



March 6, 2024

The Honorable Matt Klein, Chair  
Senate Commerce & Consumer Protection  
Committee  
2105 Senate Office Building  
St. Paul, MN 55155

The Honorable Gary Dahms, Ranking Member  
Senate Commerce & Consumer Protection  
Committee  
2219 Senate Office Building  
St. Paul, MN 55155

**Re: SF1040 (Covered Dental Services Legislation)**

Dear Chair Klein and Ranking Member Dahms:

Thank you for the opportunity to provide comments on SF1040, a bill to alter the definition of dental "covered services" under Section 62Q.78, subd. 6 of the Minnesota Statutes.

Founded in 1969, Delta Dental of Minnesota is a non-profit health service plan corporation that administers dental benefits on behalf of our fellow Minnesotans. Our company has a statutory mission of advancing the public health by promoting the wider and more economical availability of dental services for the people of Minnesota.

We very much respect our dental provider partners and appreciate the opportunity to meet with both the Minnesota Dental Association and the bill author in an attempt to try to find common ground on this proposed legislation. However, given the complexity of the issues, we believe that more time is needed for stakeholders to work together to determine both the perceived scope of the problem and potential collaborative solutions. Respectfully, we believe the bill, as drafted, is out-of-step with the laws of other states, is unnecessary, and would increase out-of-pocket costs for patients.

First, in 2011, the dental profession and the insurance industry reached a compromise agreement on a "covered services" statute in Minnesota. The agreement, which included a statutory definition of "covered services," was enacted into law that year with the support of both the Minnesota Dental Association and the insurance industry and has been in force without modification since that time. Minnesota's current "covered services" statute is consistent with the laws of the vast majority of states. Essentially, the current law allows dental plans to assist consumers by prohibiting providers who choose to join a plan's network from billing the patient for the difference between the provider's list price and the plan's allowed charge on covered services, as further described below. The Minnesota law does not apply to out-of-network providers. Rather, it only applies to *network* providers, who agree to accept a dental plan's fee schedule and who, in turn, receive a higher volume of patients as a result of their network participation.

Across the country, 41 states have enacted "covered services" legislation, and we understand that 40 of them take the same approach as Minnesota. (9 states are believed to have no covered services law.) Our research has uncovered only one state, Iowa, that does not allow a dental plan to assist consumers in this fashion. As in Minnesota, most "covered services" laws of other states were enacted some time ago. In fact, we have found only three states that have enacted "covered services" legislation in the last five years, all of which take a similar approach to Minnesota's current law. Passage of SF1040 as drafted, would make Minnesota an outlier among the states.

Second, enactment of SF1040 as drafted is unnecessary. Dental providers already have a mechanism to receive compensation for services that are “covered services” under a dental plan, but are not reimbursed by a dental organization *in a given instance* due to a frequency limit or other plan limitation. Like other providers, dentists generally have a “list price” for their services, but a lower contractual price they agree to accept from the network dental plans they join. The difference between these two rates is called a “discount.” Under current law, the dental provider under these circumstances may bill *the patient* and be compensated at the discounted rate. This allows the patient to maintain the purchased discount while receiving the desired care.

Third, SF1040 as drafted would increase out-of-pocket costs for Minnesota patients. If patients do not receive the benefit of the discounted rate, patients could be billed the full list price for a given dental service, rather than the discounted rate provided in their purchased plan. For example\*:

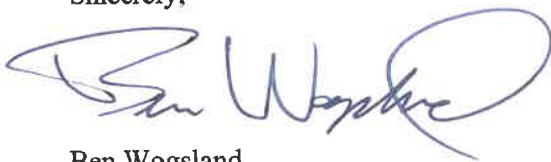
**Patient A** has a dental benefits plan that provides reimbursement for up to two cleanings per year. The agreed-upon rate reimbursed by the plan is \$90 for each cleaning, a discount from the dentist’s list price of \$110. Under the current law, if Patient A chooses to elect a third cleaning in a year and an **in-network** dentist agrees to provide the service, the dentist would bill Patient A the discounted rate of \$90, which Patient A would pay out-of-pocket. However, if SF1040 were enacted, the dentist could bill the patient the full list price of \$110, an increase of 22% in out-of-pocket costs to Patient A.

**Patient B** has a dental benefits plan that provides reimbursement for up to two exams per year. The agreed-upon rate reimbursed by the plan is \$55 for each exam, a discount from the dentist’s retail rate of \$65. Under the current law, if Patient B chooses to elect a third exam in a year and an **in-network** dentist agrees to provide the service, the dentist would bill Patient B the discounted rate of \$55, which Patient B would pay out-of-pocket. However, if SF1040 were enacted, the dentist could bill the patient the full list price of \$65, an increase of 18% in out-of-pocket costs to Patient B.

Given the Legislature’s interest in controlling out-of-pocket costs paid by patients, we strongly encourage the Legislature to maintain Minnesota’s current pro-consumer law and keep Minnesota united with almost every other state in the nation that has such a law.

We thank the Committee for the opportunity to provide these comments. Please let us know if you have any questions.

Sincerely,



Ben Wogsland  
Vice President of Government Affairs

cc: Senators Seeberger, Duckworth, Frentz, Howe, Latz, Rasmusson, Rest, and Wiklund

\*Examples are illustrative estimates.