

REFERENCE TITLE: dental insurance; medical loss ratio

State of Arizona
Senate
Fifty-sixth Legislature
First Regular Session
2023

SB 1302

Introduced by
Senator Kavanagh

AN ACT

AMENDING SECTIONS 20-847, 20-1057.12, 20-1342.06, 20-1402.04 AND
20-1404.04, ARIZONA REVISED STATUTES; RELATING TO DENTAL INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-847, Arizona Revised Statutes, is amended to
3 read:

4 20-847. Contracts; dentists; covered services; medical loss
5 ratio report; rebate; rates and rating factors;
6 definitions

7 A. A contract, ~~entered into or renewed on or after January 1,~~
8 ~~2011,~~ between a dental service corporation and a dentist who is licensed
9 to practice in this state shall not require the dentist to provide
10 ~~services~~ A SERVICE to an individual covered under a subscription contract
11 based on a fee set by the dental service corporation unless the service
12 for which the fee applies is a covered service under the individual's
13 subscription contract.

14 B. BOTH OF THE FOLLOWING APPLY TO A DENTAL SERVICE CORPORATION THAT
15 OFFERS, ISSUES OR RENEWS A SUBSCRIPTION CONTRACT COVERING DENTAL SERVICES:

16 1. ON OR BEFORE MARCH 31 OF EACH YEAR, THE DENTAL SERVICE
17 CORPORATION SHALL FILE WITH THE DEPARTMENT A MEDICAL LOSS RATIO REPORT
18 THAT IS ORGANIZED BY MARKET AND PRODUCT TYPE. THE MEDICAL LOSS RATIO
19 REPORTING YEAR IS THE CALENDAR YEAR DURING WHICH DENTAL COVERAGE IS
20 PROVIDED BY THE SUBSCRIPTION CONTRACT. ALL TERMS USED IN THE MEDICAL LOSS
21 RATIO REPORT SHALL HAVE THE SAME MEANINGS PRESCRIBED IN THE PUBLIC HEALTH
22 SERVICE ACT (45 CODE OF FEDERAL REGULATIONS PART 158). THE MEDICAL LOSS
23 RATIO REPORT SHALL CONTAIN THE FOLLOWING INFORMATION:

- 24 (a) THE COMPANY NAME.
- 25 (b) THE GROUP AFFILIATION.
- 26 (c) THE FEDERAL EMPLOYMENT IDENTIFICATION NUMBER.
- 27 (d) THE BEST CONTACT TELEPHONE NUMBER IN THE DAY TIME.
- 28 (e) THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS GROUP CODE.
- 29 (f) THE DOING BUSINESS AS NAME.
- 30 (g) THE ISSUER IDENTIFICATION NUMBER.
- 31 (h) BUSINESS, IN WHAT STATE.
- 32 (i) THE DOMICILIARY STATE.
- 33 (j) THE ADDRESS.
- 34 (k) THE FEDERAL TAX EXEMPT NUMBER.
- 35 (l) THE MARKETPLACE.
- 36 (m) THE MERGE MARKETS.
- 37 (n) THE NONPROFIT NUMBER.
- 38 (o) THE MEDICAL LOSS RATIO REPORTING YEAR.

39 2. IF DATA VERIFICATION OF A MEDICAL LOSS RATIO REPORT IS DEEMED
40 NECESSARY, THE DEPARTMENT SHALL NOTIFY THE DENTAL SERVICE CORPORATION AT
41 LEAST THIRTY DAYS BEFORE BEGINNING ANY FINANCIAL EXAMINATION. THE DENTAL
42 SERVICE CORPORATION SHALL SUBMIT ALL REQUESTED DATA TO THE DEPARTMENT
43 WITHIN THIRTY DAYS AFTER RECEIVING THE NOTICE. ON A FINDING OF GOOD
44 CAUSE, THE DEPARTMENT MAY EXTEND THE TIME FOR A DENTAL SERVICE CORPORATION
45 TO COMPLY WITH THIS PARAGRAPH.

1 C. THE DEPARTMENT SHALL MAKE AVAILABLE TO THE PUBLIC THE MEDICAL
2 LOSS RATIO REPORT AND ALL DATA PROVIDED BY A DENTAL SERVICE CORPORATION
3 PURSUANT TO SUBSECTION B OF THIS SECTION.

4 D. SUBSECTION B OF THIS SECTION DOES NOT APPLY TO A DENTAL SERVICE
5 CORPORATION THAT PROVIDES SERVICES UNDER THE CHILDREN'S HEALTH INSURANCE
6 PROGRAM PURSUANT TO TITLE 36, CHAPTER 29, ARTICLE 4 OR THIS STATE'S HEALTH
7 AND ACCIDENT INSURANCE PURSUANT TO TITLE 38, CHAPTER 4, ARTICLE 4.

8 E. A DENTAL SERVICE CORPORATION OWES A REBATE TO SUBSCRIBERS ON A
9 PRO RATA BASIS BY AUGUST 1 FOLLOWING THE CALENDAR YEAR FOR WHICH THE
10 MEDICAL LOSS RATIO WAS FILED IF THE MEDICAL LOSS RATIO:

11 1. FOR A LARGE GROUP MARKET DENTAL SERVICE CORPORATION IS LESS THAN
12 EIGHTY-FIVE PERCENT. THE REBATE CALCULATION IS THE PERCENTAGE AMOUNT
13 UNDER EIGHTY-FIVE PERCENT MULTIPLIED BY THE TOTAL PREMIUM REVENUE.

14 2. FOR A SMALL GROUP MARKET DENTAL SERVICE CORPORATION IS LESS THAN
15 EIGHTY PERCENT. THE REBATE CALCULATION IS THE PERCENTAGE AMOUNT UNDER
16 EIGHTY PERCENT MULTIPLIED BY THE TOTAL PREMIUM REVENUE.

