

ENGROSSED

FIRST

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 a new section to chapter 26.1-36.9 of the North Dakota
2 Century Code, relating to dental insurer rate reporting and refund requirements; and to provide
3 an effective date.
4

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA**

6

7 **Dental insurer rates -- Approval.**

8 ~~1. The commissioner shall 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~~

1 ~~patient care rather than administrative and overhead costs or the difference must~~
2 ~~be refunded as provided in this section.~~

3 ~~b. A dental insurer shall provide notice to all individuals and groups that were~~
4 ~~covered under the plan during the applicable twelve-month period that such~~
5 ~~individuals and groups are entitled to a refund on the premium, or if the individual~~
6 ~~or group remains covered by the dental insurer, that the individual or group is~~
7 ~~eligible for a credit on the premium for the following twelve-month period.~~

8 ~~c. The total of all refunds issued under this subsection must equal the amount of the~~
9 ~~dental insurer's earned premium which exceeds the amount necessary to~~
10 ~~achieve a dental loss ratio of seventy-five percent, calculated using data reported~~
11 ~~by the dental insurer.~~

12 ~~d. The dental loss ratio is calculated by dividing the numerator by the denominator~~
13 ~~as follows:~~

14 ~~(1) The numerator is the amount spent on care, which must include:~~

15 ~~(a) The amount expended for clinical dental services that are services~~
16 ~~within the code on dental procedures and nomenclature, provided to~~
17 ~~enrollees which includes payments under capitation contracts with~~
18 ~~dental providers, whose services are covered by the contract for~~
19 ~~dental clinical services or supplies covered by the contract;~~

20 ~~(b) Unpaid claim reserves; and~~

21 ~~(c) Any claim payment recovered by insurers from providers or enrollees~~
22 ~~using utilization management efforts, which are deducted from~~
23 ~~incurred claims amounts.~~

24 ~~(2) Any overpayment received from a provider may not be reported as a paid~~
25 ~~claim. Overpayment recoveries received from a provider must be deducted~~
26 ~~from incurred claims amounts.~~

27 ~~(3) The calculation of the numerator does not include:~~

28 ~~(a) All administrative costs, including infrastructure, personnel costs, or~~
29 ~~broker payments;~~

30 ~~(b) Amounts paid to third-party vendors for secondary network savings;~~

31 ~~(c) Amounts paid to third-party vendors for network development,~~
32 ~~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. EFFECTIVE DATE.** This Act becomes effective on January 1, 2027.~~

22 **SECTION 1. AMENDMENT** A new section to chapter 26.1-36.9-01 of the North Dakota Century
23 Code is created and enacted as follows:

24 Dental loss ratio" or "DLR" means percentage of premium dollars spent on patient care as
25 calculated by dividing the numerator by the denominator as determined under section 2 of
26 this Act.

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

29 **Calculation of Dental Loss Ratio (DLR).**

30 1. The dental loss ratio is calculated by dividing the numerator by the denominator, where:

31 a. The numerator is the sum of the amount incurred for clinical dental
32 services provided to enrollees, the amount incurred on activities that improve

1 dental care quality, and other incurred claims as defined at 45 CFR 158.140(a);
2 and

3 b. The denominator is the total amount of premium revenue, excluding
4 federal and state taxes, licensing and regulatory fees paid, nonprofit community
5 expenditures as defined at 45 CFR 158.162(c), and any other payments required
6 by federal law.

7 **SECTION 3. AMENDMENT** A new section to chapter 26.1-36.9 of the North Dakota Century
8 Code is created and enacted as follows:

9 **Transparency Reporting to Commissioner.**

10 1. A dental insurer that issues, sells, renews, or offers a specialized dental health care
11 service plan contract shall file a Dental Loss Ratio (DLR) annual report with the Commissioner
12 that is organized by market and product type and is filed in a manner prescribed by the
13 commissioner.

14 2. The DLR reporting year shall be for the last calendar year for the dental benefit plans
15 provided by the dental insurer and submitted to the Commissioner by April 30.

16 3. If data verification of the dental insurer representations in the DLR annual report is
17 deemed necessary, the commissioner shall provide the dental insurer with a notification 30 days
18 to submit any information required by the Commissioner.

19 4. After the Commissioner receives the dental loss ratio information collected pursuant to
20 subsection 1 of this Section, the Commissioner shall make the information, including the
21 aggregate dental loss ratio and other data reported, available to the public the departments
22 website that allows members of the public to compare dental loss ratios among dental insurers
23 by market type.

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

26 **Excess Revenue and Rebate**

27 1. If the annual dental loss ratio for a dental benefit insurer is less than seventy-five
28 percent in the aggregate, the commissioner may require a dental insurer to refund the
29 excess premium or provide premium credits to covered individuals and groups.

30 2. The commissioner may authorize a waiver or adjustment of subsection 1.

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

1 Rule Making Authority.

2 The Commissioner may adopt rules as necessary to effectuate the provisions of this section.

3 Section 7. AMENDMENT EFFECTIVE DATE: Section 5 of this Act becomes effective on July

4 1, 2027.