



February 3, 2025

**RE: House Bill 1481 – OPPOSE**

Dear Chairman Warrey,

On behalf of the National Association of Dental Plans (NADP)<sup>1</sup>, America's Health Insurance Plans (AHIP)<sup>2</sup>, and the American Council of Life Insurers (ACLI)<sup>3</sup>, we appreciate the opportunity to provide comments in opposition to House Bill 1481. As introduced, this bill would create a dental minimum loss ratio (MLR) of 83 percent for dental benefit plans. This bill would create unintended consequences that severely impact access to dental care and benefits for North Dakotans. It would lead to increased premiums, reduced use and access to dental services, and a reduction in employer and consumer options for purchasing dental coverage.

**Dental Plans Differ from Medical Plans**

Dental plans offer a wide variety of products and benefit designs compared with medical plans. Any measurement of a dental plan's value must reflect the fundamental differences between how medical and dental plans are structured, priced, offered, and purchased if it is to be accurate and meaningful to consumers.

Dental benefit plan design differs fundamentally from medical plan design. A dental plan generally manages costs by paying a greater share of preventive services to encourage regular dental visits that can reduce the need for more costly procedures in the future. Consumers share a higher percentage of the cost for restorative procedures such as crowns, periodontal surgery, and dentures. Higher cost-sharing for certain procedures keeps dental premiums low and affordable. Over the last five years, the industry has had negative price growth in some years and the highest yearly increase was only 2.5 percent.

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<sup>1</sup> NADP is the largest non-profit trade association focused exclusively on the dental benefits industry. NADP's members provide dental HMO, dental PPO, dental indemnity and discount dental products to more than 200 million Americans with dental benefits. Our members include the entire spectrum of dental carriers: companies that provide both medical and dental coverage, companies that provide only dental coverage, major national carriers, regional, and single state companies, as well as companies organized as non-profit plans.

<sup>2</sup> AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and to help create a space where coverage is more affordable and accessible for everyone.

<sup>3</sup> ACLI is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.

In North Dakota, dental premiums are on average, about \$33 per month<sup>4</sup> and medical premiums are, on average, about \$708 per month.<sup>5</sup> At an 85 percent loss ratio, this leaves medical plans with over \$100 to cover administrative expenses per member per month. At an 83 percent loss ratio, dental plans would be left with less than \$6 to cover administrative expenses per member per month. This small amount would not cover the cost of basic plan operations for even the most cost efficient plans: administration; claims systems; compliance; and state-mandated consumer protections and commissions. If low-cost plans cannot cover their administrative expenses under the 83 percent loss ratio, those plans may be forced to no longer offer in North Dakota or to raise premiums to cover increased costs.

In Massachusetts, the only state to adopt a similar, mandatory dental loss ratio (through ballot initiative), the market for dental insurance has contracted significantly, with at least 8 fewer carriers in the small group and individual markets, a 25 percent decline, since the imposition of the DLR in 2022. An independent analysis of similar bills indicates that a mandated dental loss ratio of 85 percent could raise premiums for dental coverage by 114 percent for small groups, and 78 percent for the individual market.<sup>6</sup> The analysis highlighted the risk that such a sudden and rapid increase in the cost of coverage will lead many small businesses to forgo dental plans for their employees and reduce access to oral health care.

### **Dental Plans and Oral Health**

House Bill 1481 has the potential to dramatically reduce the availability of dental coverage in North Dakota with negative effects on access to oral health care. 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 percent cost sharing to incentivize utilization and a regular relationship with a dentist. 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.

Dental insurance has been shown to be highly price sensitive and an increase in premiums may lead to a reduction in dental coverage. 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. As a result, 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. For these reasons, we oppose House Bill 1481 and urge you not to advance the legislation.

Thank you for your consideration. We look forward to working with you to develop alternative avenues to evaluate the value of dental benefits in North Dakota.

Respectfully submitted,

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<sup>4</sup> NADP, 2024. Dental Benefits Report. ([link](#))

<sup>5</sup> "Average Annual Single Premium per Enrolled Employee for Employer-Based Health Insurance," Kaiser Family Foundation (2023). Employers typically contribute about \$613 per month while employees typically contribute about \$95 per month.

<sup>6</sup> [AB 2028 Medical Loss Ratios Report final to Legislature 04122024.pdf](#)



Bianca Balale  
Director of Government Relations  
National Association of Dental Plans



Owen Urech  
Senior Policy Advisor, Product Policy  
AHIP



Alex Young  
Legislative Director, State Relations  
ACLI