17 F. A DENTAL SERVICE CORPORATION SHALL FILE GROUP PRODUCT BASE RATES
18 AND ANY CHANGES TO THE GROUP RATING FACTORS THAT ARE TO BECOME EFFECTIVE
19 JANUARY 1 OF EACH CALENDAR YEAR ON OR BEFORE JULY 1 OF THE PRECEDING YEAR.
20 IF THE GROUP PRODUCT BASE RATES OR THE GROUP RATING FACTORS ARE EXCESSIVE,
21 INADEQUATE OR UNREASONABLE IN RELATION TO THE BENEFITS CHARGED OR ARE
22 DISCRIMINATORY OR NOT ACTUARILY SOUND, THE DEPARTMENT SHALL DENY THE GROUP
23 PRODUCT BASE RATES OR GROUP RATING FACTORS.

24 G. THE DEPARTMENT SHALL PRESUMPTIVELY DENY THE GROUP PRODUCT BASE
25 RATES OR THE GROUP RATING FACTORS IF ANY OF THE FOLLOWING APPLIES:

26 1. A DENTAL SERVICE CORPORATION FILES A BASE RATE CHANGE AND THE
27 ADMINISTRATIVE EXPENSE LOADING COMPONENT, INCLUDING TAXES AND ASSESSMENTS,
28 INCREASED BY MORE THAN THE MOST RECENT CALENDAR YEAR'S PERCENTAGE INCREASE
29 IN THE CONSUMER PRICE INDEX FOR DENTAL SERVICES FOR ALL URBAN CONSUMERS,
30 UNITED STATES CITY AVERAGE.

31 2. A DENTAL SERVICE CORPORATION'S REPORTED CONTRIBUTION TO SURPLUS
32 EXCEEDS 1.9 PERCENT.

33 3. THE AGGREGATE MEDICAL LOSS RATIO FOR ALL PLANS OFFERED BY A
34 LARGE GROUP DENTAL SERVICE CORPORATION IS LESS THAN EIGHTY-FIVE PERCENT.

35 4. THE AGGREGATE MEDICAL LOSS RATIO FOR ALL PLANS OFFERED BY A
36 SMALL GROUP DENTAL SERVICE CORPORATION IS LESS THAN EIGHTY PERCENT.

37 H. THE DENTAL SERVICE CORPORATION SHALL NOTIFY ALL SUBSCRIBERS
38 UNDER THE SUBSCRIPTION CONTRACT IF THE DEPARTMENT PRESUMPTIVELY DENIES THE
39 GROUP PRODUCT BASE RATES OR THE GROUP RATING FACTORS.

40 I. A DENTAL SERVICE CORPORATION MAY NOT IMPLEMENT DENIED RATES
41 UNLESS THE DEPARTMENT OR A COURT OF COMPETENT JURISDICTION REVERSES THE
42 DENIAL.

43 J. A DENTAL SERVICE CORPORATION MAY REQUEST AN ADMINISTRATIVE
44 HEARING PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10.

1 ~~B.~~ K. This section does not restrict the ability of a dental
2 service corporation to establish dental benefits for services offered by
3 plans that are administered but not insured by the dental service
4 corporation.

5 ~~C.~~ L. For the purposes of this section: ~~;~~

6 1. "Covered service" means a service for which any reimbursement is
7 available under a subscription contract without regard to contractual
8 limitations by a deductible, copayment, coinsurance, waiting period,
9 annual or lifetime maximum, frequency limitation, alternative benefit
10 payment, exclusion or other limitation.

11 2. "LARGE GROUP MARKET" HAS THE SAME MEANING PRESCRIBED IN 42
12 UNITED STATES CODE SECTION 18024.

13 3. "MEDICAL LOSS RATIO" MEANS THE PERCENTAGE OF ALL PREMIUMS THAT
14 ARE COLLECTED BY A DENTAL SERVICE CORPORATION EACH YEAR AND THAT ARE SPENT
15 ON DENTAL SERVICES AND ACTIVITIES THAT IMPROVE THE QUALITY OF DENTAL CARE,
16 EXCLUDING FEDERAL AND STATE TAXES, LICENSING OR REGULATORY FEES, RISK
17 ADJUSTMENT FEES, RISK CORRIDORS AND REINSURANCE COSTS.

18 4. "SMALL GROUP MARKET" HAS THE SAME MEANING PRESCRIBED IN 42
19 UNITED STATES CODE SECTION 18024.

20 Sec. 2. Section 20-1057.12, Arizona Revised Statutes, is amended to
21 read:

22 20-1057.12. Contracts; dentists; covered services; medical
23 loss ratio report; rebate; rates and rating
24 factors; definitions

25 A. A contract, ~~;~~ entered into or renewed on ~~or after January 1,~~
26 ~~2011,~~ between a health care services organization and a dentist who is
27 licensed to practice in this state shall not require the dentist to
28 provide ~~services~~ A SERVICE to an individual covered under an evidence of
29 coverage based on a fee set by the health care services organization
30 unless the ~~services~~ SERVICE for which the fee applies is a covered service
31 under the individual's evidence of coverage.

32 B. BOTH OF THE FOLLOWING APPLY TO A HEALTH CARE SERVICES
33 ORGANIZATION THAT OFFERS, ISSUES OR RENEWS AN EVIDENCE OF COVERAGE FOR
34 DENTAL SERVICES:

35 1. ON OR BEFORE MARCH 31 OF EACH YEAR, THE HEALTH CARE SERVICES
36 ORGANIZATION SHALL FILE WITH THE DEPARTMENT A MEDICAL LOSS RATIO REPORT
37 THAT IS ORGANIZED BY MARKET AND PRODUCT TYPE. THE MEDICAL LOSS RATIO
38 REPORTING YEAR IS THE CALENDAR YEAR DURING WHICH DENTAL COVERAGE IS
39 PROVIDED BY THE EVIDENCE OF COVERAGE. ALL TERMS USED IN THE MEDICAL LOSS
40 RATIO REPORT SHALL HAVE THE SAME MEANINGS PRESCRIBED IN THE PUBLIC HEALTH
41 SERVICE ACT (45 CODE OF FEDERAL REGULATIONS PART 158). THE MEDICAL LOSS
42 RATIO REPORT SHALL CONTAIN THE FOLLOWING INFORMATION:

- 43 (a) THE COMPANY NAME.
- 44 (b) THE GROUP AFFILIATION.
- 45 (c) THE FEDERAL EMPLOYMENT IDENTIFICATION NUMBER.

