

Medical Loss Ratio (MLR) for Dental Benefits



Medical Loss Ratio (MLR)

The percentage of insurance premiums that is spent on patient care, rather than on overhead costs like executive salaries and administration.

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

1. Adds transparency to dental insurance.
2. Establishes a minimum percentage of premiums that dental insurers must spend on patient care.
3. Requires carriers who do not meet the threshold to refund the difference to covered patients and groups.

How This Model Act Helps Patients

- Improves the value employers and patients get for their premium dollars.
- Makes dental insurance more reliable.
- Ensures patients can get the care they need, when they need it.
- Incentivizes dental insurers to cover needed care and encourages subscribers to get preventive care.

MLR legislation will improve the value of oral health coverage.



Responses to Opposition to MLR for Dental Benefits

THE CLAIM

Insured patients currently have excellent access to dental care.

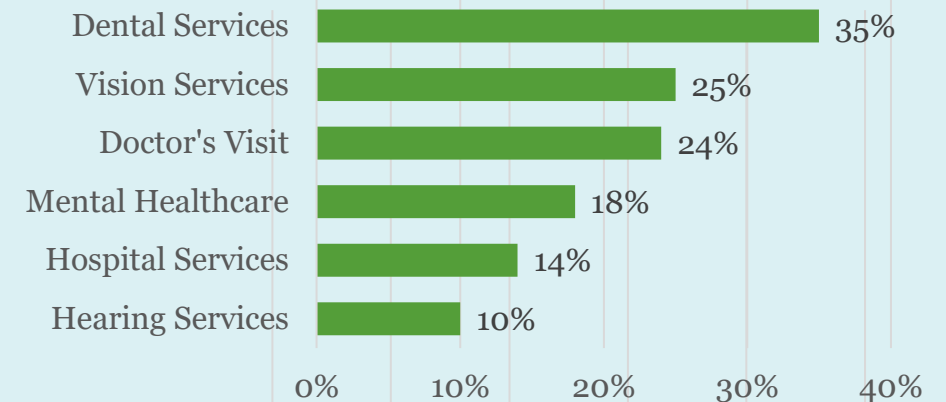
THE TRUTH

Many patients struggle to afford dental care, even with insurance.

- ADA member dentists regularly see patients who are unable to afford their dental care despite having insurance.
- Insurance companies earn more money when they deny care. There is currently no disincentive to refuse to pay for care.
- Most dental plans currently have an annual maximum benefit that is insufficient to cover major unforeseen dental care needs, leaving patients to bear the costs.

Dental Services Top List Of Health Services Adults Most Likely To Delay Due To Cost

Percent who say they have delayed or gone without each of the following in the past year due to the cost



THE CLAIM

A large portion of dental premiums go to administrative costs, which is good for patients.

THE TRUTH

When **TOO** large portion of dental premiums go to administrative costs, it takes away from patient care.

- CA data confirms what we already knew: In some plans, nearly half of premium dollars are spent on non-patient care expenses.
- Excessive spending on executive salaries and corporate profits does not support patients.
- Insurers will be held accountable to a fair MLR across all lines of business. Focusing only on individual and small group plans is misleading.
- We know dental insurers *can* meet the proposed MLR standard *because many already do*. MLR legislation would bring the others in line.



Administration and Profits: 47% **Patient Care: 53%**

Source: Delta Dental Presentation at NCOIL meeting, March 12, 2023

LARGE GROUP

California DLR	DPPO				
	2017	2018	2019	2020	2021
Insurance Co	<i>LG-Grp</i>	<i>LG-Grp</i>	<i>LG-Grp</i>	<i>LG-Grp</i>	<i>LG-Grp</i>
Ameritas	66.5%	65.5%	68.4%	66.3%	64.3%
Cigna	86.0%	85.9%	84.9%	85.2%	80.9%
Guardian Life	81.7%	81.0%	83.6%	73.7%	74.0%
Humana Dental	83.7%	83.9%	82.7%	77.5%	84.9%
Premier Access Insurance	90.6%	91.1%	88.1%	84.3%	82.5%

