

2024 -- S 2873

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

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A N A C T

RELATING TO INSURANCE -- DENTAL INSURANCE LOSS RATIO REPORTING AND
STUDY ACT

Introduced By: Senator Matthew L. LaMountain

Date Introduced: March 22, 2024

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended by
2 adding thereto the following chapter:

3 CHAPTER 82

4 DENTAL INSURANCE LOSS RATIO REPORTING AND STUDY ACT

5 **27-82-1. Short title.**

6 This chapter shall be known and may be cited as the "Dental Insurance Loss Ratio
7 Reporting and Study Act."

8 **27-82-2. Legislative Findings.**

9 (1) Loss ratios generally measure costs associated with insurance claims as a percentage of
10 premiums earned. They have been used as a useful metric in connection with medical, surgical and
11 prescriptive drug coverage for many years. Minimum loss ratio levels have been established for
12 such coverage in certain jurisdictions.

13 (2) Loss ratios with respect to dental insurance have in recent years become a matter of
14 consideration in certain jurisdictions.

15 (3) Because of the significantly different cost and premium structures between medical and
16 dental insurance, with medical premiums being at least twenty (20) times greater than dental
17 premiums, sometimes even significantly more, there has been substantial debate in other
18 jurisdictions as to whether minimum dental loss ratios are appropriate and, more particularly, what

1 minimum dental loss ratio calculation would be appropriate in view of the unique economics of
2 dental insurance.

3 (4) The great majority of the jurisdictions that have considered the issue have preceded the
4 formal establishment of a minimum dental loss ratio with reporting legislation, and related studies,
5 to evaluate particular market dynamics and metrics and provide an appropriate actuarially informed
6 data set baseline period upon which to establish an annual minimum dental loss ratio.

7 (5) There is precedent elsewhere that the establishment of a minimal minimum dental loss
8 ratio without actuarial and policy analysis, can have harmful unintended consequences for
9 jurisdictions, particularly with respect to the small group market, from dental carriers ceasing to do
10 business in the jurisdiction, as well as difficulties in regulatory implementation and increased costs.

11 **27-82-3. Definitions.**

12 As used in this chapter, the following terms shall mean:

13 (1) "Commissioner" or "health insurance commissioner" shall have the meaning set forth
14 in § 27-18-1.1.

15 (2) "Dental health insurance carrier" means a health insurance carrier, as defined in § 27-
16 18-1.1, to the extent that it provides insured dental services benefits coverage, including any entity
17 providing individual or group coverage for dental or oral surgery services or procedures:

18 (i) Through an individual or group policy of health, accident and sickness insurance under
19 this title;

20 (ii) As a nonprofit hospital service corporation organized under chapter 19 of this title;

21 (iii) As a nonprofit medical service corporation organized under chapter 20 of this title;

22 (iv) As a nonprofit dental service corporation organized under chapter 20.1 of this title;

23 and/or

24 (v) As a health maintenance organization organized under chapter 41 of this title.

25 (3) "Earned premiums" means, for a reporting year, the premium received up to the loss
26 measurement ratio date for coverage provided during the reporting year minus federal and state
27 taxes and assessments and pass through payments made by the dental health insurance carrier as a
28 billing convenience for commissions or fees charged by a broker or consultant retained by the group
29 or individual receiving coverage, and for which the group or individual, as opposed to the dental
30 health insurance carrier, is responsible for payment.

31 (4) "Health insurance carrier" shall have the same meaning set forth in § 27-18-1.1.

32 (5) "Incurred claims" means, for a reporting year, the claims for which services were
33 provided in the reporting year, including an estimate of unpaid claim reserves and incurred value
34 based care incentive pool and bonuses, the costs related to improving health care quality and access,

1 fraud reduction, charitable contributions to nonprofit entities to improve access to dental care to
2 the disadvantaged and underserved population, and costs incurred for dental care management,
3 including utilization review.

4 (6) "Reporting year" means a calendar year during which group or individual dental
5 coverage is provided by a policy, contract, or certificate covering dental services.

6 **27-82-4. Reporting.**

7 Notwithstanding any provision of the general laws to the contrary, dental health insurance
8 carriers shall, on or before July 31 of 2025, 2026 and 2027, (the "transition period"), file with the
9 commissioner, in a format prescribed by the commissioner, an actuarial memorandum disclosing
10 its incurred claims and earned premiums for the preceding calendar reporting year, together with
11 such additional information as may be provided for in regulations promulgated by the commission
12 in accordance with this chapter.

13 **27-82-5. Exemptions.**

14 The reporting required by this chapter shall not apply to dental insurance plans issued,
15 delivered or renewed to a self-insured group or where the carrier is acting as a third-party
16 administrator.

17 **27-82-6. Regulations.**

18 The commissioner shall, by January 1, 2025, promulgate rules and regulations as are
19 necessary to carry out and effectuate the provisions of this chapter.

20 **27-82-7. Study report.**

21 (a) On or before January 1, 2028, the commissioner shall provide the general assembly
22 with an analysis of the reporting information furnished pursuant to § 27-82-4, and
23 recommendations with respect to a minimum dental loss ratio.

24 (b) The commissioner shall make a special annual assessment against each dental health
25 insurance carrier during years 2024, 2025, 2026, and 2027 for payment of all reasonable costs and
26 expenditures in connection with the study report and related analysis required by this section, no
27 greater than the combined maximum total of one hundred fifty thousand dollars (\$150,000) per
28 year for all carriers. Each annual assessment shall, subject to the foregoing maximum, be deemed
29 as reasonably sufficient reimbursement for any costs and expenditures necessary for the
30 commissioner to fulfill the commissioner's obligations under this section. The sums shall be
31 proportionately assessed by the commissioner against each dental health insurance carrier based on
32 relative annual fully insured membership enrollment, and may be billed whether or not the study
33 report has been completed. The carriers billed for such costs and expenditures shall make payment
34 to the commissioner within sixty (60) days of the date invoiced. Assessments made pursuant to this

1 [section may be credited to the normal operating costs of each dental health insurance carrier, and](#)
2 [shall be deposited as general revenue.](#)

3 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE -- DENTAL INSURANCE LOSS RATIO REPORTING AND
STUDY ACT

1 This act would require, for years 2025, 2026 and 2027, dental health insurance carriers to
2 file with the health insurance commissioner an actuarial memorandum disclosing its incurred
3 claims and earned premiums, in order to assist the health insurance commissioner with respect to
4 the issuance of a study report and recommendations regarding a dental insurance loss ratio. This
5 act would also allow the health insurance commission to assess dental health insurance carriers an
6 annual maximum combined amount of one hundred fifty thousand dollars (\$150,000) to defray the
7 costs of the study report.

8 This act would take effect upon passage.

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