

Rhode Island Dental Association  
House of Delegates 11/19/19

Report from  
Council on Dental Benefits

On November 12, 2019, Christy Durant, Chris Klimecko, and I met with the RI Insurance Commissioner (OHIC) to discuss multiple issues plaguing the member dentists in RI. At that meeting, the claim was made that Delta Dental of RI is a monopsony and due to its control over the workforce (dentists), low rates of reimbursement (2008), low operating costs (lower than they were 25 years ago), and a controlling market share (8 x as large as their next largest competitor and the 2<sup>nd</sup> largest market share of any Delta Dental plan in the U.S.), DDRI is inhibiting competition from entering RI and as such may be engaged in illegal activity.

We explained that DDRI has moved beyond its original purpose of incorporation and has in essence become “a bank” funding for profit companies such as First Circle and other start-ups including a recent venture capital firm. As the ultimate parent company of several for profit corporations, DDRI funnels money between all the other corporations and reaps the rewards from those companies.

We linked these actions and the poor reimbursement rate to the lack of participation in the state dental assistance program. We also advised the panel that the low reimbursement rates are having a deleterious effect on the dental industry in RI such as the inability to pay competitive wages to ancillary personnel, the inability to purchase or update technology and equipment, being unable to attract new dentists to RI, and the fact older dentists are unable to sell their practices and just close their business. We discussed our concerns for the future and the risk of inviting corporate DSO’s into the area with the knowledge that this has already begun with the consolidation of several local offices.

While the majority of the meeting focused on this issue we also discussed several contractual issues in regard to our state Non-Covered Services law and how out of state plans are finding loopholes to circumvent the legislation. In regard to those issues OHIC may have limited power and as such it may result in the need to amend our current legislation and/or pass new legislation.

Out of state plans, such as CIGNA and MetLife, are making the claim that they are not subject to RI laws because they are not RI corporations. We argued that while they may not be RI companies they are entering into business contracts with RI providers and that the contracts we sign state that they are governed by RI law. This is an issue that we are going to have to discuss further and both we and OHIC are going to have to research this in more detail.

Finally, most if not all contracts have affiliated carrier clauses or provider leasing agreements. For example, all Delta Dental of RI providers are considered providers for all Delta Dental plans in the nation even though we have not executed contracts with any of these other plans. While this may help increase the patient population of our offices, it subjects us multiple processing policies which differ from plan to plan. As such, procedures approved by DDRI may be disallowed by another out of state Delta Dental plan. In addition, several out of state Delta plans have different interpretations of the term “Alternate Benefit” and “Covered” which has resulted in violations of RIGL 27-18.8-4. However despite being considered providers for these plans, most if not all of us have not directly signed contracts with these plans. Therefore, to have the claims corrected we must petition DDRI to intervene on our behalf.

The state of New Jersey recently passed legislation which would allow dentists to “Opt Out” of these leasing agreements. However, Delta Dental would be exempt from this law as would any plan which is an affiliate of or the same brand as the “parent” plan. We may consider passage of similar legislation which would allow us to opt out of ALL affiliate plans if we so choose. Realize that Delta Dental will definitely fight strongly against this legislation and the only reason they supported it in New Jersey was it strengthened their ability to exclude other plans from their area.

Respectfully Submitted,

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Chair- Council on Dental Benefits