RED 0-59%
YELLOW 60-79%
GREEN >80%
EMPTY N/A

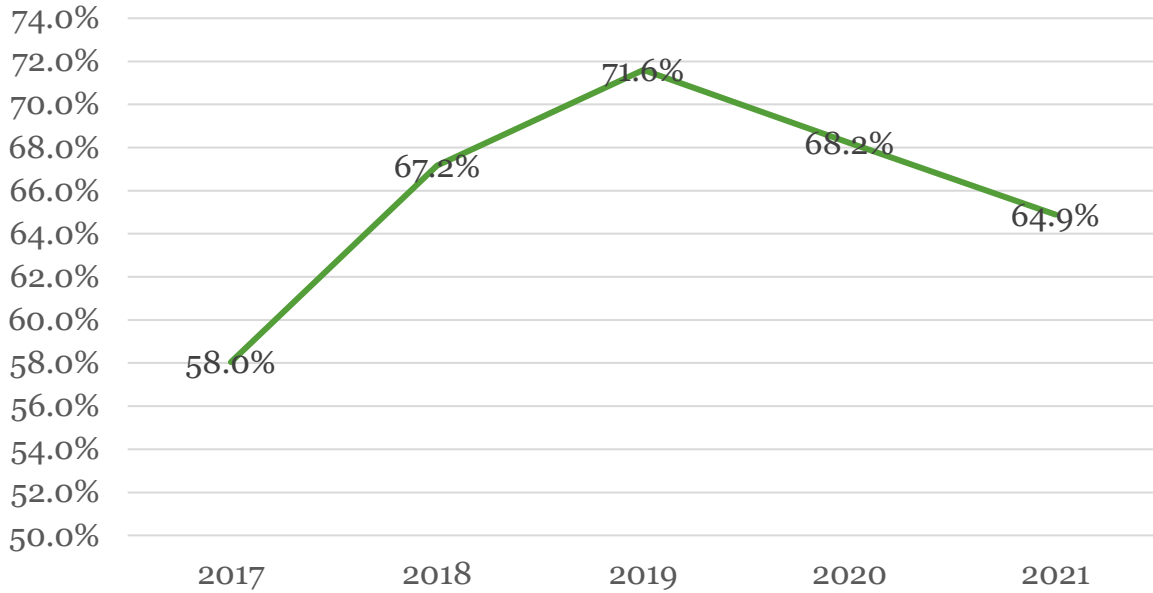
SMALL GROUP

California DLR	DPPO				
	2017	2018	2019	2020	2021
Insurance Co	SM-Grp	SM-Grp	SM-Grp	SM-Grp	SM-Grp
Ameritas	56.6%	56.6%	56.8%	56.1%	55.9%
Cigna	81.0%	80.4%	80.5%	77.1%	75.9%
Guardian Life	52.8%	53.7%	51.0%	49.1%	48.4%
Humana Dental	72.5%	68.8%	66.8%	65.5%	59.7%
Premier Access Insurance	60.5%	60.2%	58.7%	56.3%	55.8%

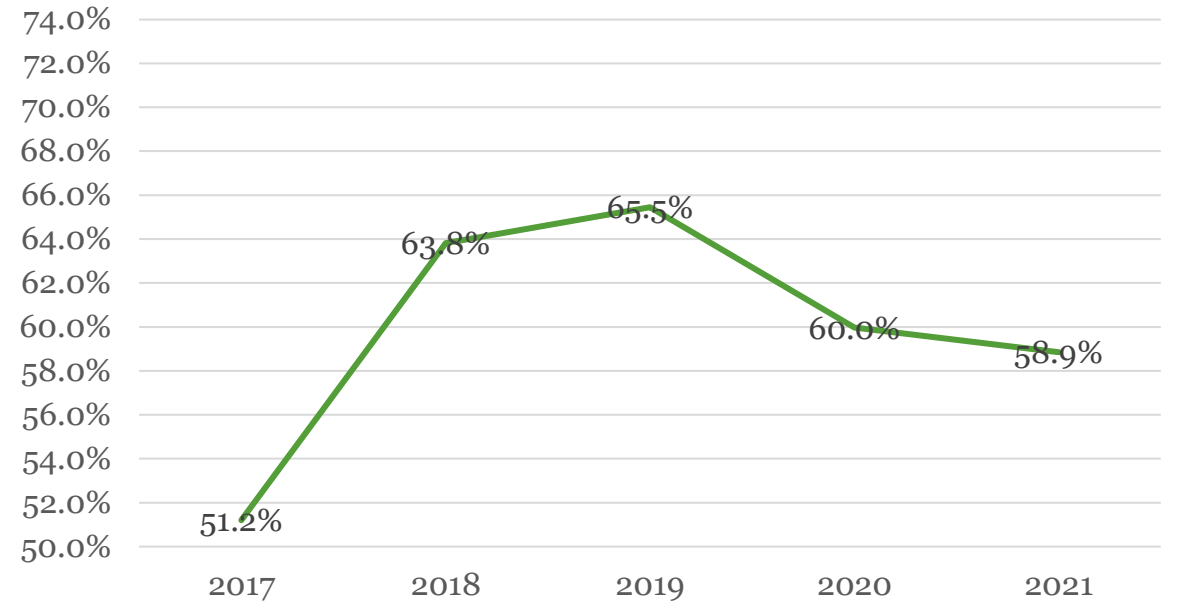
RED	0-59%
YELLOW	60-79%
GREEN	>80%
EMPTY	N/A