- 1 (d) THE BEST CONTACT TELEPHONE NUMBER IN THE DAY TIME.
- 2 (e) THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS GROUP CODE.
- 3 (f) THE DOING BUSINESS AS NAME.
- 4 (g) THE ISSUER IDENTIFICATION NUMBER.
- 5 (h) BUSINESS, IN WHAT STATE.
- 6 (i) THE DOMICILIARY STATE.
- 7 (j) THE ADDRESS.
- 8 (k) THE FEDERAL TAX EXEMPT NUMBER.
- 9 (l) THE MARKETPLACE.
- 10 (m) THE MERGE MARKETS.
- 11 (n) THE NONPROFIT NUMBER.
- 12 (o) THE MEDICAL LOSS RATIO REPORTING YEAR.

13 2. IF DATA VERIFICATION OF A MEDICAL LOSS RATIO REPORT IS DEEMED
14 NECESSARY, THE DEPARTMENT SHALL NOTIFY THE HEALTH CARE SERVICES
15 ORGANIZATION AT LEAST THIRTY DAYS BEFORE BEGINNING ANY FINANCIAL
16 EXAMINATION. THE HEALTH CARE SERVICES ORGANIZATION SHALL SUBMIT ALL
17 REQUESTED DATA TO THE DEPARTMENT WITHIN THIRTY DAYS AFTER RECEIVING THE
18 NOTICE. ON A FINDING OF GOOD CAUSE, THE DEPARTMENT MAY EXTEND THE TIME
19 FOR A HEALTH CARE SERVICES ORGANIZATION TO COMPLY WITH THIS PARAGRAPH.

20 C. THE DEPARTMENT SHALL MAKE AVAILABLE TO THE PUBLIC THE MEDICAL
21 LOSS RATIO REPORT AND ALL DATA PROVIDED BY A HEALTH CARE SERVICES
22 ORGANIZATION PURSUANT TO SUBSECTION B OF THIS SECTION.

23 D. SUBSECTION B OF THIS SECTION DOES NOT APPLY TO A HEALTH CARE
24 SERVICES ORGANIZATION THAT PROVIDES SERVICES UNDER THE CHILDREN'S HEALTH
25 INSURANCE PROGRAM PURSUANT TO TITLE 36, CHAPTER 29, ARTICLE 4 OR THIS
26 STATE'S HEALTH AND ACCIDENT INSURANCE PURSUANT TO TITLE 38, CHAPTER 4,
27 ARTICLE 4.

28 E. A HEALTH CARE SERVICES ORGANIZATION OWES A REBATE TO ENROLLEES
29 ON A PRO RATA BASIS BY AUGUST 1 FOLLOWING THE CALENDAR YEAR FOR WHICH THE
30 MEDICAL LOSS RATIO WAS FILED IF THE MEDICAL LOSS RATIO:

31 1. FOR A LARGE GROUP MARKET DENTAL SERVICE CORPORATION IS LESS THAN
32 EIGHTY-FIVE PERCENT. THE REBATE CALCULATION IS THE PERCENTAGE AMOUNT
33 UNDER EIGHTY-FIVE PERCENT MULTIPLIED BY THE TOTAL PREMIUM REVENUE.

34 2. FOR A SMALL GROUP MARKET DENTAL SERVICE CORPORATION IS LESS THAN
35 EIGHTY PERCENT. THE REBATE CALCULATION IS THE PERCENTAGE AMOUNT UNDER
36 EIGHTY PERCENT MULTIPLIED BY THE TOTAL PREMIUM REVENUE.

37 F. A HEALTH CARE SERVICES ORGANIZATION SHALL FILE GROUP PRODUCT
38 BASE RATES AND ANY CHANGES TO THE GROUP RATING FACTORS THAT ARE TO BECOME
39 EFFECTIVE JANUARY 1 OF EACH CALENDAR YEAR ON OR BEFORE JULY 1 OF THE
40 PRECEDING YEAR. IF THE GROUP PRODUCT BASE RATES OR THE GROUP RATING
41 FACTORS ARE EXCESSIVE, INADEQUATE OR UNREASONABLE IN RELATION TO THE
42 BENEFITS CHARGED OR ARE DISCRIMINATORY OR NOT ACTUARILY SOUND, THE
43 DEPARTMENT SHALL DENY THE GROUP PRODUCT BASE RATES OR GROUP RATING
44 FACTORS.

1 G. THE DEPARTMENT SHALL PRESUMPTIVELY DENY THE GROUP PRODUCT BASE
2 RATES OR THE GROUP RATING FACTORS IF ANY OF THE FOLLOWING APPLIES:

3 1. A HEALTH CARE SERVICES ORGANIZATION FILES A BASE RATE CHANGE AND
4 THE ADMINISTRATIVE EXPENSE LOADING COMPONENT, INCLUDING TAXES AND
5 ASSESSMENTS, INCREASED BY MORE THAN THE MOST RECENT CALENDAR YEAR'S
6 PERCENTAGE INCREASE IN THE CONSUMER PRICE INDEX FOR DENTAL SERVICES FOR
7 ALL URBAN CONSUMERS, UNITED STATES CITY AVERAGE.

8 2. A HEALTH CARE SERVICES ORGANIZATION'S REPORTED CONTRIBUTION TO
9 SURPLUS EXCEEDS 1.9 PERCENT.

10 3. THE AGGREGATE MEDICAL LOSS RATIO FOR ALL PLANS OFFERED BY A
11 LARGE GROUP HEALTH CARE SERVICES ORGANIZATION IS LESS THAN EIGHTY-FIVE
12 PERCENT.

13 4. THE AGGREGATE MEDICAL LOSS RATIO FOR ALL PLANS OFFERED BY A
14 SMALL GROUP DENTAL SERVICE CORPORATION IS LESS THAN EIGHTY PERCENT.

15 H. THE HEALTH CARE SERVICES ORGANIZATION SHALL NOTIFY ALL ENROLLEES
16 UNDER THE EVIDENCE OF COVERAGE IF THE DEPARTMENT PRESUMPTIVELY DENIES THE
17 GROUP PRODUCT BASE RATES OR THE GROUP RATING FACTORS.

