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RE: House Bill 1481 – OPPOSE

Dear Chairman Lee and Committee Members:

Metropolitan Life Insurance Company (“MetLife”) is a leader in providing dental benefits nationwide and strives to provide superior dental benefits at affordable prices to its customers. House Bill 1481 would create a dental minimum loss ratio (DLR) of 75 percent for dental benefit plans in North Dakota, a concept we believe has been inappropriately borrowed from Obamacare’s medical loss ratio requirement for health insurance.

MetLife respectfully opposes House Bill 1481 because it would cause the cost of dental insurance to rise significantly, result in less consumer choice and competition, fewer options for employers to provide critical employee benefits, and ultimately, less people being able to afford essential dental coverage.

DLR would Increase Premiums for Consumers

House Bill 1481 will not impose additional benefits or “greater value” in dental products but will result in increased premiums, and severely limit choice of dental plan options in North Dakota. A 75 percent DLR would negatively impact North Dakota dental consumers, especially those in small employer groups, as their premiums would increase to cover administrative costs and dental plans would, unfortunately, find it difficult to offer economically priced dental programs with a required DLR.

The impact of setting a DLR is to limit how much dental plans may spend on expenses necessary to administer their plans, as a percentage of premium. Dental plans must necessarily incur costs for administration, just like any other business and employer in North Dakota. These expenses include general administration, processing of claims, compliance with regulatory requirements, and state-mandated consumer protections and commissions. Considering the average dental premium for North Dakota is \$33, that would leave less than \$9 to cover all of those expenses.

A 2024 University of California report found that premiums in some dental products would have to increase up to 266 percent to comply with a designated DLR, even after reducing profits and improving administrative efficiency.

Some may argue that dental plans will just decrease their expenses if the DLR is enacted. However, profit margins for dental plans are currently low, and plans are already efficient. This

is driven by the current free market with competition among many dental plans to offer the best coverage at the most affordable premium rates possible. This has led to a dental market where premiums have been remarkably low and stable over time, especially as compared with the rise in premium for health insurance, which does have to comply with a required medical loss ratio. Requiring a DLR would result in premium increases and threaten the affordability of dental insurance for North Dakotans.

Dental Insurance is Voluntary and Price Sensitive

Unlike medical insurance, dental insurance is a voluntary product. Like other voluntary insurance products, it is highly price sensitive. Studies have shown that an increase in premiums may cause a reduction in coverage. Especially at a time when medical costs and medical debt are at an all-time high, even a small rise in premiums is likely to lead to dropped coverage for many North Dakotans.

A 2024 National Association of Dental Plans survey showed that about 80 percent of respondents are currently satisfied or very satisfied with their dental plans. Almost half of those surveyed without coverage explained that they chose not to purchase dental insurance because the premiums are too high.

Therefore, we believe that setting a DLR in statute would not create a better dental marketplace, but instead lead even more North Dakotans to go without coverage.

Consumers with Dental Coverage are More Likely to Visit Dentist

Losing coverage often means patients must pay full list price for their dental care and a cleaning may cost hundreds of dollars out of pocket. For this reason, it is not surprising to see that studies show that consumers with dental insurance are more likely to go to the dentist. In fact, dental coverage is closely linked to the regular utilization of preventive dental care, which is critical to avoiding acute oral health issues and pain. Under a typical dental plan, preventive care is covered at 100% cost sharing to incentivize utilization and a regular relationship with a dentist.

HB 1481 Could Negatively Impact North Dakotans Health

We believe and studies show that oral health is very important for overall health. This is why we are concerned about the impacts of House Bill 1481. Requiring a 75 percent DLR has the potential to dramatically reduce the availability of dental coverage in North Dakota with negative effects on access to oral health care.

Studies show that consumers with dental insurance are more likely to go to the dentist. In fact, dental coverage is closely linked to the regular utilization of preventive dental care, which is critical to avoiding acute oral health issues and pain. Regular preventive dental care and cleanings have also been shown to alleviate the effects of inflammation from other medical conditions like diabetes or chronic heart conditions.

However, many people without dental coverage skip regular preventive services to reduce costs and in the long term, this increases their likelihood of developing more serious dental problems. Just one missed cleaning makes a patient more likely to develop cavities, plaque, and periodontal conditions, and other health conditions.

MetLife Urges You to Oppose HB 1481 and Consider Alternatives

For these reasons and the reasons outlined by others today in their opposition testimony, other legislatures around the country have considered these serious consequences and rejected similar proposals to set an enumerated DLR by statute, and instead have adopted DLR reporting mechanisms similar to the NCOIL Model for greater transparency while protecting the health of their residents.

Because losing coverage can lead to a concerning decline in health for some North Dakotans, we urge the Committee to consider these unintended negative consequences of House Bill 1481 and alternative approaches such as the NCOIL model. Thank you for your thoughtful consideration.

Sincerely,



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