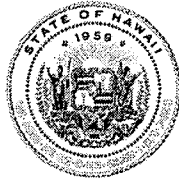


SB2126



LINDA LINGLE
GOVERNOR
JAMES R. AIONA, JR.
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: (808) 586-2850
Fax Number: (808) 586-2856
www.hawaii.gov/dcca

LAWRENCE M. REIFURTH
DIRECTOR
RONALD BOYER
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON HEALTH

TWENTY-FIFTH LEGISLATURE
Regular Session of 2010

Wednesday, February 3, 2010
3:00 p.m.

TESTIMONY ON SENATE BILL No. 2126 – RELATING TO DENTAL SERVICES.

TO THE HONORABLE DAVID Y. IGE, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is J.P. Schmidt, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department supports this bill which prohibits dental insurers from setting fees for procedures that are not covered by the dental plan.

It is logical that an insurer should not be able to dictate reimbursement levels to dentists unless the procedure in question is covered by the dental plan and is the subject of a participating provider agreement between the dentist and the dental insurer that addresses reimbursement levels. That said, we do not have any knowledge of how big a problem this is in the Hawaii market.

We thank this Committee for the opportunity to present testimony on this matter and ask for your favorable consideration.

From: Darrell [teruyadt@worldnet.att.net]
Sent: Friday, January 29, 2010 2:09 PM
To: HTHTestimony
Cc: teruyadt@att.net
Subject: SB 2126 RELATING TO DENTAL SERVICES, Wednesday, February 3, 2010; 3:00 pm; Conference Room 016

Senate Committee on Health
Wednesday, February 3, 2010; 3:00 pm; Conference Room 016

SB 2126 RELATING TO DENTAL SERVICES.

Prohibits a accident and health or sickness insurer, mutual benefit society, health maintenance organization, or dental service organization from requiring a dentist who provides services to its subscribers to accept a fee set by the accident and health or sickness insurer, mutual benefit society, health maintenance organization, or dental service organization unless the services are covered under the applicable subscriber agreement.

Honorable Senators David Y. Ige, Chair; Senator Josh Green, M.D., Vice Chair; and Members of the Senate Committee on Health thank you for the opportunity to testify in support of Senate Bill 2126 which would prevent third party payors from imposing payment limits on non-covered dental services.

I am a general dentist practicing in the state of Hawaii for over 25 years. I strive to deliver dentistry to the best of my abilities for the benefit of my patients. To this end, I feel that there is an unfair ability by the insurance companies allowing them to interfere with the provision of these services.

As it stands now, a third party payor has the ability not only to deny payment on a non-covered service but in addition can limit what a dentist can collect on that service. This restricts what I can offer and provide to my patients. My fees have to be able to cover the costs of my services as well as to justify the efforts involved in the provision of those services. There may be additional lab fees and other attendant expenses. All too often the insurance company will recognize the necessity for the extra efforts but deny or restrict the amount that can be assessed. This strikes me as an effort by the third party payor to effectively restrict trade.

It is a specious argument that, by these practices, the insurance company keeps the cost of dental premiums down for the patient. This doesn't make sense to me as the maximum dental benefit is limited by the insurance carrier for each individual. This maximum has typically not been changed for 30 years or more. Conversely, I seriously doubt that the premiums have been kept in check at the previous levels.

Dentistry, through efficiency and advances in technology, has proven itself as health care that works. To deny the people of Hawai'i optimal levels of treatment through such exclusionary means is to deny choice.

Thank you for the opportunity to present this testimony in favor of SB 2126.

Darrell T Teruya, DDS
Former president (2009), Hawai'i Dental Association

Hawaii State Legislature
State Senate
Committee on Health

State Senator David Y. Ige, Chair
State Senator Josh Green, M.D., Vice Chair
Committee on Health

Wednesday, February 3, 2010, 8:30 a.m. Room 016
Senate Bill 2126 Relating to Dental Services

Honorable Chair David Y. Ige, Vice Chair Josh Green, M.D. and
members of the Senate Committee on Health,

My name is Russel Yamashita and I am the legislative representative for the Hawaii Dental Association and its 965 member dentists. I appreciate the opportunity to testify in support of Senate Bill 2126 Relating to Dental Services. The bill before you today would seek to prohibit health and dental insurance companies from setting fees for dental services which are not subject to the contract with the insurance company.