18 I. A HEALTH CARE SERVICES ORGANIZATION MAY NOT IMPLEMENT DENIED
19 RATES UNLESS THE DEPARTMENT OR A COURT OF COMPETENT JURISDICTION REVERSES
20 THE DENIAL.

21 J. A HEALTH CARE SERVICES ORGANIZATION MAY REQUEST AN
22 ADMINISTRATIVE HEARING PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10.

23 ~~B.~~ K. This section does not restrict the ability of a health care
24 services organization to establish dental benefits for services offered by
25 plans that are administered but not insured by the health care services
26 organization.

27 ~~C.~~ L. For the purposes of this section: ~~;~~

28 1. "Covered service" means a service for which any reimbursement is
29 available under an evidence of coverage without regard to contractual
30 limitations by a deductible, copayment, coinsurance, waiting period,
31 annual or lifetime maximum, frequency limitation, alternative benefit
32 payment, exclusion or other limitation.

33 2. "LARGE GROUP MARKET" HAS THE SAME MEANING PRESCRIBED IN 42
34 UNITED STATES CODE SECTION 18024.

35 3. "MEDICAL LOSS RATIO" MEANS THE PERCENTAGE OF ALL PREMIUMS THAT
36 ARE COLLECTED BY A DENTAL SERVICE CORPORATION EACH YEAR AND THAT ARE SPENT
37 ON DENTAL SERVICES AND ACTIVITIES THAT IMPROVE THE QUALITY OF DENTAL CARE,
38 EXCLUDING FEDERAL AND STATE TAXES, LICENSING OR REGULATORY FEES, RISK
39 ADJUSTMENT FEES, RISK CORRIDORS AND REINSURANCE COSTS.

40 4. "SMALL GROUP MARKET" HAS THE SAME MEANING PRESCRIBED IN 42
41 UNITED STATES CODE SECTION 18024.

1 Sec. 3. Section 20-1342.06, Arizona Revised Statutes, is amended to
2 read:

3 20-1342.06. Contracts; dentists; covered services; medical
4 loss ratio report; rebate; rates and rating
5 factors; definitions

6 A. A contract, ~~entered into or renewed on or after January 1,~~
7 ~~2011,~~ between a disability insurer and a dentist who is licensed to
8 practice in this state shall not require the dentist to provide ~~services~~ A
9 SERVICE to an individual covered under a disability insurance policy based
10 on a fee set by the disability insurer unless the ~~services~~ SERVICE for
11 which the fee applies is a covered service under the individual's
12 disability insurance policy.

13 B. BOTH OF THE FOLLOWING APPLY TO A DISABILITY INSURER THAT OFFERS,
14 ISSUES OR RENEWS A DISABILITY INSURANCE POLICY COVERING DENTAL SERVICES:

15 1. ON OR BEFORE MARCH 31 OF EACH YEAR, THE DISABILITY INSURER SHALL
16 FILE WITH THE DEPARTMENT A MEDICAL LOSS RATIO REPORT THAT IS ORGANIZED BY
17 MARKET AND PRODUCT TYPE. THE MEDICAL LOSS RATIO REPORTING YEAR IS THE
18 CALENDAR YEAR DURING WHICH DENTAL COVERAGE IS PROVIDED BY THE CONTRACT.
19 ALL TERMS USED IN THE MEDICAL LOSS RATIO REPORT SHALL HAVE THE SAME
20 MEANINGS PRESCRIBED IN THE PUBLIC HEALTH SERVICE ACT (45 CODE OF FEDERAL
21 REGULATIONS PART 158). THE MEDICAL LOSS RATIO REPORT SHALL CONTAIN THE
22 FOLLOWING INFORMATION:

- 23 (a) THE COMPANY NAME.
- 24 (b) THE GROUP AFFILIATION.
- 25 (c) THE FEDERAL EMPLOYMENT IDENTIFICATION NUMBER.
- 26 (d) THE BEST CONTACT TELEPHONE NUMBER IN THE DAY TIME.
- 27 (e) THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS GROUP CODE.
- 28 (f) THE DOING BUSINESS AS NAME.
- 29 (g) THE ISSUER IDENTIFICATION NUMBER.
- 30 (h) BUSINESS, IN WHAT STATE.
- 31 (i) THE DOMICILIARY STATE.
- 32 (j) THE ADDRESS.
- 33 (k) THE FEDERAL TAX EXEMPT NUMBER.
- 34 (l) THE MARKETPLACE.
- 35 (m) THE MERGE MARKETS.
- 36 (n) THE NONPROFIT NUMBER.
- 37 (o) THE MEDICAL LOSS RATIO REPORTING YEAR.

38 2. IF DATA VERIFICATION OF A MEDICAL LOSS RATIO REPORT IS DEEMED
39 NECESSARY, THE DEPARTMENT SHALL NOTIFY THE DISABILITY INSURER AT LEAST
40 THIRTY DAYS BEFORE BEGINNING ANY FINANCIAL EXAMINATION. THE DISABILITY
41 INSURER SHALL SUBMIT ALL REQUESTED DATA TO THE DEPARTMENT WITHIN THIRTY
42 DAYS AFTER RECEIVING THE NOTICE. ON A FINDING OF GOOD CAUSE, THE
43 DEPARTMENT MAY EXTEND THE TIME FOR A DISABILITY INSURER TO COMPLY WITH
44 THIS PARAGRAPH.

1 C. THE DEPARTMENT SHALL MAKE AVAILABLE TO THE PUBLIC THE MEDICAL
2 LOSS RATIO REPORT AND ALL DATA PROVIDED BY A DISABILITY INSURER PURSUANT
3 TO SUBSECTION B OF THIS SECTION.

4 D. SUBSECTION B OF THIS SECTION DOES NOT APPLY TO A DISABILITY
5 INSURER THAT PROVIDES SERVICES UNDER THE CHILDREN'S HEALTH INSURANCE
6 PROGRAM PURSUANT TO TITLE 36, CHAPTER 29, ARTICLE 4 OR THIS STATE'S HEALTH
7 AND ACCIDENT INSURANCE PURSUANT TO TITLE 38, CHAPTER 4, ARTICLE 4.

