

**FIRST ENGROSSMENT
with Senate Amendments**

ENGROSSED HOUSE BILL NO. 1481

Introduced by

Representatives Kasper, Dockter, Koppelman, Louser, Ostlie, D. Ruby

Senators Bekkedahl, Cleary, Clemens, Hogan, Lee, Paulson

1 A BILL for an Act to create and enact two new sections to chapter 26.1-36.9 of the North Dakota
2 Century Code, relating to dental insurer rate requirements and reporting; and to provide an
3 effective date.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1.** A new section to chapter 26.1-36.9 of the North Dakota Century Code is
6 created and enacted as follows:

7 **Dental insurer rates - Approval.**

- 8 1. The commissioner may deem a proposed plan rate of a dental insurer to be excessive
9 and disapprove the proposed plan rate if the dental insurer files a rate change and the:
10 a. Administrative expense component, not including taxes and assessments,
11 increases from the previous year's rate filing by more than four percent;
12 b. Reported contribution to surplus exceeds two percent of total revenue; or
13 c. Dental loss ratio for the plan is less than seventy-five percent.
14 2. a. If the annual dental loss ratio for a dental benefit plan is less than seventy-five
15 percent, the dental insurer offering the plan shall refund the excess premium to
16 covered individuals and groups. As used in this section, "dental loss ratio" means
17 the ratio used to determine the minimum percentage of all premium funds
18 collected by a dental insurer each year which must be spent on actual patient
19 care rather than overhead costs. This minimum required percentage that dental
20 benefit plans must meet for the portion of patient premiums must be dedicated to
21 patient care rather than administrative and overhead costs or the difference must
22 be refunded as provided in this section.

- 1 b. A dental insurer shall provide notice to all individuals and groups that were
2 covered under the plan during the applicable twelve-month period that such
3 individuals and groups are entitled to a refund on the premium, or if the individual
4 or group remains covered by the dental insurer, that the individual or group is
5 eligible for a credit on the premium for the following twelve-month period.
- 6 c. The total of all refunds issued under this subsection must equal the amount of the
7 dental insurer's earned premium which exceeds the amount necessary to
8 achieve a dental loss ratio of seventy-five percent, calculated using data reported
9 by the dental insurer.
- 10 d. The dental loss ratio is calculated by dividing the numerator by the denominator
11 as follows:
- 12 (1) The numerator is the amount spent on care, which must include:
- 13 (a) The amount expended for clinical dental services that are services
14 within the code on dental procedures and nomenclature, provided to
15 enrollees which includes payments under capitation contracts with
16 dental providers, whose services are covered by the contract for
17 dental clinical services or supplies covered by the contract;
- 18 (b) Unpaid claim reserves; and
- 19 (c) Any claim payment recovered by insurers from providers or enrollees
20 using utilization management efforts, which are deducted from
21 incurred claims amounts.
- 22 (2) Any overpayment received from a provider may not be reported as a paid
23 claim. Overpayment recoveries received from a provider must be deducted
24 from incurred claims amounts.
- 25 (3) The calculation of the numerator does not include:
- 26 (a) All administrative costs, including infrastructure, personnel costs, or
27 broker payments;
- 28 (b) Amounts paid to third-party vendors for secondary network savings;
- 29 (c) Amounts paid to third-party vendors for network development,
30 administrative fees, claims processing, and utilization management; or

- 1 (d) Amounts paid to providers for professional or administrative services
2 that do not represent compensation or reimbursement for covered
3 services provided to an enrollee, including dental record copying
4 costs, attorney fees, subrogation vendor fees, and compensation to
5 paraprofessionals, janitors, quality assurance analysts, administrative
6 supervisors, secretaries to dental personnel, and dental record clerks.
- 7 (4) (a) The denominator is calculated using insurer revenue.
8 (b) The earned premium is all monies paid by a policyholder or subscriber
9 as a condition of receiving coverage from the issuer, including any
10 fees or other contributions associated with the dental benefit plan.
- 11 (c) The denominator is the total amount of the earned premium revenues,
12 excluding federal and state taxes and licensing and regulatory fees
13 paid after accounting for any payments pursuant to federal law.
- 14 3. The commissioner may:
- 15 a. Authorize a waiver or adjustment of the refund requirements in this section only if
16 it is determined by the commissioner that issuing refunds would result in financial
17 impairment for the dental insurer.
- 18 b. Adopt rules to implement and administer this section.
- 19 4. This section does not apply to a dental insurer with one thousand enrollees or less
20 cumulative of all plans based on a three-year average.

21 **SECTION 2.** A new section to chapter 26.1-36.9 of the North Dakota Century Code is
22 created and enacted as follows:

23 **Dental loss ratio transparency - Annual report to the commissioner.**

- 24 1. A dental insurer that issues, sells, renews, or offers a specialized dental health care
25 service plan contract shall file a dental loss ratio report with the commissioner by April
26 thirtieth of each year, in a manner prescribed by the commissioner.
- 27 2. The dental loss ratio report must include dental loss ratio information for the last
28 calendar year for a dental benefit plan provided by a dental insurer and be organized
29 by market and product type.
- 30 3. The commissioner may request the dental insurer provide data verification of any
31 information provided by the dental insurer in the dental loss ratio report. The dental

1 insurer shall provide data verification to the commissioner within thirty days of the
2 request.

3 4. The commissioner shall make the information provided in the dental loss ratio annual
4 reports filed under this section available on the department's website, including the
5 aggregate dental loss ratio, in a manner that allows the public to compare dental loss
6 ratios among dental insurers by market type.

7 5. For purposes of this section, "dental loss ratio" has the same meaning as in section 1
8 of this Act.

9 **SECTION 3. EFFECTIVE DATE.** Section 1 of this Act becomes effective on July 1, 2027.