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Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committee on Commerce and Consumer Protection
Thursday, January 29, 2026
9:31 a.m.
State Capitol, Conference Room 229 & via videoconference

On the following measure:
S.B. 2132, RELATING TO DENTAL INSURANCE

Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee:

My name is Scott K. Saiki and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' Insurance Division. The Department offers comments on this bill.

The purpose of this bill is to (1) require dental insurers to file all proposed plan rates and rate changes for a dental insurance plan with the Insurance Commissioner; (2) authorize the Insurance Commissioner to disapprove the proposed plan rate if the dental loss ratio for the plan is less than seventy-five per cent; (3) establish the method to calculate a dental insurer's dental loss ratio; (4) require dental insurers to include dental loss ratio information in their annual reports to the Insurance Commissioner; and (5) require the Insurance Commissioner to publish certain report information.

The Department notes that there is currently only one dental insurer subject to the requirements of Hawaii Revised Statutes chapter 432G – Hawaii Dental Service (HDS). Because the new rate review, dental loss ratio (DLR), and rebate requirements would be applicable to only one entity, the Department is concerned that the measure would create market imbalances. By imposing a 75% DLR and mandatory refund requirement on a single entity while leaving competitors unaffected, the bill may inadvertently give other providers a competitive advantage.

Further, the bill on page 7, lines 13-18, requires the Insurance Commissioner to publish online, for each dental insurer, “aggregate dental loss ratio, in a manner that allows the public to compare dental loss ratios among dental insurers". However, because only one entity’s dental loss ratio would be published, there may be little comparative value to consumers.

Additionally, the Department notes that dental insurance premiums in Hawaii have historically remained relatively low compared to medical insurance premiums. Because dental premiums are significantly lower than medical premiums, the existing market has generally been able to provide affordable coverage. The Department is concerned that the introduction of a new regulatory framework may create unintended consequences for policyholders. Imposing new reporting and refund mandates adds administrative costs to dental insurers which may be passed directly to policyholders in the form of higher premiums, offsetting savings the bill seeks to achieve.

Finally, the Department would likely need additional staff or to contract with an actuary to review and verify the dental rate filings and calculate the dental loss ratio. The Insurance Division lacks experience calculating DLRs and the definition of DLR in the measure relies on non-standardized terminology that could be subject to interpretation, leading to the need for staffing or contracted expertise.

Thank you for the opportunity to testify on this bill.

Hawaii Dental Association

Time/Date:	9:31 AM, January 29, 2026
Location:	State Capitol Room 229
Committee:	Senate Committee on Commerce & Consumer Protection
Re:	SB 2132, Relating to Dental Insurance

Aloha Chair Keohokalole, Vice Chair Fukunaga, and members of the committee!

The Hawaii Dental Association is in support of SB 2132, which requires dental insurers to file all proposed plan rates and rate changes for a dental insurance plan with the Insurance Commissioner. It also authorizes the Insurance Commissioner to disapprove the proposed plan rate if the dental loss ratio for the plan is less than seventy-five per cent and establishes the method to calculate a dental insurer's dental loss ratio. It requires dental insurers to include dental loss ratio information in their annual reports to the Insurance Commissioner and requires the Insurance Commissioner to publish certain report information.

The Hawaii Dental Association supports this measure because patients rightfully expect their dental insurance premiums to be used to support their oral health, and patients deserve visibility into how much of their premiums are paying for care as opposed to dental insurer administrative, marketing, and operations costs. Without Dental Loss Ratio standards, dental benefits companies are free to raise rates with no guarantee that increases go towards actual patient care.

HDA is a statewide membership organization representing dentists practicing in Hawaii and licensed by the State of Hawaii's Board of Dentistry. HDA members are committed to protecting the oral health and well-being of the people of Hawaii, from keiki to kupuna and everyone in between. Our organization is a key stakeholder, representing providers of oral health services on every island. In alignment with the American Dental Association, we strongly support reporting and transparency with respect to insurance Dental Loss Ratios. HDA's top priority is the care of our patients and the health of Hawaii residents. We wish to contribute positively to the dialog on this measure as it advances.

