

SB 2126

HDS

Hawaii Dental Service

February 18, 2010

The Honorable Rosalyn H. Baker, Chair
Hawaii State Senate
Committee on Commerce and Consumer Protection

Re: SB 2126, SD1-Relating to Dental Services

Dear Chair Baker and Members of the Committee:

Hawaii Dental Service (HDS) appreciates the opportunity to testify in opposition to SB 2126 that will increase the amount Hawaii residents pay for dental care. Presently, more than 500,000 Hawaii residents with HDS dental benefits pay the HDS discounted price for common dental procedures. SB 2126 would prohibit dental benefits carriers from negotiating discounted fees with dentists for a full range of dental services that patients currently receive from participating dentists. This is the wrong legislation at the wrong time.

On its face, SB 2126 seems to make sense. Dentists want to be able to charge their full retail fees for services not covered by a patient's dental plan. HDS does not cover all dental services; exceptions include cosmetic dentistry and certain procedures not commonly performed so there is not enough credible fee data to set a reasonable fee. We agree that dentists should be able to set fees for those procedures that we do not cover. We do not set fees for procedures we do not cover. We have a schedule fee for covered services that applies to all services rendered to HDS members. We understand that there are some mainland based dental benefits carriers that do set fees for cosmetic procedures and other procedures that HDS does not cover, and that has been the impetus behind this bill which is being introduced nationally by the American Dental Association.

However, the consumer needs to be aware that the definition of a non-covered service set forth in SB 2126 is any procedure for which the dental benefits carrier does not make payment. The bill would allow the dentist to charge the patient any fee the dentist chooses for any and all dental services needed by the patient, once the patient has reached his or her annual maximum or if the plan contains limitations on certain services. Some lower cost dental plans targeted at seniors and individuals not eligible for group plans, such as individuals not currently employed or part-time workers, focus primarily on diagnostic and preventive services. This bill will have the effect of prohibiting HDS from offering the HDS discounted price to these members, the very ones who need it.

The range of fees submitted by dentists for a current non-covered service, a resin based composite or white filling on one surface of a posterior tooth is illustrative of the need to set a reasonable fee for the most common dental procedures to protect patients. The average fee submitted for this commonly performed cosmetic procedure is \$130, but the highest fee submitted (and paid by this dentist's patient) was \$600. Overcharging on non-covered services

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is the most common complaint we receive from HDS patients. This bill will increase the number of uncovered services payable by consumers.

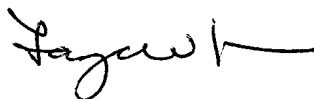
Dental insurance protects a patient financially when patients need dental services that they might not otherwise be able to afford. Dental insurance provides patients with known, discounted fees on the most common dental services. Dental insurance has much lower annual maximums than medical insurance, typically \$1,000 to \$2,000. Consumers do not have the knowledge, leverage or in many cases the time to negotiate their own discounts for dental services. And patients may not get the care they need due to unlimited cost.

Dentists receive benefits from HDS over and above fee reimbursement. First and foremost dental insurance provides dentists with patients who can pay for dental services. People with dental benefits are twice as likely to see a dentist regularly, compared with people without dental benefits. HDS pays dentists directly for care provided to HDS patients, helping dentists to receive prompt payment without collection and billing costs. Participating dentists have provided discounts to HDS patients under the current contractual arrangement for over 35 years. 96% of licensed, practicing Hawaii dentists participate with HDS.

SB 2126 has no financial impact on dental benefits carriers. It simply stops us from negotiating discounts on behalf of our members, unless the carrier is paying for the service. The financial burden will fall on patients-who will have to pay more for the care they need.

There are several dental benefits carriers doing business in Hawaii. Dentists are free to contract with any or all or none of us. Customers are free to buy a dental plan from any of us or none. We all have different fee reimbursement policies for dentists and offer different dental benefit plans in the marketplace. SB 2126 would remove choices for consumers as well as for dentists, and raise the total cost of dental care for our state. We believe that now is not the time to be putting more financial strain on people who are already burdened by the increasing costs of healthcare in today's challenging economy, and therefore would respectfully request that the Committee hold SB 2126. Thank you for the opportunity to testify today.

Sincerely,



Faye W. Kurren
President and CEO