

March 2, 2010

The Honorable Ann Cummings, Co-chair
The Honorable Chuck Kleckley, Co-chair
Health, Long-term Care & Health Retirement Issues Committee
National Conference of Insurance Legislators
385 Jordan Road
Troy, NY 12180

Dear Senator Cummings and Representative Kleckley:

Delta Dental Plans Association (“Delta Dental”) urges the members of NCOIL’s Health, Long-term Care & Health Retirement Issues Committee (“Committee) to vote against NCOIL’s Proposed Model Act Banning Fee Schedules for Uncovered Dental Services (“Proposed Model Act”) which is being considered by the Committee on March 6, 2010. The Proposed Model Act would prohibit contract provisions that allow consumers to benefit from contracted fees for services not specifically eligible for reimbursement under a patient’s dental benefit plan. Patients would be hurt by such a policy change, which would, in effect, increase out-of-pocket costs to dental patients.

Delta Dental member companies have developed dental plans that provide two unique sets of benefits to their customers.

- The first set of benefits is what is traditionally referred to as covered benefits. Covered benefits are those benefits for which a Delta Dental member company directly pays for the cost of dental services or provides reimbursement to the individual after receiving services that are identified as covered benefits under the policy.
- The second set of benefits is access to discounts for dental services which are not eligible for direct reimbursement by Delta Dental member companies. Instead, these discounts apply to dental services paid for solely by the individual. However, the patient benefits because a Delta Dental member company is able to negotiate, on their behalf, a discount that would not normally be available if they were acting on their own behalf.

NCOIL’s Proposed Model Act would prohibit Delta Dental member companies from providing this second set of benefits to their customers. In effect, the proposal would prevent Delta Dental member companies from negotiating additional savings on behalf of their customers. Dentists freely enter into contracts specifying these additional discounts in exchange for the benefits of participating in the Delta Dental network. Dentists see value in gaining access to the large pool of potential patients covered by Delta Dental member companies. Under the Proposed Model Act, Delta Dental member companies and dentists would be prohibited from entering into contracts that provide access to dental discounts to the customers of a Delta Dental member company. It represents a significant legislative involvement in private contracts without either 1) a showing that dental carriers or the dental industry needs the state’s involvement in the

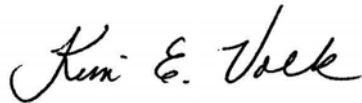
contracting process, or 2) a showing that consumers are harmed under the existing contract language which provides consumers access to discounted dental care.

Negotiated discounts protect consumers by prohibiting the dentist from balance-billing patients for the charges that exceed the negotiated prices for the dental services; thus, the savings from these negotiated discounts go directly to the consumer. Under NCOIL's proposed model act, consumers will be responsible for paying higher dental charges, putting significant financial strain on individuals and families. In these difficult financial times, consumers need all of the savings available to them.

Delta Dental hopes that Committee members share our goal of improving the overall health of individuals and in ensuring that dental care is available at an appropriate cost. Denying dental plans the ability to negotiate these fees on consumers' behalf would eliminate an important consumer protection. Delta Dental urges Committee members to vote against the Proposed Model Act.

Should you have any questions, please contact me or our representative Chris Petersen at 202-408-5147.

Sincerely,

A handwritten signature in black ink that reads "Kim E. Volk". The signature is written in a cursive, flowing style.

Kim Volk
President and CEO

About Delta Dental

Delta Dental is the nation's largest and most experienced dental benefits system. Its member companies serve over one-fourth of the estimated 173 million Americans with dental insurance, providing coverage to more than 54 million people in 89,000 groups across the nation. Since 1954, Delta Dental has worked to improve oral health in the U.S. by emphasizing preventive care and making dental coverage affordable to a wide variety of employers and groups.