

Date: March 16, 2022

To: The Senate Committee on Public Health and Welfare

From: Kevin J. Robertson, CAE
Executive Director

RE: **Support of HB 2386** – concerning network leasing and virtual credit card payments

Chairman Hilderbrand and members of the Committee, I am Kevin Robertson, Executive Director of the Kansas Dental Association (KDA) representing the dentists in the state of Kansas. Thank you for the opportunity discuss the KDA's **support of HB 2386**.

The KDA requested introduction of HB 2386 in 2021. It is a National Council of Insurance Legislators (NCOIL) template that was a national compromise on many issues between the National Association of Dental Plans (NADP) and the American Dental Association (ADA). It originally contained three dental insurance issues of interest to the KDA – network leasing, prior authorization and virtual credit card claims payment. Though Kansas dentists felt very strongly about the provisions in HB 2386 regarding prior authorization, through our conversations with the state's largest dental carrier, Delta Dental of Kansas, in the spirit of compromise the KDA agreed to ask the House committee to remove that section. Since the time HB 2386 was passed by the House 118-3, a representative of Visa has contacted the KDA about a concern and we are amenable to their suggested amendment removing the language Sec 3 (b)(3) found on page 5, lines 34 and 35 as follows, ~~(3) — notify the dentist if the dental benefit plan is sharing a part of the profit of the fee charged by the credit card company to pay the claim.~~

Currently, some dental carriers will lease their existing provider network to another third party entity without the knowledge of those providers. This becomes problematic for dentists and patients alike when a patient calls or arrives for an appointment at the dental office with dental insurance coverage and benefits that the dentist did not even know they were obligated to! The dentist is left unaware of the coverage and is little help to assist the patients navigate their benefits and dental treatment. HB 2386 provides transparency to this process by allowing the dentist to opt out of such requirement while staying within original network or by allowing a dentist to not participate in third party access. This results in dentists who are fully engaged to choose the insurance networks they participate in.

The other provision in HB 2386 has to do with the way in which some insurance carriers require their dental providers to receive compensation or reimbursement for the treatment they have provided to their covered patients. More and more the KDA is seeing insurance carriers require dentists to accept their claim payment via virtual credit card. One way this works is the dentist submits a claim to the insurance carrier, the insurance carrier basically faxes back a page with the credit card number that they redeem to get paid. This sounds nice and efficient, but the dentist can get stuck with a credit card processing fee approaching 5%! An overwhelming majority dentists across Kansas operate dental practices that are small businesses. They are doing their best to hold down unnecessary and burdensome costs while serving the community. Yet, in some cases, the insurance carrier actually receives a share of the revenue generated from these transaction fees.

The scenario is this – a local dentist joins the provider network of the insurance carrier that is providing dental coverage to the employees of a local business in the community. As part of the network agreement, the dentist may have agreed to accept a payment schedule at 70% (perhaps lower) of their usual and customary fees. The dentist submits and then receives payments on their claims and is paid via a virtual credit card that has 5% transaction fee. Though this may be cost efficient for the insurance carrier, the 70% payment that the dentist agreed to is now only 65% and to add insult to injury the insurance carrier received a 2% commission on the total fees collected!

HB 2386 does not say a dental insurance carrier can't make payment to a dentist via virtual credit card. It just says it can't be the only form of payment. Like the provisions regarding the network leasing, the bill specifies transparency to allow the dentist to make informed decisions regarding payment, and, be offered a transaction fee free payment alternative.

Drs. Jill Jenkins and Allen Reavis are with me today and they will be testifying to discuss the realities of these issues in their dental practices.

Again, I'd like to thank Delta Dental of Kansas for working with the KDA on these bills to bring them before your today. Thank you for the opportunity to testify today in support of HB 2386. I will be happy answer any questions you may have at the appropriate time.