Mahalo for the opportunity to testify in support of SB 2132.

hda@hawaiidentalassociation.net

DELTA DENTAL

HDS

Hawaii Dental Service

January 28, 2026

Testimony in Opposition of SB2132, Relating to Dental Insurance

Senate Committee on Commerce and Consumer Protection

January 29, 2026
9:31 AM
Conference Room 229

Aloha Chair Keohokalole, Vice Chair Fukunaga, and Committee Members:

Hawaii Dental Service (HDS) strongly opposes SB2132, relating to dental insurance. While HDS recognizes the importance of transparency for individuals with dental coverage, this bill could destabilize the dental insurance market, increase administrative complexity for employer groups, increase the cost of benefits administration, contribute to insurer exits, and ultimately lead to higher premium rates for consumers across the State of Hawaii.

Dental loss ratios (DLR) are not appropriate for dental plans.
DLR legislation is a national issue intended to increase transparency and position insurers primarily as pass-through entities between employer groups and dental providers. Congress intentionally exempted dental benefits from the Medical Loss Ratio (MLR) requirements under the Affordable Care Act, recognizing that medical loss-style ratios do not reflect fundamental differences in dental plan design, benefit structures, and market segments. The National Association of Insurance Commissioners recognized the impact of fixed costs on dental plans and suggests that medical loss-style ratios would not be appropriate for limited benefit plans or lower premium products like dental plans. Dental plan premiums are, on average, a fraction of the cost of medical plan premiums.

Other states' experiences demonstrate unintended consequences.
In 2024, Massachusetts enacted a DLR requirement of 83 percent for dental insurers (compared to the 75 percent proposed in SB2132). Per the American Action Forum's analysis of Massachusetts' DLR impact, insurers exited the market before the law came into effect, reducing consumer choice and contributing to higher premium rates. (https://www.americanactionforum.org/weekly-checkup/not-smiling-a-case-study-on-dental-medical-loss-ratio/). Similar findings have been detailed in the National Association of Dental Plans' 2022 Milliman Report on Dental Loss Ratios (https://www.nadp.org/research/minimum-dental-loss-ratios-considerations-and-industry-analysis/).

SB2132 could create additional administrative burdens for Hawaii employers.
Under a DLR refund structure, refunds are issued to employer groups, placing the responsibility on employers to distribute those funds to individual employees. This makes the process more complicated and unnecessarily increases the cost of administering benefits.

Importantly, many of the transparency and reporting provisions outlined in this bill are already standard practice for HDS. For these reasons, HDS respectfully urges you to oppose SB2132 and consider the broader impact this bill would have on consumers, employers, and the stability of the dental insurance market in Hawaii.

Diane S.L. Paloma

Dr. Diane S.L. Paloma
President and CEO
Hawaii Dental Service

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January 28, 2026

Hearing Date: Thursday, January 29, 2026
Time: 9:31 AM
Place: Conference Room 229

The Honorable Jarrett Keohokalole, Chair
The Honorable Carol Fukunaga, Vice Chair
Senate Committee on Commerce and Consumer Protection

Re: Testimony of the American Council of Life Insurers in Opposition to SB 2132 – Relating to Dental Insurance
(Written Testimony Only)

Aloha Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee on Commerce and Consumer Protection:

Thank you for the opportunity to testify on SB 2132, which would: (1) impose a dental loss ratio prior to a thorough review and analysis of market data over an adequate period of time; (2) impose dental minimum loss ratio (MLR) percentages that are inappropriately high for dental plans; and (3) severely disrupt the availability of affordable dental coverage for Hawaii residents. The American Council of Life Insurers ("ACLI") opposes this bill.

I represent ACLI, which is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. Ninety million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 94 percent of industry assets in the United States. Two hundred sixteen (216) of our members are licensed to do business in the state of Hawaii.

