



March 7, 2024

The Honorable Matt Klein
95 University Avenue W.
Minnesota Senate Building, Room 2105
St. Paul, Minnesota 55155

RE: SF 1040 – OPPOSE

Dear Senator Klein and Members of the Commerce and Consumer Protection Committee,

On behalf of the National Association of Dental Plans (NADP)¹, AHIP², and the American Council of Life Insurers (ACLI)³, we appreciate the opportunity to provide comments in opposition to Senate Bill 1040, which would burden consumers with dramatically higher costs and could limit access to oral health care for Minnesota's small businesses and families.

SF 1040 would limit the ability of dental plans to provide policyholders with negotiated rates for oral health care services by removing the right of insurers and dentists to determine mutually agreeable contractual terms that benefit consumers.

Specifically, the bill would prohibit consumer access to discounted rates for services that are beyond the enrollees' annual maximum benefit amount. Such agreed upon discounts benefit consumers. Proposals that prohibit such offerings not only harm consumers, but also infringe on the rights of dental plans and dental providers to enter contracts with terms that are agreed to by both parties. These agreements prove advantageous to not only providers and plans but also, more importantly, to plan enrollees. When enrollees benefit, it can result in access to better oral health care which can improve and lead to better overall health.

We are concerned that the movement to implement non-covered services legislation across the country harms consumers by removing a valuable financial benefit to them – an agreed-upon price for non-covered

¹ NADP is the largest non-profit trade association focused exclusively on the dental benefits industry. NADP's members provide dental HMO, dental PPO, dental indemnity and discount dental products to more than 200 million Americans with dental benefits. Our members include the entire spectrum of dental carriers: companies that provide both medical and dental coverage, companies that provide only dental coverage, major national carriers, regional, and single state companies, as well as companies organized as non-profit plans.

² AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and to help create a space where coverage is more affordable and accessible for everyone.

³ The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.

services. To keep coverage affordable, dental plans typically pay benefits based on a negotiated fee schedule within the network, with an emphasis on coverage for preventive services.

This approach to coverage is different than that for major medical coverage, resulting in a different approach when contracting with dental care providers. Unlike contracts for services under major medical coverage, it is common to negotiate fees, not only for covered services, but also for non-covered services. These negotiated rates are then made available to consumers as part of their dental plan. This is a long-standing practice that enables consumers to access high quality dental services at an affordable cost. Prohibiting such arrangements harms consumers, who would then be required to pay billed charges without the benefit of a negotiated fee on their behalf by their dental plan.

Studies routinely demonstrate that quality oral health care is extremely important to the development of children and the general health of adults. Should SF 1040 become law, consumers will face uncertain out-of-pocket obligations. The availability of services at discounted charges provides an incentive to consumers to obtain dental care, which plays a critical role in consumers' health. Without access to affordable and high-quality care, the delicate balance of overall health and financial stability is endangered.

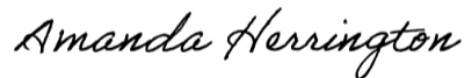
For these reasons, we oppose Senate Bill 1040 and urge you not to advance the legislation.

Thank you for your consideration.

Respectfully submitted,



Owen Urech
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National Association of Dental Plans



Amanda Herrington
Executive Director, Product Policy
America's Health Insurance Plans



Karen Melchert
Regional Vice President, State Relations
American Council of Life Insurers