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Delta Dental Service of Massachusetts, d/b/a Delta Dental of
Massachusetts 2018 Filing on the Methodology for
Determining Fees Paid To Participating Dentists

Docket No. G2018-01

Order and Decision, Part I

On June 13, 2018, Dental Service of Massachusetts, Inc., d/b/a Delta Dental of Massachusetts (“Delta Dental”) filed with the Commissioner of Insurance (“Commissioner”) a fee methodology (the “June 13 Filing”) that it proposed to implement, beginning January 1, 2019, to determine the fees that it will pay to dentists who are participating providers for two products that Delta Dental offers in Massachusetts, Delta Dental Premier and Delta Dental Preferred Provider Organization (“PPO”). In contrast to filings that seek adjustments to previously approved methodologies, the June 13 Filing proposed a new methodology that would entirely supersede its existing methodology.

The reimbursement methodology presented in the June 13 Filing differs significantly from those historically utilized to calculate the fees that Delta Dental pays to dentists participating in its Premier benefit plans and that serve, as well, as the basis for reimbursements under its PPO product. In addition to presenting a new statistical model, it is also novel in that it is structured as a multi-year plan that proposes initially, as of January 1, 2019, to “rebase” the fees currently in place and to collect data during 2019 that it will fit into its proposed new model. The fees generated by that model would have an effective date of January 1, 2020. Addressing future periodic adjustments to those fees, Delta Dental proposes annual limits on such adjustments and outlines the specific approach it expects to take to applying adjustments through 2024.

Delta Dental filed the fee methodology now in effect on June 7, 2010 (“the 2010 Filing”); the Commissioner approved it by letter dated July 15, 2010. In the 2010 Filing, Delta Dental agreed to adjust fees annually by applying the Consumer Price Index All Urban Consumers—US City Average, Dental Services (the “National Dental CPI”) to its scheduled fees as of January 1 each year. In that same filing, Delta Dental noted that it calculates the adjustment during October of the previous year. The June 13 Filing omits any upward adjustment for changes in the National Dental CPI. Delta Dental proposes to reduce provider fees by ten percent in 2019, an approach that it characterizes as an “Initial Rebasing” of its aggregate annual fee payments.

On November 26, 2018, Delta Dental asked the Commissioner to issue a partial decision addressing two elements of the June 13 Filing: 1) elimination of the application of a National Dental CPI adjustment to reimbursement fees, and 2) Initial Rebasing of current reimbursement fees effective January 1, 2019. Delta Dental points out that it requires extensive lead time to calculate new fees, enter them into its payment system and test them to ensure accuracy. It also requires time to notify providers of changes.

Delta Dental’s current methodology will remain in effect until a new one is approved. Therefore, Delta Dental notes, absent action by the Commissioner, it will be required to increase reimbursements as of January 1, 2019 by applying the National Dental CPI and subsequently, if the Commissioner approves its Initial Rebasing, recalculate its reimbursement fees as of the date of that approval. To avoid the potential need to make multiple revisions to its reimbursement systems in 2019, and to assist it in making an orderly transition to a new methodology, Delta Dental asks that the Commissioner issue a decision clarifying what will happen to its fees as of January 1, 2019. Specifically, it asks for approval of the Initial Rebasing component of the methodology proposed in the June 13 Filing with an effective date of the first day of the first month beginning 60 days after the date of the Commissioner’s ruling. Until the effective date of the rebasing, Delta Dental would continue to reimburse dentists at current rates. Delta Dental notes that such a ruling would effectively terminate the National Dental CPI adjustment as of January 1, 2019.

In its June 13 Filing, Delta Dental presented a complex fee methodology that differs significantly from that now in place and requires extensive review and analysis to ensure that it satisfies the statutory standard for approval: whether the resulting fees “fall within a range of reasonableness and that the method of determining such fees is reasonable considering the costs

of running a dental practice.” In addition, it must reflect prior decisions on filings submitted pursuant to G.L. c. 176E, §4. Completing a review within the time frame proposed by a filer is not always possible. However, we are cognizant that in some circumstances it is appropriate to issue a partial decision to permit a filer to meet particular deadlines.

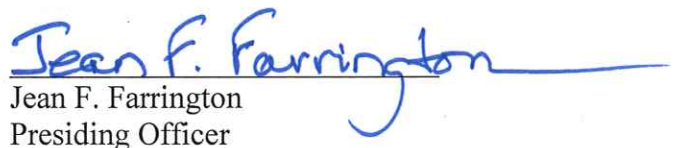
The methodology proposed in the June 13 Filing is a multi-year scheme including timelines and descriptions of actions Delta Dental proposes to implement over six years beginning January 1, 2019. Only two of those actions, discontinuance of the application of a National Dental CPI to its reimbursement fees and Initial Rebasing of its fees are scheduled to occur as of January 1, 2019. Because both actions directly affect Delta Dental and its participating providers, we find it appropriate to issue an order solely addressing those two actions to give some certainty to Delta Dental and its constituents and to support stability in the marketplace. In the interest of expediting implementation of this order, the specific reasoning supporting this decision and order will be fully addressed in our forthcoming decision on the entire June 13 Filing.

We therefore issue the following orders addressing two components of Delta Dental’s June 13 Filing:

The omission of an annual fee adjustment based on the National Dental CPI is approved.

The proposed Initial Rebasing is disapproved.

Dated: November 28, 2018


Jean F. Farrington
Presiding Officer

Affirmed:
November 28, 2018


Gary D. Anderson
Commissioner of Insurance