ACLI opposes SB 2132 for the following reasons:

- The MLR requirement does not account for the significant differences between medical and dental plans in premiums and plan structure. Dental premiums are much lower than medical premiums, averaging $30 a month in Hawaii. Medical premiums are much higher, averaging $600 a month. Limiting dental plans to spend only 25% of each premium dollar on plan administration and customer service leaves less than $8 per member per month to spend on administration, while medical carriers have nearly $120 dollars to spend on similar administrative functions per month.

- Dental plan and medical plan administrative requirements are similar, yet the proposed Obamacare-like MLR would leave dental plans with much less to spend on important administrative functions such as fast and accurate claims payments, customer and dental provider services, network management, quality control, and fraud prevention. The severe limitations placed on administrative resources imposed under this MLR can leave consumers with plans that are administered less effectively.
- Many plans would have to raise premiums to meet the MLR. Faced with limited options to meet the proposed Obamacare-style MLRs, plans would need to raise premiums to compensate for the increased costs imposed by the MLR requirements. In some states, this could mean up to 38% premium hikes for small group plans under similar proposals. Dental coverage is often delivered through employer benefits and on a voluntary basis. Employers and individual consumers are very price sensitive to dental premium increases, and the premium increases that would be required to meet these unrealistically high loss ratios would drive many people away from coverage.
- The group size will affect whether carriers will be able to meet the proposed loss ratios. The dental benefits market in Hawaii includes a broad range of plans from carriers that cater to large groups, small groups, and individual purchasers. Under SB 2132, Hawaii residents that buy their insurance through smaller groups and individual markets will be most vulnerable to premium increases that they may not be able to afford. Massachusetts, which imposed an Obamacare-like loss ratio requirement on dental, has already seen several insurers serving small groups and individuals leave the market, creating less choice of dental products.
- Dentists will also see fewer patients because the ability to maintain dental networks will be impacted. Dentists rely on networks to assure patient volume, and if network structures and administrative functions are undermined, dentists will have fewer patients.
- Use of dental benefits and claims costs are closely tied to the focus of dental plans and providers on encouraging preventive treatment. Data shows that there is significant correlation between having dental insurance and visiting the dentist for regular, preventive exams, x-rays, and cleanings. Data also shows that regular use of preventive services significantly decreases poor oral health that contributes to poor general health and exacerbation of chronic diseases.

As currently written, SB 2132 would impose inappropriate and untested MLR levels on dental insurance in Hawaii, risking severe destabilization of the dental market and loss of coverage and access to affordable dental coverage for Hawaii residents. ACLI instead recommends that Hawaii policymakers consider legislation that allows the experts at the Hawaii Insurance Division to thoroughly analyze the dental MLR levels in the state and use their expertise and authority to intervene when inappropriate MLR levels are found without disrupting markets or consumer costs. This alternative model, versions of which have been adopted in Maine and Virginia, requires insurers to report their dental MLR, but also empowers the Insurance Commissioner to analyze the MLR data and work with outlier plans that fall outside the average MLRs. It would appear to be a better way to protect Hawaii's dental consumers than SB 2132.

Thank you for your time and consideration of ACLI's testimony in opposition to SB 2132. We respectfully request that you defer this bill and take the time to consider the Virginia model, which appears to strike the appropriate balance between price transparency and consumer protections, and the need to keep dental insurance affordable, competitive, and administered for the benefit of providers and patients.

Sincerely,

Gordon M. Arakaki

LATE

LATE

January 28, 2026

RE: Senate Bill 2132 – OPPOSE

Dear Chairman Elefante and Members of the Committee,

On behalf of the National Association of Dental Plans (NADP)[1], I appreciate the opportunity to provide comments in opposition to Senate Bill 2132. As introduced, this bill would create a dental minimum loss ratio (MLR) of 75 percent for dental benefit plans. This bill would create unintended consequences that severely impact access to dental care and benefits for Hawaiians. It would lead to increased premiums, reduced use and access to dental services, and a reduction in employer and consumer options for purchasing dental coverage.

Dental Plans Differ from Medical Plans

Dental plans offer a wide variety of products and benefit designs compared with medical plans. Any measurement of a dental plan's value must reflect the fundamental differences between how medical and dental plans are structured, priced, offered, and purchased if it is to be accurate and meaningful to consumers.

