

Dental Loss Ratio Reporting Requirements

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COLORADO
Department of
Regulatory Agencies
Division of Insurance



Agenda

- Review DRAFT Proposed New Regulation 4-2-XX - Dental Loss Ratio Reporting Requirements
 - Comments due 1/19/24
 - Send to DORA_INS_rulesandrecords@state.co.us
- Feedback on definitions, DLR calculation and reporting, and additional data reporting
- Next steps and timeline

Overview of DLR Reporting Requirements (§ 10-16-165(2)(a), C.R.S.)

DEFINITIONS

- The Commissioner shall define by rule:
 - Expenditures for clinical dental services
 - Activities that improve dental care quality
 - Overhead and administrative cost expenditures
 - Nonprofit community benefit expenditures



Expenditures for Clinical Dental Care Services

- **Services:** Diagnostic, preventive, or corrective procedures provided by any oral health care provider, including but not limited to dentists, dental therapists, hygienists, and assistants in the practice of their profession, including treatment of the teeth and associated structures of the oral cavity and treatment for disease, injury, or impairment that may affect the oral or general health of the enrollee.
- **Expenditures:** claims incurred by a carrier for clinical dental care services provided to enrollees, and payments under capitation contracts with dental providers whose services are covered by the contract. Expenditures for clinical dental care services shall not include the following:
 - Activities that improve dental care quality;
 - Overhead and administrative cost expenditures



Activities that Improve Dental Care Quality SHALL include

- Improve oral and overall health and advance oral health quality, including increasing the likelihood of desired outcomes compared to a baseline; reduce dental disparities among specified populations; and improve patient safety, reduce medical errors, or lower infection in ways that are capable of being objectively measured and of producing verifiable results and achievements;
- Directed toward individual enrollees or incurred for the benefit of specified segments of enrollees or provide oral health improvements to the population beyond those enrolled in coverage as long as no credit is taken for additional costs incurred due to the non-enrollees;
- Grounded in the implementation, development, or improvement of evidence-based medicine, widely accepted best clinical practice or criteria



Activities that Improve Dental Care Quality SHALL NOT include

1. Activities relating to lines of business or products other than dental, including the pro rata share of expenditures relating to both dental and non-dental business;
2. Activities paid for with grant money or other funding separate from premium revenue;
3. Activities that can be billed or allocated by a provider for care delivery and are reimbursed as clinical dental services;
4. Taxes and assessments;
5. Fines and penalties of regulatory authorities, and fees for examinations by any State or Federal Departments;
6. Any marketing component that displays the carrier's name, or that is paid for by the carrier to a carrier affiliate, either directly or indirectly.

Overhead and Administrative Cost Expenditures

OVERHEAD		
<ul style="list-style-type: none">• Rent• Legal fees & expenses	<ul style="list-style-type: none">• Professional consulting fees• Travel expenditures	<ul style="list-style-type: none">• Utility expenditures

ADMINISTRATIVE		
<ul style="list-style-type: none">• Activities to primarily control costs• Claims adjudication system• Utilization review• Fraud prevention	<ul style="list-style-type: none">• Provider contracting, managing network• Provider credentialing• Payroll (limited exceptions)• Marketing expenses	<ul style="list-style-type: none">• Enrollee/employee incentives• Sales and workforce salaries• Agent/broker fees & commissions• General

Nonprofit Community Benefit Expenditures Definition

- Expenditures for activities or programs that seek to achieve the objectives of improving access to dental care services, enhancing oral health and relief of government burden. This includes any of the following activities that:
 - Are available broadly to the public and serve low-income consumers;
 - Reduce geographic, financial, or cultural barriers to accessing dental services, and if ceased to exist would result in access problems (for example, longer wait times or increased travel distances);
 - Address Federal, State or local public health priorities, such as advancing oral health care knowledge through education or research that benefits the public;
 - Leverage or enhance public health department activities; or
 - Otherwise would become the responsibility of government or another tax-exempt organization.
- Excludes overhead or administrative cost expenditures



Overview of Reporting Requirements

- For initial reporting due on or before July 31, 2024, file form electronically and report the required data elements **by market segment** for plan years 2021 through 2024 by year
- On or before July 31 for each subsequent year, file form electronically and report required data elements **by market segment** for preceding calendar year in which dental coverage was provided by the dental coverage plan
- If purchase a line or block of business during reporting year, must submit required information and reports for assumed business, including for that part of the reporting year that preceded the purchase

DLR Calculation and Reporting

- Report the following separately for Colorado and nationwide market segment experience:
 - Number of covered lives
 - Amount incurred for clinical dental services provided to enrollees
 - Amount incurred on activities that improve dental care quality
 - Amount of claim payments identified through fraud reduction efforts
 - Amount of premium revenue
 - Federal and state taxes
 - Licensing and regulatory fees paid
 - Nonprofit community benefit expenditures
 - Other payments required by federal law

DLR Calculation and Reporting

- DLR shall be calculated for each market segment by dividing the numerator by the denominator, where
 - Numerator is the sum of
 - Amount incurred for clinical dental services provided to enrollees
 - Amount incurred on activities that improve dental care quality
 - Amount of claim payments identified through fraud reduction efforts
 - Denominator is
 - Total amount of premium revenue
 - Minus federal and state taxes
 - Minus licensing and regulatory fees paid
 - Minus nonprofit community benefit expenditures
 - Minus other payments required by federal law



Additional Data Reporting

- Report the following for the carrier's top ten dental plans for each market segment, based on enrollment in that market, and for any plans in which enrollees met or exceeded their annual coverage limit:
 - Number of enrollees enrolled in the carrier's dental coverage plan;
 - Plan cost-sharing and deductible amounts;
 - Annual maximum coverage limit; and
 - Number of enrollees who meet or exceed the annual coverage limit



Next Steps

- Rulemaking process
 - Comments due by 1/19
 - Hearing early March, followed by 3 day written comment period
 - Rule adoption late March
- Reporting template
 - Release draft for comment by end of month
- Questions and Comments
 - Send to: debra.judy@state.co.us and tara.smith@state.co.us

Questions?



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