8 E. A DISABILITY INSURER OWES A REBATE TO INSUREDS ON A PRO RATA
9 BASIS BY AUGUST 1 FOLLOWING THE CALENDAR YEAR FOR WHICH THE MEDICAL LOSS
10 RATIO WAS FILED IF THE MEDICAL LOSS RATIO:

11 1. FOR A LARGE GROUP MARKET DENTAL SERVICE CORPORATION IS LESS THAN
12 EIGHTY-FIVE PERCENT. THE REBATE CALCULATION IS THE PERCENTAGE AMOUNT
13 UNDER EIGHTY-FIVE PERCENT MULTIPLIED BY THE TOTAL PREMIUM REVENUE.

14 2. FOR A SMALL GROUP MARKET DENTAL SERVICE CORPORATION IS LESS THAN
15 EIGHTY PERCENT. THE REBATE CALCULATION IS THE PERCENTAGE AMOUNT UNDER
16 EIGHTY PERCENT MULTIPLIED BY THE TOTAL PREMIUM REVENUE.

17 F. A DISABILITY INSURER SHALL FILE GROUP PRODUCT BASE RATES AND ANY
18 CHANGES TO THE GROUP RATING FACTORS THAT ARE TO BECOME EFFECTIVE JANUARY 1
19 OF EACH CALENDAR YEAR ON OR BEFORE JULY 1 OF THE PRECEDING YEAR. IF THE
20 GROUP PRODUCT BASE RATES OR THE GROUP RATING FACTORS ARE EXCESSIVE,
21 INADEQUATE OR UNREASONABLE IN RELATION TO THE BENEFITS CHARGED OR ARE
22 DISCRIMINATORY OR NOT ACTUARILY SOUND, THE DEPARTMENT SHALL DENY THE GROUP
23 PRODUCT BASE RATES OR GROUP RATING FACTORS.

24 G. THE DEPARTMENT SHALL PRESUMPTIVELY DENY THE GROUP PRODUCT BASE
25 RATES OR THE GROUP RATING FACTORS IF ANY OF THE FOLLOWING APPLIES:

26 1. A DISABILITY INSURER FILES A BASE RATE CHANGE AND THE
27 ADMINISTRATIVE EXPENSE LOADING COMPONENT, INCLUDING TAXES AND ASSESSMENTS,
28 INCREASED BY MORE THAN THE MOST RECENT CALENDAR YEAR'S PERCENTAGE INCREASE
29 IN THE CONSUMER PRICE INDEX FOR DENTAL SERVICES FOR ALL URBAN CONSUMERS,
30 UNITED STATES CITY AVERAGE.

31 2. A DISABILITY INSURER'S REPORTED CONTRIBUTION TO SURPLUS EXCEEDS
32 1.9 PERCENT.

33 3. THE AGGREGATE MEDICAL LOSS RATIO FOR ALL PLANS OFFERED BY A
34 LARGE GROUP DISABILITY INSURER IS LESS THAN EIGHTY-FIVE PERCENT.

35 4. THE AGGREGATE MEDICAL LOSS RATIO FOR ALL PLANS OFFERED BY A
36 SMALL GROUP DENTAL SERVICE CORPORATION IS LESS THAN EIGHTY PERCENT.

37 H. THE DISABILITY INSURER SHALL NOTIFY ALL INSUREDS UNDER THE
38 DISABILITY INSURANCE POLICY IF THE DEPARTMENT PRESUMPTIVELY DENIES THE
39 GROUP PRODUCT BASE RATES OR THE GROUP RATING FACTORS.

40 I. A DISABILITY INSURER MAY NOT IMPLEMENT DENIED RATES UNLESS THE
41 DEPARTMENT OR A COURT OF COMPETENT JURISDICTION REVERSES THE DENIAL.

42 J. A DISABILITY INSURER MAY REQUEST AN ADMINISTRATIVE HEARING
43 PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10.

1 ~~B.~~ K. This section does not restrict the ability of a disability
2 insurer to establish dental benefits for services offered by plans that
3 are administered but not insured by the disability insurer.

4 ~~C.~~ L. For the purposes of this section: ~~;~~

5 1. "Covered service" means a service for which any reimbursement is
6 available under a disability insurance policy without regard to
7 contractual limitations by a deductible, copayment, coinsurance, waiting
8 period, annual or lifetime maximum, frequency limitation, alternative
9 benefit payment, exclusion or other limitation.

10 2. "LARGE GROUP MARKET" HAS THE SAME MEANING PRESCRIBED IN 42
11 UNITED STATES CODE SECTION 18024.

12 3. "MEDICAL LOSS RATIO" MEANS THE PERCENTAGE OF ALL PREMIUMS THAT
13 ARE COLLECTED BY A DENTAL SERVICE CORPORATION EACH YEAR AND THAT ARE SPENT
14 ON DENTAL SERVICES AND ACTIVITIES THAT IMPROVE THE QUALITY OF DENTAL CARE,
15 EXCLUDING FEDERAL AND STATE TAXES, LICENSING OR REGULATORY FEES, RISK
16 ADJUSTMENT FEES, RISK CORRIDORS AND REINSURANCE COSTS.

17 4. "SMALL GROUP MARKET" HAS THE SAME MEANING PRESCRIBED IN 42
18 UNITED STATES CODE SECTION 18024.

19 Sec. 4. Section 20-1402.04, Arizona Revised Statutes, is amended to
20 read:

21 20-1402.04. ~~Contracts; dentists; covered services; medical~~
22 ~~loss ratio report; rebate; rates and rating~~
23 ~~factors; definitions~~

24 A. A contract, ~~;~~ entered into or renewed ~~on or after January 1,~~
25 ~~2011,~~ between a group disability insurer and a dentist who is licensed to
26 practice in this state shall not require the dentist to provide ~~services~~ A
27 SERVICE to an individual covered under a group disability policy based on
28 a fee set by the group disability insurer unless the ~~services~~ SERVICE for
29 which the fee applies is a covered service under the individual's group
30 disability policy.