Averages of California dental MLR 2017-2021

Large Group



Small Group

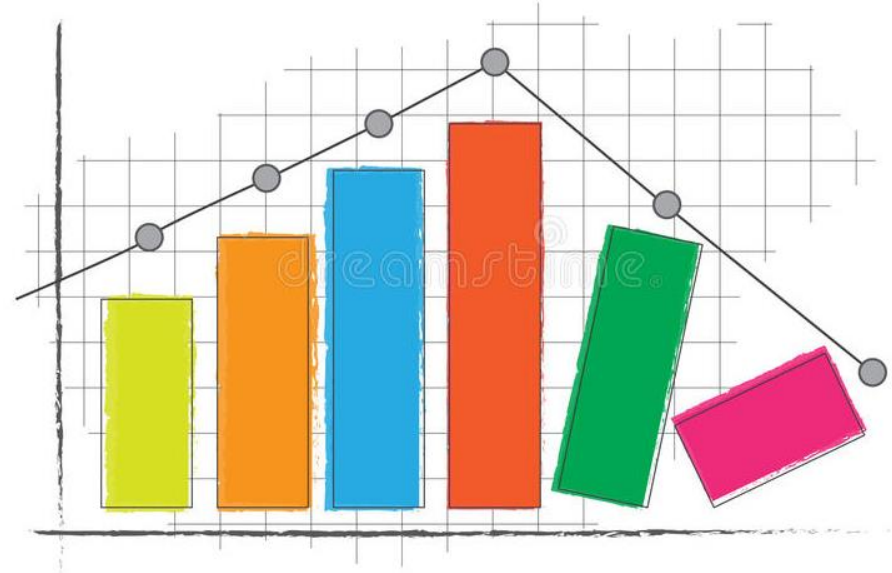


THE CLAIM

“Rebates are self-defeating and cost too much to generate.”

THE TRUTH

Experience with MLR rebates for medical insurance demonstrate that rebates can be efficiently issued.



- The primary purpose of MLR laws is not to force companies to issue rebates. Rather, the goal is to incentivize companies to pay for needed patient care.
- Many, if not most, rebates will be issued as discounts or credits on insurance premiums, eliminating the need to mail checks.
- For most plans, employers are paying most of their employees' premiums. Issuing rebates does not require a multitude of checks to individual members on those plans. It requires larger, consolidated rebates issued to employers.

4 ESSENTIAL COMPONENTS OF MLR BILL

Definitions

- Ensure definitions are comprehensive relative to your state's statute; work to be sure dental insurers whether stand-alone or embedded in medical plans are included.

Transparency

- Require dental insurers to submit data to the proper state authority the components of the MLR calculation and resulting MLR percentage.

Rebate/Refund

- Establish an MLR standard-set the minimum percentage dental insurers must meet.
- Establish that dental insurers are required to initiate a refund to subscribers if they fail to meet an established MLR percentage.

Rate Review and Approval Requirements

- Require dental insurers to annually file their premium rates with the state insurance authority.
- Empower the state authority to disapprove rates that are excessive/unreasonable.

Discussion + Q&A