Dental benefit plan design differs fundamentally from medical plan design. A dental plan generally manages costs by paying a greater share of preventive services to encourage regular dental visits that can reduce the need for more costly procedures in the future. Consumers share a higher percentage of the cost for restorative procedures such as crowns, periodontal surgery, and dentures. Higher cost-sharing for certain procedures keeps dental premiums low and affordable. Over the last five years, the industry has had negative price growth in some years and the highest yearly increase was only 2.5 percent.

Dental plan premiums are also on average only 1/20 of medical premiums. For a medical plan, an MLR of 75 percent leaves $150 per month for the health plan to administer that plan at $600 per member per month in premiums. A 75 percent loss ratio for a dental plan, such as a large dental preferred provider organization averaging $30 per month nationally, would not cover the cost of basic plan operations: administration; claims systems; compliance; and state-mandated consumer protections and commissions. If low-cost plans cannot cover their administrative expenses under the 75 percent loss ratio, those plans may be forced to no longer offer in Hawaii or to raise premiums to cover increased costs.

In Massachusetts, the only state to adopt a similar, mandatory dental loss ratio (through ballot initiative), the market for dental insurance has contracted significantly, with at least 8 fewer carriers

[1] NADP is the largest non-profit trade association focused exclusively on the dental benefits industry. NADP's members provide dental HMO, dental PPO, dental indemnity and discount dental products to more than 200 million Americans with dental benefits. Our members include the entire spectrum of dental carriers: companies that provide both medical and dental coverage, companies that provide only dental coverage, major national carriers, regional, and single state companies, as well as companies organized as non-profit plans.

in the small group and individual markets, a 25 percent decline, since the imposition of the DLR in 2022. An independent analysis of similar bills indicates that a mandated dental loss ratio of 85 percent could raise premiums for dental coverage by 114 percent for small groups, and 78 percent for the individual market.[2] The analysis highlighted the risk that such a sudden and rapid increase in the cost of coverage will lead many small businesses to forgo dental plans for their employees and reduce access to oral health care.

<u>Dental Plans and Oral Health</u>

Senate Bill 2132 has the potential to dramatically reduce the availability of dental coverage in Hawaii with negative effects on access to oral health care. Dental coverage is closely linked to the regular utilization of preventive dental care, which is critical to avoiding acute oral health issues and pain. Under a typical dental plan, preventive care is covered at 100 percent cost sharing to incentivize utilization and a regular relationship with a dentist. Regular preventive dental care and cleanings have also been shown to alleviate the effects of inflammation from other medical conditions like diabetes or chronic heart conditions.

Dental insurance has been shown to be highly price sensitive and an increase in premiums may lead to a reduction in dental coverage. Losing coverage often means patients must pay full list price for their dental care and a cleaning may cost hundreds of dollars out of pocket. As a result, many people without dental coverage skip regular preventive services to reduce costs and in the long term this increases their likelihood of developing more serious dental problems. Just one missed cleaning makes a patient more likely to develop cavities, plaque, and periodontal conditions. For these reasons, we oppose Senate Bill 2132 and urge you not to advance the legislation.

Thank you for your consideration. We look forward to working with you to develop alternative avenues to evaluate the value of dental benefits in Hawaii.

Respectfully submitted,

Bianca

Bianca Balale
Director of Government Relations
National Association of Dental Plans (NADP)

[2] AB 2028 Medical Loss Ratios Report final to Legislature 04122024.pdf

SB-2132
Submitted on: 1/26/2026 1:07:12 PM
Testimony for CPN on 1/29/2026 9:31:00 AM

Submitted By	Organization	Testifier Position	Testify
William D. Rioseco	Individual	Support	Written Testimony Only

Comments:

Dear Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee,

My name is William Rioseco, and I am a resident of Aiea (96701). I am writing in strong support of SB2132. For over a decade, dental insurance annual maximums in Hawaiʻi have remained stagnant while the costs of dental services have risen significantly. This has left families and retirees paying higher premiums for coverage that often fails to cover even a single major procedure. I strongly support SB2132 because it introduces essential accountability to the dental insurance market by: Establishing a 75% Dental Loss Ratio (DLR): Ensuring that at least 75% of premium dollars are spent on clinical care rather than administrative overhead. Requiring Rate Review: Giving the Insurance Commissioner the authority to disapprove excessive rates that do not meet the DLR threshold. Mandating Public Transparency: Requiring the Commissioner to publish DLR data online so consumers can compare plans and make informed choices. Ensuring Accountability: Requiring independent audits to verify that insurers are reporting their spending accurately. These common-sense reforms will ensure that dental insurance provides real value and protection for the people of Hawaiʻi. I respectfully urge the Committee to pass SB2132.

Mahalo,

William Rioseco

Aiea, Hawaii 96701

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LATE

LATE

January 28, 2026

Hawai'i Senate Committee on Commerce and Consumer Protection
415 South Beretania St.
Honolulu, HI 96813

RE: SB 2132, Relating to Dental Insurance - Oppose

Dear Chair Keohokalole and Vice Chair Fukunaga,

On behalf of AHIP, we appreciate the opportunity to provide comments in opposition to SB 2132. As introduced, this bill would create a dental minimum loss ratio (DLR) of 75% percent for dental benefit plans. This bill would create unintended consequences that severely impact access to dental care and benefits for Hawaiians. It has the potential to lead to increased premiums, reduced use and access to dental services, and a reduction in employer and consumer options for purchasing dental coverage.

Dental Plans Differ from Medical Plans. Dental plans offer a wide variety of products and benefit designs compared with medical plans. Any measurement of a dental plan's value must reflect the fundamental differences between how medical and dental plans are structured, priced, offered, and purchased if it is to be accurate and meaningful to consumers.

Dental benefit plan design differs fundamentally from medical plan design. A dental plan generally manages costs by paying a greater share of preventive services to encourage regular dental visits that can reduce the need for more costly procedures in the future. Consumers share a higher percentage of the cost for restorative procedures such as crowns, periodontal surgery, and dentures. Higher cost-sharing for certain procedures keeps dental premiums low and affordable. Over the last five years, the industry has had negative price growth in some years and the highest yearly increase was only 2.5 percent.

Dental plan premiums are also on average only 1/20 of medical premiums. If low-cost plans cannot cover their administrative expenses under the 75 percent loss ratio, the imposition of an DLR may lead to higher premiums for such plans or the loss of such plans as an option for consumers in Hawai'i. In Massachusetts, the only state to implement a mandatory dental loss ratio, the market for dental insurance has contracted significantly, with at least 8 fewer carriers in the small group and individual markets – a 29% decline – since the imposition of the DLR in 2022.

Dental Plans and Oral Health. SB 2132's potential to reduce the availability of coverage through dental insurance coverage, options, and affordability in Hawai'i would have negative effects on oral health care. Dental coverage is closely linked to the regular utilization of preventive dental care, which is critical to avoiding acute oral health issues and pain. Under a typical dental plan, preventive care is covered at 100 percent cost sharing to incentivize utilization and a regular relationship with a dentist. Regular preventive dental care and cleanings have also been shown to alleviate the effects of inflammation from other medical conditions like diabetes or chronic heart conditions.

The purchase of dental insurance has been shown to be highly price sensitive and therefore an increase in premiums may lead to a reduction in the purchase of dental coverage. Losing coverage often means patients must pay full list price for their dental care, which has a significant impact on consumers as just a cleaning may cost hundreds of dollars out of pocket. As a result, many people without dental coverage skip regular preventive services to reduce costs, in the long-term increasing their likelihood of developing more serious dental problems. Just one missed cleaning makes a patient more likely to develop cavities, plaque, and periodontal conditions.

AHIP Recommendation. For these reasons, AHIP opposes SB 2132 and we urge you not to advance the legislation. Thank you for your consideration. We look forward to working with you to develop effective avenues to evaluate the value of dental benefits in Hawai'i.

Sincerely,

Owen Urech
Senior Policy Advisor, Product Policy

AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and to help create a space where coverage is more affordable and accessible for everyone.