31 B. BOTH OF THE FOLLOWING APPLY TO A GROUP DISABILITY INSURER THAT
32 OFFERS, ISSUES OR RENEWS A GROUP DISABILITY INSURANCE POLICY COVERING
33 DENTAL SERVICES:

34 1. ON OR BEFORE MARCH 31 OF EACH YEAR, THE GROUP DISABILITY INSURER
35 SHALL FILE WITH THE DEPARTMENT A MEDICAL LOSS RATIO REPORT THAT IS
36 ORGANIZED BY MARKET AND PRODUCT TYPE. THE MEDICAL LOSS RATIO REPORTING
37 YEAR IS THE CALENDAR YEAR DURING WHICH DENTAL COVERAGE IS PROVIDED BY THE
38 CONTRACT. ALL TERMS USED IN THE MEDICAL LOSS RATIO REPORT SHALL HAVE THE
39 SAME MEANINGS PRESCRIBED IN THE PUBLIC HEALTH SERVICE ACT (45 CODE OF
40 FEDERAL REGULATIONS PART 158). THE MEDICAL LOSS RATIO REPORT SHALL
41 CONTAIN THE FOLLOWING INFORMATION:

- 42 (a) THE COMPANY NAME.
- 43 (b) THE GROUP AFFILIATION.
- 44 (c) THE FEDERAL EMPLOYMENT IDENTIFICATION NUMBER.
- 45 (d) THE BEST CONTACT TELEPHONE NUMBER IN THE DAY TIME.

- 1 (e) THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS GROUP CODE.
- 2 (f) THE DOING BUSINESS AS NAME.
- 3 (g) THE ISSUER IDENTIFICATION NUMBER.
- 4 (h) BUSINESS, IN WHAT STATE.
- 5 (i) THE DOMICILIARY STATE.
- 6 (j) THE ADDRESS.
- 7 (k) THE FEDERAL TAX EXEMPT NUMBER.
- 8 (l) THE MARKETPLACE.
- 9 (m) THE MERGE MARKETS.
- 10 (n) THE NONPROFIT NUMBER.
- 11 (o) THE MEDICAL LOSS RATIO REPORTING YEAR.

12 2. IF DATA VERIFICATION OF A MEDICAL LOSS RATIO REPORT IS DEEMED
13 NECESSARY, THE DEPARTMENT SHALL NOTIFY THE GROUP DISABILITY INSURER AT
14 LEAST THIRTY DAYS BEFORE BEGINNING ANY FINANCIAL EXAMINATION. THE DENTAL
15 SERVICE CORPORATION SHALL SUBMIT ALL REQUESTED DATA TO THE DEPARTMENT
16 WITHIN THIRTY DAYS AFTER RECEIVING THE NOTICE. ON A FINDING OF GOOD
17 CAUSE, THE DEPARTMENT MAY EXTEND THE TIME FOR A GROUP DISABILITY INSURER
18 TO COMPLY WITH THIS PARAGRAPH.

19 C. THE DEPARTMENT SHALL MAKE AVAILABLE TO THE PUBLIC THE MEDICAL
20 LOSS RATIO REPORT AND ALL DATA PROVIDED BY A GROUP DISABILITY INSURER
21 PURSUANT TO SUBSECTION B OF THIS SECTION.

22 D. SUBSECTION B OF THIS SECTION DOES NOT APPLY TO A DENTAL SERVICE
23 CORPORATION THAT PROVIDES SERVICES UNDER THE CHILDREN'S HEALTH INSURANCE
24 PROGRAM PURSUANT TO TITLE 36, CHAPTER 29, ARTICLE 4 OR THIS STATE'S HEALTH
25 AND ACCIDENT INSURANCE PURSUANT TO TITLE 38, CHAPTER 4, ARTICLE 4.

26 E. A GROUP DISABILITY INSURER OWES A REBATE TO INSURED ON A PRO
27 RATA BASIS BY AUGUST 1 FOLLOWING THE CALENDAR YEAR FOR WHICH THE MEDICAL
28 LOSS RATIO WAS FILED IF THE MEDICAL LOSS RATIO:

29 1. FOR A LARGE GROUP MARKET DENTAL SERVICE CORPORATION IS LESS THAN
30 EIGHTY-FIVE PERCENT. THE REBATE CALCULATION IS THE PERCENTAGE AMOUNT
31 UNDER EIGHTY-FIVE PERCENT MULTIPLIED BY THE TOTAL PREMIUM REVENUE.

32 2. FOR A SMALL GROUP MARKET DENTAL SERVICE CORPORATION IS LESS THAN
33 EIGHTY PERCENT. THE REBATE CALCULATION IS THE PERCENTAGE AMOUNT UNDER
34 EIGHTY PERCENT MULTIPLIED BY THE TOTAL PREMIUM REVENUE.

35 F. A GROUP DISABILITY INSURER SHALL FILE GROUP PRODUCT BASE RATES
36 AND ANY CHANGES TO THE GROUP RATING FACTORS THAT ARE TO BECOME EFFECTIVE
37 JANUARY 1 OF EACH CALENDAR YEAR ON OR BEFORE JULY 1 OF THE PRECEDING YEAR.
38 IF THE GROUP PRODUCT BASE RATES OR THE GROUP RATING FACTORS ARE EXCESSIVE,
39 INADEQUATE OR UNREASONABLE IN RELATION TO THE BENEFITS CHARGED OR ARE
40 DISCRIMINATORY OR NOT ACTUARILY SOUND, THE DEPARTMENT SHALL DENY THE GROUP
41 PRODUCT BASE RATES OR GROUP RATING FACTORS.

42 G. THE DEPARTMENT SHALL PRESUMPTIVELY DENY THE GROUP PRODUCT BASE
43 RATES OR THE GROUP RATING FACTORS IF ANY OF THE FOLLOWING APPLIES:

44 1. A GROUP DISABILITY INSURER FILES A BASE RATE CHANGE AND THE
45 ADMINISTRATIVE EXPENSE LOADING COMPONENT, INCLUDING TAXES AND ASSESSMENTS,

1 INCREASED BY MORE THAN THE MOST RECENT CALENDAR YEAR'S PERCENTAGE INCREASE
2 IN THE CONSUMER PRICE INDEX FOR DENTAL SERVICES FOR ALL URBAN CONSUMERS,
3 UNITED STATES CITY AVERAGE.

