



**Michael B. Hickey**

Director

State Government Relations

March 10, 2025

Chairwoman Judy Lee, Chair and Senate Human Services Committee members  
North Dakota Senate Human Services Committee  
North Dakota State Capitol  
600 East Boulevard  
Bismarck, ND 58505-0360

Dear Chairwoman Lee and Senate Human Services Committee:

We appreciate the opportunity to provide comments regarding HB 1481. Aflac is a leading provider of supplemental health insurance in the United States. When a policyholder or insured gets sick or hurt, Aflac pays cash benefits directly to the insured. For more than six decades, Aflac voluntary insurance policies have given policyholders the opportunity to focus on recovery, not financial stress. Aflac also offers dental insurance, and approximately 2,900 North Dakotans have our dental coverage.

Our dental plans provide coverage for preventive care and procedures from fillings to oral surgery. Benefits include reimbursement for covered dental services provided by either contracted or non-contracted providers. Deductibles, coinsurance (i.e. insurance percentages), and annual maximums apply, as elected by the covered employee's group sponsor.

HB 1481 mandates that dental insurance plans meet a 75% loss ratio and requires carriers to submit a report annually to the North Dakota Insurance Department. If a carrier does not meet the 75% loss ratio the carrier would be required to return excess premiums to insureds.

In 2010, President Obama signed the Patient Protection and Affordable Care Act into law which requires major medical health insurance plans in the individual and small group markets to meet an 80% loss ratio and plans in the large group market to meet an 85% loss ratio. At the time, the law also included an individual mandate, requiring people have major medical health insurance or face a tax penalty.

There are significant differences in applying a high loss ratio requirement to major medical products and dental products. Where an average monthly premium for major medical is \$500 - \$700, premiums for dental products are \$30 - \$50, leaving significantly less premium to pay for administrative costs, including network credentialing and recruiting; claims systems; compliance; and state-mandated consumer protections and commissions.

Massachusetts is the only state that has adopted a dental loss ratio mandate. Their 83% loss ratio requirement went into effect on January 1<sup>st</sup> of this year and has resulted in a chilling of the market. Fewer carriers are selling dental insurance in the Massachusetts market and Aflac is no longer selling or renewing dental policies in Massachusetts.

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 reached by the dental insurers and the American Dental Association, achieves these goals without disrupting the market like we are beginning to see in Massachusetts.

The NCOIL Model:

- Authorizes the experts at the North Dakota Insurance Department to assess appropriate loss ratios for the market.
- Empowers the North Dakota Insurance Department 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 less access to affordable plans.

We suggest the mandate of HB 1481 would not be in the best interests of North Dakotans and their dental health needs. Thank you for considering these comments.

Sincerely,

Michael B. Hickey