

JAN 21 2026

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# A BILL FOR AN ACT

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RELATING TO DENTAL INSURANCE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. Chapter 432G, Hawaii Revised Statutes, is  
2       amended by adding a new section to be appropriately designated  
3       and to read as follows:

4       "§432G-     Dental insurer rates; annual dental loss ratio

5       required.   (a) Each dental insurer shall file with the  
6       commissioner all proposed plan rates and rate changes for a  
7       dental insurance plan. The commissioner may deem a proposed  
8       plan rate of a dental insurer to be excessive and disapprove the  
9       proposed plan rate if the dental loss ratio for the plan is less  
10      than seventy-five per cent.

11      (b) If the annual dental loss ratio for a dental insurance  
12      plan is less than seventy-five per cent, the dental insurer  
13      offering the plan shall refund the excess premium to enrollees  
14      or groups. The total of all refunds issued under this  
15      subsection shall equal the amount of the dental insurer's earned  
16      premium that exceeds the amount necessary to achieve a dental



1 loss ratio of seventy-five per cent, calculated using data  
2 reported by the dental insurer.

3 (c) A dental insurer shall provide notice to all enrollees  
4 or groups that were covered under the plan during the applicable  
5 twelve-month period that enrollees or groups are entitled to a  
6 refund on the premium pursuant to subsection (b), or if the  
7 enrollee or group remains covered by the dental insurer, that  
8 the enrollee or group is eligible for a credit on the premium  
9 for the subsequent twelve-month period.

10 (d) The dental loss ratio shall be calculated by dividing  
11 the numerator by the denominator as follows:

12 (1) The numerator is the amount spent on care, which shall  
13 include:

14 (A) The amount expended for clinical dental services  
15 that are services within the code on dental  
16 procedures and nomenclature provided to enrollees  
17 that includes payments under capitation contracts  
18 with dental providers, whose services are covered  
19 by the contract for dental clinical services or  
20 supplies covered by the contract;

21 (B) Unpaid claim reserves; and



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1           (C) Any claim payment recovered by dental insurers  
2           from providers or enrollees using utilization  
3           management efforts, which are deducted from  
4           incurred claims amounts; provided that any  
5           overpayment received from a provider shall not be  
6           reported as a paid claim; provided further that  
7           overpayment recoveries received from a provider  
8           shall be deducted from incurred claims amounts;

9           (2) The calculation of the numerator shall not include:

10          (A) Administrative costs, including infrastructure,  
11          personnel costs, or broker payments;

12          (B) Amounts paid to third-party vendors for secondary  
13          network savings;

14          (C) Amounts paid to third-party vendors for network  
15          development, administrative fees, claims  
16          processing, or utilization management; or

17          (D) Amounts paid to providers for professional or  
18          administrative services that do not represent  
19          compensation or reimbursement for covered  
20          services provided to an enrollee, including  
21          dental record copying costs, attorneys' fees,



1           subrogation vendor fees, and compensation to  
2           paraprofessionals, janitors, quality assurance  
3           analysts, administrative supervisors, secretaries  
4           to dental personnel, and dental record clerks;  
5           and

6       (3) The denominator shall be calculated using insurer  
7       revenue, which shall be the total amount of the earned  
8       premium revenues, excluding federal and state taxes  
9       and licensing and regulatory fees paid after  
10       accounting for any payments pursuant to federal law.  
11       The earned premium shall include all moneys paid by an  
12       enrollee as a condition of receiving coverage from the  
13       dental insurer, including any fees or other  
14       contributions associated with the dental insurance  
15       plan.

16       (e) For the purposes of enforcing the minimum dental loss  
17       ratio established under this section, the commissioner may:

18       (1) Authorize a waiver or adjustment of the refund  
19       requirements in this section if it is determined by  
20       the commissioner that issuing refunds would result in  
21       financial impairment for the dental insurer;



(2) Review, approve, or disapprove any dental insurance plan structure that affects the calculation of the dental loss ratio;

(3) Require a dental insurer to file benefit structure information, actuarial justifications, or other documentation necessary to determine compliance with this section; and

(4) Adopt rules as necessary to carry out the purposes of this section.

(f) As used in this section, "dental loss ratio" means the ratio used to determine the minimum percentage of all premium funds collected by a dental insurer each year that is spent on actual patient care rather than administrative or overhead costs."

SECTION 2. Section 432G-4, Hawaii Revised Statutes, is amended by amending its title and subsection (a) to read as follows:

"[+]§432G-4[+] **Annual reports.** (a) Each dental insurer shall file with the commissioner[+], in a manner prescribed by the commissioner:



- 1           (1) An audit, by an independent certified public  
2           accountant or an accounting firm designated by the  
3           dental insurer of the financial statements, reporting  
4           the financial condition and results of operations of  
5           the dental insurer, annually on or before June 1, or a  
6           later date as the commissioner upon request or for  
7           cause may specify. The dental insurer, on an annual  
8           basis and [~~prior to~~] before the commencement of the  
9           audit, shall notify the commissioner in writing of the  
10          name and address of the person or firm retained to  
11          conduct the annual audit. The commissioner may  
12          disapprove the dental insurer's designation within  
13          fifteen days of receipt of the dental insurer's  
14          notice, and the dental insurer shall be required to  
15          designate another independent certified public  
16          accountant or accounting firm;
- 17          (2) A list of the providers who have executed a contract  
18          that complies with section 432G-6(d), annually on or  
19          before March 1; [~~and~~]
- 20          (3) A description of the available grievance procedures,  
21          the total number of grievances handled through those



1 procedures, a compilation of the causes underlying  
2 those grievances, and a summary of the final  
3 disposition of those grievances, annually on or before  
4 March 1[-]; and

5 (4) Dental loss ratio information for the last calendar  
6 year for each dental insurance plan provided by a  
7 dental insurer, organized by market and product type;  
8 provided that the commissioner may request the dental  
9 insurer to provide data verification of any  
10 information provided by the dental insurer as required  
11 by this paragraph, which shall be provided to the  
12 commissioner within thirty days of the request.

13 The commissioner shall publish annually, by electronic or  
14 online publication on the official website of the insurance  
15 division, the information provided pursuant to paragraph (4),  
16 including the aggregate dental loss ratio, in a manner that  
17 allows the public to compare dental loss ratios among dental  
18 insurers by market type.

19 As used in this section, "dental loss ratio" has the same  
20 meaning as defined in section 432G- ."



1       SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3       SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: \_\_\_\_\_

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned over the line following "INTRODUCED BY:".



# S.B. NO. 2132

**Report Title:**

Insurance Commissioner; Dental Insurers; Dental Loss Ratio; Rate Filings; Reports

**Description:**

Requires dental insurers to file all proposed plan rates and rate changes for a dental insurance plan with the Insurance Commissioner. 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. Establishes the method to calculate a dental insurer's dental loss ratio. Requires dental insurers to include dental loss ratio information in their annual reports to the Insurance Commissioner. Requires the Insurance Commissioner to publish certain report information.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

