR annual report shall have the same meaning as used in the federal Public Health Service Act (42 U.S.C. Sec. 300gg-18), Part 158 (commencing with 158.101) of Title 45 of the Code of Federal Regulations, and Section 1367.003.
- (c) If data verification of the carrier's representations in the MLR annual report is deemed necessary, the commissioner shall provide the carrier with a notification 30 days before the commencement of the financial examination.
- (d) The carrier shall have 30 days from the date of notification to submit to the commissioner all requested data. The commissioner may extend the time for a health care service plan to comply with this subdivision upon a finding of good cause.
- (e) The commissioner shall make available to the public all data provided to the commissioner pursuant to this section.

Section 5. Excess Revenue; Patient Rebate

(a) A carrier that issues, sells, renews, or offers a plan shall provide an annual rebate to each enrollee under that coverage, on a pro rata basis, if the ratio of the amount of premium revenue expended by the carrier on the costs for reimbursement for services provided to enrollees under that coverage and for activities that improve dental care quality to the total amount of premium revenue, excluding federal and state taxes and licensing or regulatory fees, and after accounting for payments or receipts for risk adjustment, risk corridors, and reinsurance, is less than 85%***.

****Drafting Note: States may wish to consider a different percentage in order to account for varying state economic realities.****

(b) The total amount of an annual rebate required under this section shall be calculated in an amount equal to the product of the amount by which the percentage described in subsection (a) of this section exceeds the insurer's reported ratio described in subsection (a) of this section multiplied by the total amount of premium revenue, excluding federal and state taxes and licensing or regulatory fees and after accounting for payments or receipts for risk adjustment, risk corridors, and reinsurance.

(c) A carrier shall provide any rebate owing to an enrollee no later than xxxxx of the fiscal year following the year for which the ratio described in subsection (a) of this section was calculated.

Section 6. Rules

The Commissioner shall adopt rules as necessary to effectuate the provisions of this Act.

Section 7. Effective Date

This Act shall take effect xxxxxxxx.