State Legislators' Group Adopts Medical Loss Ratio Model Legislation for Dentistry

FOR IMMEDIATE RELEASE

CHICAGO, Jan. 30, 2024 – The National Council of Insurance Legislators (NCOIL) recently adopted model legislation (PDF) for a medical loss ratio (MLR) in dentistry, with language agreed to by the American Dental Association (ADA) and the National Association of Dental Plans (NADP). The model legislation provides an agreed-upon starting point for the introduction of state bills across the country in 2024, while leaving the door open for states to find the optimal solution for their constituents.

A Dental Loss Ratio requires dental insurance companies to pay a set percentage of premiums collected on actual patient care. Under a Dental Loss Ratio, insurance companies would also be required to refund to insured patients a part of the premium collected if the insurance companies fail to meet the set percentage. Dental Loss Ratios also require insurance companies to be more transparent in their reporting of how much they spend on patient care. Without a Dental Loss Ratio, insurance companies can keep the unspent premiums as profit to be used for marketing, salaries or other company overhead, rather than on patient care.

Available data indicates that dental plans' loss ratios typically keep approximately 25-40% of their premiums collected for administrative costs including executive salaries and overhead, with some plans retaining an even higher percentage of the premiums, sometimes close to 90%, in extreme cases.

Because of the Affordable Care Act an MLR already exists for major medical insurance. In November 2022, however the national conversation on the issue shifted strongly to dental when Massachusetts became the first state to establish an MLR for dentistry through a landmark victory in a public ballot. Following up on this win in 2023, Arizona, Colorado and Nevada adopted limited Dental Loss Ratio legislation. Thus far in 2024, nine states have introduced such legislation: Illinois, Nebraska, New York, Oklahoma, Pennsylvania, Rhode Island, Virginia, Washington, and West Virginia. Having a model on MLR for dental plans will give state dental societies additional support while pursuing the issue.

"Dentists are put in the difficult position of having to tell their patients when their dental insurance won't cover or only partially covers procedures, yet meantime dental insurance companies are collecting premiums and often not being transparent about what percentage is spent on actual patient care," said Linda Edgar, D.D.S., president of the American Dental Association (ADA).

“Inspired by one dentist in Massachusetts who spearheaded a movement to pass a Dental Loss Ratio in his state via a public ballot, the American Dental Association and state dental associations across the country are working together to introduce bills in state legislatures to shine a light on this inequity and advocate on behalf of our patients,” Dr. Edgar said.

After more than a year discussing a dental loss ratio model at the National Council of Insurance Legislators (NCOIL), the legislators involved made it clear they wanted the ADA and NADP, the association representing dental insurers and third-party payer companies, to work together on compromise DLR model language.

The Model legislation includes:

- a provision that "shall" set a loss ratio on plans that come in with low loss ratios year after year
- protection from dental plans raising their premiums purely as a result of a DLR being set.
- excellent reporting and transparency standards consistent with the Medical Loss Ratio established under the Affordable Care Act

“This is only the beginning,” Dr. Edgar predicted. “As more bills are introduced, I can see more provisions being added on behalf of insured patients, and I am sure state legislators will do the right thing by passing Dental Loss Ratio legislation that puts patients over profits.”

About the American Dental Association

The not-for-profit ADA is the nation's largest dental association, representing 159,000 dentist members. The premier source of oral health information, the ADA has advocated for the public's health and promoted the art and science of dentistry since 1859. The ADA's state-of-the-art research facilities develop and test dental products and materials that have advanced the practice of dentistry and made the patient experience more positive. The ADA Seal of Acceptance has long been a valuable and respected guide to consumer dental care products. The Journal of the American Dental Association (JADA), published monthly, is the ADA's flagship publication and the best-read scientific journal in dentistry. For more information about the ADA, visit ADA.org. For more information on oral health, including prevention, care and treatment of dental disease, visit the ADA's consumer website MouthHealthy.org.