

February 23, 2023

To the Senate Commerce Committee,

This is an impact statement in favor of legislation before you, SF1265. This bill closes a loophole that is currently used by Dental insurance companies. It addresses methods of payment from dental insurers to dental providers. This is of paramount interest to me because I am a dentist who owns a small dental office on the East Side of St. Paul. This issue directly impacts my business, my profession and my patients, many of whom are lower income workers, elderly, or socially marginalized.

My primary concern is that I should not have to incur fees in order to be paid for my services. Currently, many dental insurance companies in Minnesota use a loophole to pay providers for their services with virtual credit cards that require a fee to process. There is no requirement to have a "No Fee" payment option. In my office about 10% of the dental insurance companies utilize a fee-based payment method. There is often no option to receive a free check or Electronic Funds Transfer (EFT). When offered, other payment options have a processing fee attached. For some background information, you may be aware that credit card companies have transaction fees. Merchants accepting credit card, HSA, Debit, or virtual payments are required to pay a fee on each transaction. Fees are not negotiable and apply to all purchases. Part of the transaction fee proceeds are given to banks issuing cards as an incentive. I can only wonder if the dental insurance companies also receive a kickback for utilizing a credit card company for their payments.

Other aspects of this issue involve access to care. When I can no longer absorb the fees, then my patients will have to seek care elsewhere. The discount I already give these plans is too steep already. This additional expense brings me below the cost of doing business. These are the same insurance companies that utilize other nefarious practices, that are being addressed in a separate transparency bill. The patients that have these plans often have no other choice through their employment. Many are working hard at lower paying jobs and utilize public transit. They live in the neighborhood and seeking care elsewhere is a hardship. That is the only reason I have not yet dropped these plans. I have a business to run, that needs to break even. I hope that a few simple legislative fixes can keep better access to care on the East side of St. Paul.

As a small business owner, I thank you for your consideration of my opinion on this matter. This issue is important for small dental businesses to succeed. I would like to see the legislation pass to ensure that providers in the State of Minnesota don't have to pay to be paid.

Sincerely,

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