Vote NO on HB 1481

Don't be misled into reducing affordable preventative dental care options.

1. Medical Loss Ratios Are Not Appropriate for the Dental Industry

- Dental insurance operates in a much different way than medical insurance. Dental plans emphasize ***preventive care***, while medical insurance covers catastrophic events as they happen. Imposing medical loss ratios (MLRs) on dental plans ignores these fundamental differences.
- Dental premiums are significantly lower than medical premiums. While an 75% MLR leaves medical insurers with over **$175** per member per month for administrative costs, dental insurers would have *less than* ***$9***—jeopardizing their ability to function.
- A 75% MLR would likely eviscerate the small group market: an initial review shows that ***over 90% of the products filed over the last 5 years would have been rejected under this standard.***

2. A Solution in Search of a Problem

- North Dakota *already* regulates dental insurance rates through the Insurance Department, which ensures that premiums are fair and reasonable.
- Dental insurance costs have remained stable, with several plans even experiencing negative price growth over the last five years.
- No widespread consumer complaints or evidence of excessive profits justify this intervention.

3. The Need for Data Before Policy Change

- Other states that have implemented similar policies have seen unintended consequences, including *decreased competition* and **increased costs**.
- Instead of hastily imposing premature regulations, North Dakota should collect sufficient data on the dental insurance market to assess whether changes are necessary.

4. Massachusetts' Experience Shows the Dangers

- Massachusetts enacted a dental MLR requirement in 2022, leading to several insurers opting to exit small group and individual markets, resulting in sizable market shrinkage.
- In California, a study found that a similar 85% dental MLR would increase small-group premiums by **78% to 114%.**
- *Higher premiums will result in employers dropping dental coverage,* ***reducing access to dental care.***

5. Government Should Not Intervene in a Healthy Market

- HB 1481 would disproportionately affect small insurers and small businesses, forcing them to raise costs, exit the market, or reduce staffing ***(costing North Dakotans jobs)***.
- Large employers and self-insured plans, which cover nearly half of all commercial dental plan enrollees, are exempt from the bill; leaving smaller businesses and individuals to bear the burden.
- Government overreach in a functioning market *discourages investment, decreases healthy competition, and stifles innovation in dental care.*

NATIONAL ASSOCIATION OF DENTAL PLANS

ACLI

AHIP™

Vote NO on HB 1481

CLAIM	REALITY
MLRs ensure patient premiums are spent on care instead of overhead.	Administrative costs are essential for processing claims, customer service, fraud prevention, and network management. If insurers cannot cover these costs, *they will raise premiums or exit the market*.
MLRs will lead to lower out-of-pocket costs for patients.	In Massachusetts, the **opposite** occurred—fewer insurance choices, higher premiums, and decreased access to care.
This bill follows the Affordable Care Act model for medical insurance.	Congress explicitly excluded dental insurance from the ACA's MLR requirements *because dental plans function differently*.
Premium increases are a scare tactic: HB 1481 prevents unjustified increases.	Studies from California and Massachusetts show that mandated MLRs *do* increase premiums, **significantly.**
Rebates will return excess premiums to patients.	The goal should be sustainable insurance pricing, rather than creating a *new* administrative burden of refunding small-dollar rebates, likely **increasing** costs.
This policy has bipartisan support, as seen in Massachusetts.	Many states have recently rejected similar measures, recognizing the potentially ***drastic negative impact*** on the market, consumers, and citizens.

The proponents of HB 1481 would like to see more transparency, accountability, and an assurance that a reasonable amount of premiums is spent on care; the **NCOIL Model**, a compromise between the dental industry and the American Dental Association, would achieve these goals *without* disrupting the market (like is now being seen in Massachusetts).

- Authorizes the trained and knowledgeable experts at the **Department of Insurance** to assess appropriate loss ratios for the market;
- Empowers the Department of Insurance to take remedial action when a plan's loss ratio is inappropriately low;
- Allows for flexibility to determine whether a plan's loss ratio may be appropriately low – for example, when a plan is in its first year and must build up reserves;
- Requires insurers to report MLRs providing all the necessary data to ensure optimal transparency ;
- Protects North Dakotans from rising costs and reduced access to affordable plans.