DEPARTMENT OF
Professional &
Financial Regulation
STATE OF MAINE

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- OFFICE OF PROF. AND OCC. REGULATION

2023 Dental Loss Ratio Report

Analysis of Dental Loss Ratios

for the Years 2021-2023

Prepared by the Maine Bureau of Insurance

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Introduction

In compliance with 24-A M.R.S. § 4319-B and Rule Chapter 835, this report outlines the guidelines and reporting standards for calculating and reporting the dental loss ratio for dental insurance plans in the state of Maine and presents an analysis of the carriers' submitted dental loss ratios across three market segments (Individual[1], Small Group[2], and Large Group[3]). The data provided includes the number of reporting companies, the range of loss ratios, specific loss ratio values for select companies, and information on the criteria for including companies in the report. An average dental loss ratio is calculated for each market segment using the data from plan years 2021-2023. Outlier dental plans deviating from the average loss ratios are identified.

24-A M.R.S. § 4319-B defines dental plans and requires the calculation and reporting of dental loss ratios. A dental plan refers to a plan providing dental care services to enrollees insured by a carrier, excluding health plans with embedded dental benefits, self-funded employer group dental plans, and non-credible dental plans[4]. The dental loss ratio is defined as the ratio of specified expenditures (numerator) to total premium revenue (denominator). The numerator is defined as the sum of dental expenditures, the amount expended on activities that improve dental care, and claims identified through fraud reduction. The denominator is defined as total premium less any federal or state taxes, licensing costs, and regulatory fees.

Starting in 2023, the statute requires carriers offering dental plans to annually report dental loss ratios for the previous plan year for each market segment no later than July 31st of the succeeding year. For the 2024 reporting year carriers are required to report dental loss ratios for 2023. An average dental loss ratio is calculated for each market segment using the three most recent years of data. Outlier dental plans deviating from the average are identified as being outside 2 standard deviations of the average dental loss ratio. The Superintendent conducts a review of outlier plans and may require further review or plan changes from the carriers, with a focus on bringing the dental loss ratios in line with the established standards.

Rule Chapter 835 provides detailed guidance on how carriers should calculate and report dental loss ratios, including definitions of terms and activities essential for accurate reporting. It sets forth the purpose, scope, authority, definitions, and procedures for calculating the dental loss ratio and identifying outlier dental plans.

Market Segmentation and Reporting

To ensure statistical credibility, companies needed a minimum of 1,000 covered lives in the Maine market segment to be included in the report. This criterion was set to prevent inaccuracy of including

[1] Title 24-A M.R.S. §2850 (2)(B): "Individual market" means individual or group policies or contracts subject to section 2736-C.

[2] Title 24-A M.R.S. §2850 (2)(D): "Small group market" means group policies issued to employer groups with 50 or fewer eligible employees, which are subject to section 2808-B.

[3] Title 24-A M.R.S. §2850(2)(C): "Large group market" means groups of 51 or more employees otherwise not subject to section 2736-C or 2808-B.

[4] Rule Chapter 835 Section 4.7: "Noncredible plan" means a plan issued by a carrier in a market segment for which the carrier has fewer than 12,000 Maine member months (i.e., 1,000 members) in aggregate for the reporting year, including each covered dependent as a separate member.

smaller entities in the loss ratio calculations. While 49 companies were actively collecting premiums for dental coverage in Maine in 2023, a subset of 12 companies met the criteria and were included in the analysis. Five companies met the criteria for the Individual market, seven for the Small Group market, and 11 for the Large Group market. Three companies (Ameritas, Anthem, and Maine Dental Service Corp.) had at least 12,000 member months in each market segment.

Loss Ratio Range

The range of loss ratios for 2021 - 2023, calculated as the difference between the largest and smallest loss ratios within each market segment, provides insight into the variability of reported loss ratios. The table below shows loss ratio ranges for each market segment.

Market Segment	Loss Ratio Range	
	Lowest	Highest
Individual	35.02%	79.37%
Small Group	52.79%	79.42%
Large Group	72.84%	112.67%

Loss Ratio Analysis for Selected Companies

The following table presents the three-year average loss ratios for reporting companies across the Large Group, Small Group, and Individual market segments. Averages depicted in green represent companies that fell inside the 2-standard deviation limit for that market segment. Those in red depict companies that fell outside the limit.

3-Yr Average Loss Ratio			
Company	Large Group	Small Group	Individual
Aetna Life	78.31%	63.08%	N/A
Ameritas	73.73%	62.49%	58.04%
Anthem	77.30%	64.12%	42.94%
Cigna	83.49%	N/A	63.39%
Dentegra	77.37%	N/A	N/A
Golden Rule	N/A	N/A	53.13%
Guardian life	75.07%	59.94%	N/A
Maine Dental Service Corp	79.10%	70.32%	78.20%
Metropolitan	100.97%	58.75%	N/A
Principal Life	73.50%	66.83%	N/A
Renaissance	N/A	N/A	70.24%

Standard Insurance	78.73%	65.70%	N/A
Starmount Life	86.17%	75.24%	N/A
The Lincoln National Life	73.47%	N/A	N/A
Total	80.14%	65.50%	59.84%

Outliers and Notable Companies

One outlier was noted in the Individual market, with Anthem reporting a 35% loss ratio for plan year 2021. The Covid-19 pandemic created a turbulent environment for the insurance industry in 2020 and 2021, and many dental offices were closed or had limited availability for appointments, which affected the loss ratios in these years. No company in the Individual market exceeded the two standard deviation limit set in the statute when considering the three-year average of its loss ratios. Conversely, in both the Small Group and Large Group markets, two companies, Starmount and Metropolitan, surpassed the 2-standard deviation limit in the opposite direction, with high loss ratios for a specific year peaking at 112%. However, once accounting for the three-year average of these loss ratios, only Metropolitan for the Large Group segment came in above the 2-standard deviation limit.

Data Utilization and Reporting Structure

- Data from a relatively small portion of companies that sold dental coverage were utilized due to a limited number of covered lives for most companies. Using only blocks of business with at least 1,000 insured lives each year ensures a stable and representative sample for accurate loss ratio calculations.
- The statute requires companies to have a minimum of 1,000 covered lives in the Maine market segment for reporting. If a company had less than 75,000 covered lives for a given market segment but greater than 1,000, they were still required to submit a loss ratio report based on their national experience instead of solely their Maine experience.
- Companies that exceed 75,000 covered lives in Maine use Maine-specific data.

Data Distributions

The graph below depicts the distributions of each market segment based on their loss ratios. This is done using vertical boxplots to aggregate market data. Each boxplot is made up of three sections: one "box" and two lines that extend from the center of that box. Each line is known as either the Upper-Quartile or Lower-Quartile range and represents the upper/lower quarter of that plot's data. With respect to the plot below, this would include the lowest quarter of a market's loss ratios if the line were below the box and the highest quarter of a market's loss ratios if the line is above the box. The box itself represents what is known as the Inter-Quartile range and represents 50% of the data that lies within the upper and lower quartiles. This box also contains a line drawn inside the box. This line represents where the average market loss ratio resides compared to the rest of the data. The number posted within each boxplot represents the average loss ratio for each market. Any points noted on the graph outside the box plot are considered outliers that exceed the 2-standard deviation limit.

- Individual market: No company's three-year average loss ratio exceeded the 2-standard deviation limit.
- Small Group: No company's three-year average loss ratio exceeded the 2-standard deviation limit.
- Large Group: One company's 3-year average loss ratio fell above 2 standard deviations. Metropolitan came in above the 2-standard deviation limit for two of the three reported years with an average at 2.47-standard deviations above the mean.