4 2. A GROUP DISABILITY INSURER REPORTED CONTRIBUTION TO SURPLUS
5 EXCEEDS 1.9 PERCENT.

6 3. THE AGGREGATE MEDICAL LOSS RATIO FOR ALL PLANS OFFERED BY A
7 LARGE GROUP DISABILITY INSURER IS LESS THAN EIGHTY-FIVE PERCENT.

8 4. THE AGGREGATE MEDICAL LOSS RATIO FOR ALL PLANS OFFERED BY A
9 SMALL GROUP DENTAL SERVICE CORPORATION IS LESS THAN EIGHTY PERCENT.

10 H. THE GROUP DISABILITY INSURER SHALL NOTIFY ALL INSURED UNDER THE
11 GROUP DISABILITY POLICY IF THE DEPARTMENT PRESUMPTIVELY DENIES THE GROUP
12 PRODUCT BASE RATES OR THE GROUP RATING FACTORS.

13 I. A GROUP DISABILITY INSURER MAY NOT IMPLEMENT DENIED RATES UNLESS
14 THE DEPARTMENT OR A COURT OF COMPETENT JURISDICTION REVERSES THE DENIAL.

15 J. A GROUP DISABILITY INSURER MAY REQUEST AN ADMINISTRATIVE HEARING
16 PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10.

17 ~~B.~~ K. This section does not restrict the ability of a group
18 disability insurer to establish dental benefits for services offered by
19 plans that are administered but not insured by the group disability
20 insurer.

21 ~~C.~~ L. For the purposes of this section: ~~;~~

22 1. "Covered service" means a service for which any reimbursement is
23 available under a group disability policy without regard to contractual
24 limitations by a deductible, copayment, coinsurance, waiting period,
25 annual or lifetime maximum, frequency limitation, alternative benefit
26 payment, exclusion or other limitation.

27 2. "LARGE GROUP MARKET" HAS THE SAME MEANING PRESCRIBED IN 42
28 UNITED STATES CODE SECTION 18024.

29 3. "MEDICAL LOSS RATIO" MEANS THE PERCENTAGE OF ALL PREMIUMS THAT
30 ARE COLLECTED BY A DENTAL SERVICE CORPORATION EACH YEAR AND THAT ARE SPENT
31 ON DENTAL SERVICES AND ACTIVITIES THAT IMPROVE THE QUALITY OF DENTAL CARE,
32 EXCLUDING FEDERAL AND STATE TAXES, LICENSING OR REGULATORY FEES, RISK
33 ADJUSTMENT FEES, RISK CORRIDORS AND REINSURANCE COSTS.

34 4. "SMALL GROUP MARKET" HAS THE SAME MEANING PRESCRIBED IN 42
35 UNITED STATES CODE SECTION 18024.

36 Sec. 5. Section 20-1404.04, Arizona Revised Statutes, is amended to
37 read:

38 20-1404.04. Contracts; dentists; covered services; medical
39 loss ratio report; rebate; rates and rating
40 factors; definitions

41 A. A contract, ~~;~~ entered into or renewed ~~on or after January 1,~~
42 ~~2011,~~ between a blanket disability insurer and a dentist who is licensed
43 to practice in this state shall not require the dentist to provide
44 ~~services~~ A SERVICE to an individual covered under a blanket disability
45 policy based on a fee set by the blanket disability insurer unless the

1 ~~services~~ SERVICE for which the fee applies is a covered service under the
2 individual's blanket disability policy.

3 B. BOTH OF THE FOLLOWING APPLY TO A BLANKET DISABILITY INSURER THAT
4 OFFERS, ISSUES OR RENEWS A BLANKET DISABILITY POLICY COVERING DENTAL
5 SERVICES:

6 1. ON OR BEFORE MARCH 31 OF EACH YEAR, THE BLANKET DISABILITY
7 INSURER SHALL FILE WITH THE DEPARTMENT A MEDICAL LOSS RATIO REPORT THAT IS
8 ORGANIZED BY MARKET AND PRODUCT TYPE. THE MEDICAL LOSS RATIO REPORTING
9 YEAR IS THE CALENDAR YEAR DURING WHICH DENTAL COVERAGE IS PROVIDED BY THE
10 CONTRACT. ALL TERMS USED IN THE MEDICAL LOSS RATIO REPORT SHALL HAVE THE
11 SAME MEANINGS PRESCRIBED IN THE PUBLIC HEALTH SERVICE ACT (45 CODE OF
12 FEDERAL REGULATIONS PART 158). THE MEDICAL LOSS RATIO REPORT SHALL
13 CONTAIN THE FOLLOWING INFORMATION:

- 14 (a) THE COMPANY NAME.
- 15 (b) THE GROUP AFFILIATION.
- 16 (c) THE FEDERAL EMPLOYMENT IDENTIFICATION NUMBER.
- 17 (d) THE BEST CONTACT TELEPHONE NUMBER IN THE DAY TIME.
- 18 (e) THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS GROUP CODE.
- 19 (f) THE DOING BUSINESS AS NAME.
- 20 (g) THE ISSUER IDENTIFICATION NUMBER.
- 21 (h) BUSINESS, IN WHAT STATE.
- 22 (i) THE DOMICILIARY STATE.
- 23 (j) THE ADDRESS.
- 24 (k) THE FEDERAL TAX EXEMPT NUMBER.
- 25 (l) THE MARKETPLACE.
- 26 (m) THE MERGE MARKETS.
- 27 (n) THE NONPROFIT NUMBER.
- 28 (o) THE MEDICAL LOSS RATIO REPORTING YEAR.

29 2. IF DATA VERIFICATION OF A MEDICAL LOSS RATIO REPORT IS DEEMED
30 NECESSARY, THE DEPARTMENT SHALL NOTIFY THE BLANKET DISABILITY INSURER AT
31 LEAST THIRTY DAYS BEFORE BEGINNING ANY FINANCIAL EXAMINATION. THE BLANKET
32 DISABILITY INSURER SHALL SUBMIT ALL REQUESTED DATA TO THE DEPARTMENT
33 WITHIN THIRTY DAYS AFTER RECEIVING THE NOTICE. ON A FINDING OF GOOD
34 CAUSE, THE DEPARTMENT MAY EXTEND THE TIME FOR A BLANKET DISABILITY INSURER
35 TO COMPLY WITH THIS PARAGRAPH.

