



Coordination of Dental Benefits AB 895 (Aghazarian) Chapter 164, Statutes of 2007

Why was this bill needed? The California Dental Association sponsored this legislation to address the issue of dual dental coverage and the inability of spouses and domestic partners to receive the benefit for which they or their employers have paid. Dental offices often hear complaints from patients who have dual coverage through their and their spouse's or partner's dental benefit plans that they are unsure what both plans will pay in coordination of benefit payments. These complaints have increased noticeably over the course of time. Some dental plans do not declare their coordination of benefits policies to their enrollees and such declarations are not currently required by law. This lack of clarity in coordination of benefits has led to confusion over what each plan will pay in a coordination of benefits situation. Some plans also have non-duplication clauses that state it will pay nothing as a secondary payer if the primary payer has paid what it would have paid had the secondary payer been primary. The result is that the employer or employee pays for dual premiums for dual coverage while getting the benefit of only one coverage plan.

What does the bill do? This legislation requires that when a husband and wife, or domestic partners, are both enrolled in each other's dental benefits plan, each plan will pay a portion of the dental care claim according to their contracted scope of benefits, but not to exceed 100% of the amount of the claim. The bill also requires each dental care benefits plan to declare its coordination of benefits policy in its Evidence of Coverage portion of its contract with the enrollee, and essentially prohibits "non-duplication of coverage" policies when paying as a secondary carrier.

Specifically, this bill adds Section 1374.19 to the California Health and Safety Code related to managed care dental plans, and Section 10120.2 to the California Insurance Code related to indemnity and preferred provider organizations, requiring a dental plan to:

- Declare in its contract with its enrollees how it coordinates claim payments with one or more benefit plans covering the enrollee, whether the plan is the primary payer or a secondary payer.
- Pay full benefits according to its contract with the enrollee when a dental health care service plan is primary and is coordinating its benefits with one or more secondary carrier.
- When a dental plan is the secondary payer, pay the residual amount on the patient's bill after payment has been made by the primary carrier, not to exceed the secondary plan's allowance or benefit in the enrollee's benefit contract.
- The combined total benefit paid by both the primary and secondary dental plans shall not exceed 100 percent of the total cost of care.
- The legislation also defines "coordination of benefits" as the method by which two or more carriers or plans pay their respective reimbursements for benefits when an enrollee or policyholder is covered by more than one carrier or plan.

Employers and employees are entitled to receive the full benefit for which they have paid. This bill ensures that when a consumer is covered by two dental plans, they will in fact receive some benefit from each plan through coordination of benefits.