May 5, 2026

Senate Committee on
Health and Human Services

Re: S2887 Support

Dear Senator Murray and Members of the Committee:

There are two primary types of dental plans: **Fully Insured (FI)** and **Self-Insured (SI)**. Under an **FI plan**, subscribers pay a set premium for a specific amount of coverage. **SI plans** differ in that while subscribers still have a set amount of coverage, the plan sponsor only pays for the services actually used.

The majority of plans managed by **Delta Dental of RI** are currently SI plans, also known as **Administrative Services Only (ASO)** plans. In these arrangements, the sponsor or employer pays only for the treatment rendered, plus an administrative fee to the insurer for processing those claims.

Mr. Paul MacDonald, representing the labor unions, has remarked during multiple testimonies that his union "negotiated" their rate. We ask this committee to clarify what is meant by that statement, for the following reasons:

As noted, there are two distinct plans and hence two distinct fee allowance tables: **FI fee allowances** and **SI fee allowances**. The SI allowances apply to claims from ASO policies; these fees are established by **Delta Dental of RI** (and **BCBSRI** for their respective clients) and are **non-negotiable**. They represent the fixed allowances that contracted dentists have agreed to accept.

Therefore, the only negotiable component of these plans is the **administrative fee** charged to employers or unions by the insurance company. If the allowances paid to dentists are fixed, and would remain so even if this bill passes, the only factor that could drive up costs for ASO plans is if the insurer increases its administrative fees.

Consequently, if this bill passes, any cost increase would be driven by a change in administrative fees rather than the legislation itself. We respectfully ask the committee to seek clarification on these points to determine whether the claim that this bill will drive up costs is a legitimate concern or a **misdirection of the facts.**

Respectfully Submitted,

Andrew Gazerro III, D.M.D.
Chair – Council on Dental Benefits
Co-Chair – Council on Government Affairs

Example of Labor Union Plan

Self Insured (SI) Claim	Dentist Charges	Insurance Allowance	Payment to Dentist
Dental Cleaning	$125	$74	$74
Dental Exam	$57	$24	$24
Bitewing X-rays	$88	$35	$35
Totals	$270	$133	$133

Bill to Employer

Payment to Dentist	$133.00	
Administive Fee @ 6% (example only)	$7.98	THIS IS THE RATE THEY CLAIM IS NEGOTIATED
Total Due from Employer >>>>>>>>>>>>>>	**$140.98**	$133 TO PAY FOR THE TREATMENT $7.98 TO PAY FOR THE PROCESSING

Over the course of a billing cycle, all the procedure data is collected. The employer/union/plan sponsor receives a billing statement based on the following:

Total Claim payments made:	$A
Administrative Charges:	B% x $A = $C
Total Due for Claims and Processing:	$A + $C = TOTAL DUE

Since the allowances paid to the dentists do not change based on this legislation the only thing that can drive up costs for ASO plans is if the insurance company increases its administration fees.