36 C. THE DEPARTMENT SHALL MAKE AVAILABLE TO THE PUBLIC THE MEDICAL
37 LOSS RATIO REPORT AND ALL DATA PROVIDED BY A BLANKET DISABILITY INSURER
38 PURSUANT TO SUBSECTION B OF THIS SECTION.

39 D. SUBSECTION B OF THIS SECTION DOES NOT APPLY TO A BLANKET
40 DISABILITY INSURER THAT PROVIDES SERVICES UNDER THE CHILDREN'S HEALTH
41 INSURANCE PROGRAM PURSUANT TO TITLE 36, CHAPTER 29, ARTICLE 4 OR THIS
42 STATE'S HEALTH AND ACCIDENT INSURANCE PURSUANT TO TITLE 38, CHAPTER 4,
43 ARTICLE 4.

1 E. A BLANKET DISABILITY INSURER OWES A REBATE TO INSUREDS ON A PRO
2 RATA BASIS BY AUGUST 1 FOLLOWING THE CALENDAR YEAR FOR WHICH THE MEDICAL
3 LOSS RATIO WAS FILED IF THE MEDICAL LOSS RATIO:

4 1. FOR A LARGE GROUP MARKET DENTAL SERVICE CORPORATION IS LESS THAN
5 EIGHTY-FIVE PERCENT. THE REBATE CALCULATION IS THE PERCENTAGE AMOUNT
6 UNDER EIGHTY-FIVE PERCENT MULTIPLIED BY THE TOTAL PREMIUM REVENUE.

7 2. FOR A SMALL GROUP MARKET DENTAL SERVICE CORPORATION IS LESS THAN
8 EIGHTY PERCENT. THE REBATE CALCULATION IS THE PERCENTAGE AMOUNT UNDER
9 EIGHTY PERCENT MULTIPLIED BY THE TOTAL PREMIUM REVENUE.

10 F. A BLANKET DISABILITY INSURER SHALL FILE GROUP PRODUCT BASE RATES
11 AND ANY CHANGES TO THE GROUP RATING FACTORS THAT ARE TO BECOME EFFECTIVE
12 JANUARY 1 OF EACH CALENDAR YEAR ON OR BEFORE JULY 1 OF THE PRECEDING YEAR.
13 IF THE GROUP PRODUCT BASE RATES OR THE GROUP RATING FACTORS ARE EXCESSIVE,
14 INADEQUATE OR UNREASONABLE IN RELATION TO THE BENEFITS CHARGED OR ARE
15 DISCRIMINATORY OR NOT ACTUARILY SOUND, THE DEPARTMENT SHALL DENY THE GROUP
16 PRODUCT BASE RATES OR GROUP RATING FACTORS.

17 G. THE DEPARTMENT SHALL PRESUMPTIVELY DENY THE GROUP PRODUCT BASE
18 RATES OR THE GROUP RATING FACTORS IF ANY OF THE FOLLOWING APPLIES:

19 1. A BLANKET DISABILITY INSURER FILES A BASE RATE CHANGE AND THE
20 ADMINISTRATIVE EXPENSE LOADING COMPONENT, INCLUDING TAXES AND ASSESSMENTS,
21 INCREASED BY MORE THAN THE MOST RECENT CALENDAR YEAR'S PERCENTAGE INCREASE
22 IN THE CONSUMER PRICE INDEX FOR DENTAL SERVICES FOR ALL URBAN CONSUMERS,
23 UNITED STATES CITY AVERAGE.

24 2. A BLANKET DISABILITY INSURER'S REPORTED CONTRIBUTION TO SURPLUS
25 EXCEEDS 1.9 PERCENT.

26 3. THE AGGREGATE MEDICAL LOSS RATIO FOR ALL PLANS OFFERED BY A
27 LARGE GROUP BLANKET DISABILITY POLICY IS LESS THAN EIGHTY-FIVE PERCENT.

28 4. THE AGGREGATE MEDICAL LOSS RATIO FOR ALL PLANS OFFERED BY A
29 SMALL GROUP DENTAL SERVICE CORPORATION IS LESS THAN EIGHTY PERCENT.

30 H. THE BLANKET DISABILITY INSURER SHALL NOTIFY ALL INSUREDS UNDER
31 THE BLANKET DISABILITY POLICY IF THE DEPARTMENT PRESUMPTIVELY DENIES THE
32 GROUP PRODUCT BASE RATES OR THE GROUP RATING FACTORS.

33 I. A BLANKET DISABILITY INSURER MAY NOT IMPLEMENT DENIED RATES
34 UNLESS THE DEPARTMENT OR A COURT OF COMPETENT JURISDICTION REVERSES THE
35 DENIAL.

36 J. A BLANKET DISABILITY INSURER MAY REQUEST AN ADMINISTRATIVE
37 HEARING PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10.

38 ~~B.~~ K. This section does not restrict the ability of a blanket
39 disability insurer to establish dental benefits for services offered by
40 plans that are administered but not insured by the blanket disability
41 insurer.

42 ~~C.~~ L. For the purposes of this section: ~~—~~

43 1. "Covered service" means a service for which any reimbursement is
44 available under a blanket disability policy without regard to contractual
45 limitations by a deductible, copayment, coinsurance, waiting period,

1 annual or lifetime maximum, frequency limitation, alternative benefit
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6 ARE COLLECTED BY A DENTAL SERVICE CORPORATION EACH YEAR AND THAT ARE SPENT
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8 EXCLUDING FEDERAL AND STATE TAXES, LICENSING OR REGULATORY FEES, RISK
9 ADJUSTMENT FEES, RISK CORRIDORS AND REINSURANCE COSTS.

10 4. "SMALL GROUP MARKET" HAS THE SAME MEANING PRESCRIBED IN 42
11 UNITED STATES CODE SECTION 18024.