Health and dental insurance companies are now including clauses in their contracts with participating dentists which state that non-covered services would be subject to a fee schedule dictated by the insurance companies. Such price fixing and restraint of trade by these insurance companies harm not only the consumer, but in some cases will cause patients with insurance to be turned away from their dentist due to these onerous clauses.

For instance, if an insurance company provides that there is no reimbursement or coverage for a particular procedure (ie. a crown). The insurance contract provision would require that a participating dentist could not charge a fee for that service, thus requiring the patient to seek a non-participating dentist, who is not bound by a contract, to perform the procedure. This absurd result clearly provides an example of the law of unintended consequences when boiler plate provisions are included in contracts of adhesion by the insurance companies.

Additionally, should a patient with insurance seek the services of their family dentist for a serious dental problem or disease, the consumer could find that their trusted dentist is restricted or prohibited from providing full and complete professional services to their family due the onerous restrictions of such a contract .

In the course of responding to other states which have adopted or are in the process of adopting similar laws to Senate Bill 2126, the Delta Dental Plans Association has attacked these laws by stating that the patient benefits from a discounted service based on such provisions in their participation contracts. The HDA disputes this assertion and wishes to point out that in some situations the participating dentist is put into a losing proposition, especially on the neighbor islands where the costs of doing business is much higher.

On the neighbor islands, patients may land up with dentists unwilling to participate with the insurance companies where fee schedules are based on Honolulu based dentists. The consequences of such a situation will even further burden the limited number of participating dentists and may result in further access to care problems in remote or rural areas.

In one of their documents, Delta Dental raised the question, “ What give Delta the right to set fees you don’t even cover?”. The response was:

“We believe every one deserves access to affordable oral health care. Just as you must adjust service, techniques and material to remain competitive in your community, so must Delta Dental adapt to the evolving needs of our enrollees.”

The real response is that this is price fixing, pure and simple. It makes is easier for all the insurance companies to then run the business of the dental professionals. Without a federal antitrust exemption that most health insurance companies enjoy, dental and medical professionals are at the mercy of the insurance companies, unable to effectively negotiate like a union for fear of an antitrust or restraint of trade law suit. The only response the individual dentist can do is to reject the contract or sign a contract of adhesion.

Additionally, the insurance companies are in effect using these clauses to force down fees (price fixing) resulting in those who are uninsured to accept the risk of the delivery of service at the lowest common denominator of services as dictated by the insurance companies. This Soviet style, mass production concept of dental services only benefits the insurance company, not the patient, the dentist or the employers who pay for the insurance.

In effect, this results in the rationing of dental care by the concept of “one size fits all” provisions such as these, will have to addressed by this bill. Insurance companies are already implementing them and the Delta Dental Plans Association has mandated that all their participating state companies, including the Hawaii Dental Service, must implement these onerous clauses in their contracts this year mandating fee schedules for non-covered services.

Therefore, the HDA and its members urge your favorable consideration of this bill and I thank you for this opportunity to testify in support of this bill.



BENEFIT PLAN SOLUTIONS, INC.

Consultants ♦ Health & Pension Actuaries

TESTIMONY BEFORE THE SENATE HEALTH COMMITTEE

RE: SB 2126 – RELATING TO DENTAL SERVICES

FEBRUARY 3, 2010

PAUL A. TOM, PRINCIPAL
BENEFIT PLAN SOLUTIONS, INC.

Chair Ige and Members of the Committee:

I strongly oppose SB 2126, relating to dental services.

I have reviewed SB 2126, which proposes to amend contracts between providers for dental services and insurers. This bill, on the face of it, is a bad bill and is anti-consumer. First, this bill will penalize consumers after they have received the services, not being aware that 1) the service is not covered and 2) they may have exhausted their benefit for the calendar year.

If a dental provider does not want to be bound by a subscriber agreement, they are free not to enter into an agreement. But once they enter into a subscriber agreement, it is bad public policy to now interfere with that contract which essentially protects the consumer. On one hand, a provider enjoys the benefits of the subscriber agreement to receive direct payment promptly but wants to be free to charge whatever the market will bear when those services are not covered or when the benefit limit on the insurance contract has been exhausted.

Thank you for the opportunity to testify in opposition of this measure.

Respectfully submitted,

Paul A. Tom
Principal