SESSION OF 2010

SUPPLEMENTAL NOTE ON SENATE BILL NO. 389

As Amended by House Committee on Insurance

Brief*

SB 389, as amended, would prohibit health insurers from setting fees for services provided by dentists that are not covered by a contract, issued or renewed after the effective date of this Act, between the insurer and the dentist (a participating provider in the insurer's health benefit plan).

Under the bill, a "health benefit plan" would have the meaning ascribed to the term in KSA 40-4602. A "health benefit plan" also would include: subscription agreements issued by a nonprofit dental service corporation; policies of health insurance purchased by an individual; the state children's health insurance plan (to the extent permitted by law); and the state medical assistance program (to the extent permitted by law). The term "covered service," would be defined to mean a service which is reimbursable under the health benefit plan subject to any deductible, coinsurance, waiting period, frequency limitation or other contractual limitation contained in the health benefit plan, including but not limited to, annual or lifetime benefit maximums.

Background

The bill was introduced at the request of the Kansas Dental Association whose representative indicated that there is a new and impending national policy that will soon be seen in dental provider contracts that will negatively impact patient care and the dentist patient relationship; under this policy, the representative further stated, the insurance carrier would set

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*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at http://www.kslegislature.org

limits on what a dentist could charge a patient for their dental services, specifically on the services the insurer does not cover. Wichita dentist Ted Mason testified that needed care and elective services like cosmetic veneering, elective orthodontic treatment, and dental implants are sought after by many patients and nothing is to be gained by an insurance intrusion into fee arrangements that rightfully exist between a patient and provider. Other proponents appearing before the Committee included Dr. Dave Hamel, DDS (Marysville) and Dr. Hal Hale, DDS (Wichita).

America's Health Insurance Plans (AHIP) testified in opposition to the bill. The AHIP representative spoke to the effect the prohibition could have on consumers, noting that consumers will be harmed through a combination of higher prices for non-covered services and higher premiums for their dental coverages. The representative also noted that a contract between two private parties is at issue in the bill. Written testimony submitted by the Kansas Chamber indicated that a dental plan's ability to offer a single contracted fee schedule for all services under a group employer dental plan increases the scope of benefits without increasing employers' cost and increasing their likelihood to reduce benefit packages. Written testimony in opposition to the bill also was submitted by the Kansas Association of Health Plans.

The Senate Committee on Financial Institutions and Insurance recommended an amendment to expand "health benefit plan" to include individual health insurance policies, the State Children's Health Insurance Plan (SCHIP), and Medicaid.

The House Committee on Insurance recommended amendments to the bill to clarify which contracts would be subject to provisions of bill (specify an issuance and renewal date for contracts) and to amend the definition of the term, "covered service."

The fiscal note prepared by the Division of the Budget on the original bill states that passage of the bill would have no fiscal effect.