

March 18, 2024

The Honorable William Sutton, Chairperson
House Committee on Insurance
300 SW 10th Avenue, Room 218-N
Topeka, Kansas 66612

Dear Representative Sutton:

SUBJECT: Fiscal Note for HB 2752 by House Committee on Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2752 is respectfully submitted to your committee.

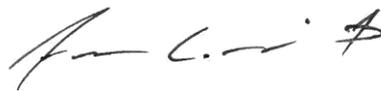
HB 2752 would enact the Dental Loss Ratio Act. The bill would define “dental loss ratio” as the percentage of premium dollars collected each year for a dental benefit plan that the plan incurs on clinical dental services provided to an insured, separate from overhead and administrative costs. Every dental benefit plan would be required to file a dental loss ratio annual report with the Kansas Insurance Department that would be subject to the Kansas Open Records Act. Starting July 1, 2025, the required dental loss ratio would be 85.0 percent. The bill would require that by each July 1, carriers offering dental benefit plans would file group product base rates and any changes to the group rating factors that would become effective on January 1. The Department would disapprove any proposed changes to base rates that are excessive, inadequate, or unreasonable in relation to the benefits charged. The Department would also disapprove any changes to group rating factors that are discriminatory or not actuarially sound. The bill further details other instances when the Department would disapprove rates changes and provides steps a carrier would take to notify those covered under the group of the disapproval and steps the Department would take to notify the carrier and hold public hearings.

If the dental benefits plan dental loss ratio percentage is less than the required dental loss ratio percentage, the dental benefit plan would return the dollar amount reflecting the monetary difference between the required dental loss ratio percentage and the dental benefit plan's actual dental loss ratio percentage in the form of a rebate. Rebates would be issued on a pro rata basis to individuals insured. However, if the rebate is returned to the plan administrator, then the entire amount of the rebate would be used to defray the premiums of the insureds enrolled in the dental

plan next year. The Insurance Commissioner could adopt rules and regulations necessary to implement and administer the Act. The Act would not apply to health benefit plans for healthcare services under Medicaid, the Children's Health Insurance Program, or any other state-sponsored health program.

The Kansas Insurance Department, the Kansas Dental Board, the Department of Administration, the Department for Aging and Disability Services, and the Department of Health and Environment all state that the bill would not have a fiscal effect on their operations. Any fiscal effect associated with HB 2752 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Bobbi Mariani, Insurance Department
Charity Carlat, Kansas Dental Board
Tamara Emery, Department of Administration
Amy Penrod, Department of Health & Environment
Leigh Keck, Department for Aging & Disability Services