

House Bill 1481
North Dakota Senate Health and Human Services Committee
AHIP Testimony

Thank you for the opportunity to speak before you today. My name is Alex Kelsch, and I am testifying today on behalf of America's Health Insurance Plans (AHIP).¹

AHIP respectfully opposes HB 1481 because this bill would create unintended consequences that severely impact access to dental care and benefits for North Dakotans. As amended, this bill would create a dental minimum loss ratio (DLR) of 75% for dental benefit plans. This has the potential to 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%.

In North Dakota, dental premiums are on average, about \$33 per month² and medical premiums are, on average, about \$708 per month.³ Under HB 1481, the 75% loss ratio requirement would leave only a small amount which 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 75% loss ratio, those plans may be forced to no longer offer in North Dakota or to raise premiums to cover increased costs.

Furthermore, while HB 1481 attempts to reduce the impact of the loss ratio requirement by exempting plans with less than 1,000 covered lives in the state, this language does not address AHIP's concerns. While the threshold would enable plans that have very small levels of coverage to avoid the harmful effects of the DLR, it in essence caps growth for dental plans that do not have an existing presence in the North Dakota dental benefits market. Under this proposal, new dental plans are disincentivized from growing their business in the state and would be significantly hindered from investing in acquiring new groups or participating in the individual marketplace.

In Massachusetts, the only state to adopt a mandatory dental loss ratio, the market for dental insurance has contracted significantly, with at least 8 fewer carriers in the small group and individual markets – a 25% decline – since the imposition of the DLR in 2022. An independent analysis of similar bills indicates that a mandated dental loss ratio of 85% could raise premiums for dental coverage by 114% for small groups, and 78% for the individual market.⁴ 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.

¹ 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 coverage more affordable and accessible for everyone.

² NADP, 2024. Dental Benefits Report. ([link](#))

³ "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

⁴ [AB 2028 Medical Loss Ratios \(Dental\)](#). California Health Benefits Review Program. April 12, 2024.

Dental Plans and Oral Health. HB 1481 has the potential to reduce the availability of coverage through dental insurance coverage, options, and affordability in North Dakota would have negative effects on 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% 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.

The purchase of dental insurance has been shown to be highly price sensitive and therefore an increase in premiums may lead to a reduction in the purchase of dental coverage. Losing coverage often means patients must pay full list price for their dental care, which has a significant impact on consumers as just 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, in the long-term increasing their likelihood of developing more serious dental problems. Just one missed cleaning makes a patient more likely to develop cavities, plaque, and periodontal conditions.

AHIP Recommendation. For these reasons, AHIP opposes HB 1481 and we urge you not to advance the legislation. Thank you for your consideration. We look forward to working with you to develop effective avenues to evaluate the value of dental benefits in North Dakota.