ASSEMBLY, No. 5380

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED SEPTEMBER 10, 2026

Sponsored by:
Assemblyman ROY FREIMAN
District 16 (Hunterdon, Mercer, Middlesex and Somerset)
Assemblyman CHRIS TULLY
District 38 (Bergen)

SYNOPSIS

Requires annual reporting on dental loss ratio data by dental insurance carriers; establishes minimum dental loss ratio thresholds and mandates rebates to policyholders when applicable threshold not met by carrier.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 10/22/2026)

AN ACT concerning dental loss ratio and supplementing Title 17B of the New Jersey Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. This act shall be known and may be cited as the "Transparency for Dental Health Care Costs Act."

2. As used in this act:

"Commissioner" means the Commissioner of Banking and Insurance.

"Dental carrier" or "carrier" means a dental insurance company, dental service corporation, or dental plan organization authorized to provide a dental benefits plan in New Jersey or a health benefits plan in New Jersey that includes coverage for dental services.

"Dental benefits plan" or "plan" means a benefits plan which pays or provides dental expense benefits for covered dental services and is delivered or issued for delivery in the State by or through a dental carrier on a stand-alone basis and shall not include plans under Medicaid or NJ FamilyCare.

"Dental loss ratio" means percentage of premium dollars spent on patient care, calculated by dividing the numerator by the denominator. The numerator shall include: (1) amounts expended for clinical dental services, including payments under capitation contracts with providers for services covered by the contract, provided that overpayment recoveries received from providers shall be deducted from incurred claim amounts; (2) amounts expended on activities that improve dental care quality for plan enrollees; and (3) amounts expended for approved quality improvement activities as defined pursuant to 45 C.F.R. Part 158. The numerator shall exclude: (1) administrative costs, including but not limited to infrastructure, personnel costs, or broker payments; (2) amounts paid to third-party vendors for secondary network savings; (3) amounts paid to third-party vendors for network development, administrative fees, claims processing, or utilization management; (4) overpayment recoveries received from providers or enrollees; and (5) amounts paid for professional or administrative services that do not represent reimbursement for covered services to an enrollee. The denominator is the total amount of premium revenue, excluding: (1) federal and State taxes; (2) licensing and regulatory fees paid; and (3) any other payments required by federal law.

3. a. A carrier that issues, sells, renews, or offers a specialized dental benefits plan policy or contract shall file an annual dental loss ratio report with the commissioner that is organized by market and product type and contains the same information required in the 2013 federal Medical Loss Ratio (MLR) Annual Reporting Form

(CMS-10418). The filing shall also include, but not be limited to, the following data:

(1) number of covered persons, including the number of covered persons who meet or exceed the annual coverage limit;

(2) plan cost-sharing and deductible amounts; and

(3) annual maximum coverage limit.

b. The dental loss ratio reporting year shall be for the fiscal year during which dental coverage is provided by the plan. All terms used in the annual report shall have the same meaning as used in section 2718 of the federal "Public Health Service Act," (42 U.S.C. s.300gg-18) and in 45 C.F.R. Part 158.

c. If data verification of the carrier's representations in the annual report is deemed necessary, the commissioner shall provide the carrier with a notification to submit any information required by the commissioner within 30 days.

d. By January 1 of the year after the commissioner receives the dental loss ratio information collected pursuant to subsection a. of this section, the commissioner shall make the information, including the aggregate dental loss ratio and other data reported pursuant to this section, available to the public in a searchable format on a public website that allows members of the public to compare dental loss ratios among carriers by plan type by:

(1) posting the information on the department's website; or

(2) providing the information to the administrator of an all-payer health claims database. If the commissioner provides the information to an administrator, the administrator shall make the information available to the public in a format determined by the commissioner.

e. The commissioner shall issue an annual report on the data collected pursuant to this section to the Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1).

4. a. Beginning on January 1 of the calendar year following the first annual reporting period required under this act, each dental carrier shall maintain a dental loss ratio that meets or exceeds the following minimum threshold:

(1) for large group dental plans, 85 percent; and

(2) for individual and small group dental plans, 83 percent.

b. A dental carrier that reports a dental loss ratio above 85 percent shall be required to maintain operations at that level and may not reduce its dental loss ratio below 85 percent in subsequent reporting years without prior approval of the commissioner.

c. (1) If a dental carrier fails to meet the applicable minimum dental loss ratio threshold in any reporting year, the carrier shall provide rebates to enrollees and group policyholders no later than September 30 of the following calendar year.

(2) A rebate issued pursuant to paragraph (1) of this subsection shall be calculated as the difference between the carrier's actual

dental loss ratio and the applicable minimum threshold, applied to the carrier's total adjusted premium revenue for that reporting year. The commissioner shall promulgate rules and regulations, in accordance with section 6 of this act, regarding the method and form of rebate distribution.

d. The commissioner shall notify a dental carrier that fails to meet the applicable minimum dental loss ratio threshold within 60 days of receiving the carrier's annual report. The carrier shall have 90 days from receipt of the notice to submit a corrective action plan to the commissioner for approval.

e. Nothing in this section shall be construed to prevent a dental carrier from exceeding the applicable minimum dental loss ratio threshold.

5. a. (1) The commissioner shall aggregate dental loss ratios for each carrier by year pursuant to section 3 of this act for each market segment in which the carrier operates. The commissioner shall calculate an average dental loss ratio for each market segment using aggregate data for a three-year period including data for the most recent dental loss ratio reporting year and the data for the two prior dental loss ratio reporting years.

(2) Newer experience shall be subject to reporting standards at 45 C.F.R. s.158.121.

b. (1) The commissioner shall calculate an average dental loss ratio for each market segment using the data pursuant to subsection a. of this section, identify as outliers dental plans that fall outside one standard deviation of the average dental loss ratio, and report those plans to the public pursuant to subsection d. of section 3 of this act and the Legislature pursuant to subsection e. of section 3 of this act.

(2) A carrier shall not be considered an outlier if its dental loss ratio in a market segment is within three percentage points of the average dental loss ratio. A higher threshold may be set in unique circumstances as determined by the commissioner.

c. The commissioner shall investigate a carrier that reports a dental loss ratio lower than one standard deviation from the mathematical average, and shall take remediation or enforcement actions against the carrier, including requiring the carrier to rebate, in a manner consistent with 45 C.F.R. Part 158(B) all premiums paid above the amounts that caused the carrier to have achieved the mathematical average of the data submitted in a given year for a given market segment. The rebate required pursuant to this subsection shall be in addition to the rebate required pursuant to subsection c. of section 4 of this act.

d. (1) The report required pursuant to subsection b. of this section shall be organized to show year-over-year changes in a carrier's outlier status relative to meeting the one standard deviation outlier standard in subsection b. of this section. If the dental loss

ratio for a carrier in a market segment does not increase and remains an outlier as described in subsection b. of this section after two consecutive years, barring unique circumstances as determined reasonable by the commissioner, the carrier shall be subject to enhanced annual reporting for the following reporting period.

(2) The carrier shall submit to the commissioner a detailed plan for achieving and maintaining compliance with the applicable minimum dental loss ratio threshold established pursuant to section 4 of this act.

(3) The commissioner shall publish a summary of carriers identified under this subsection in the annual public report required under subsection e. of section 3 of this act.

e. A carrier subject to remediation in subsections c. and d. of this section shall provide any rebate owing to a policyholder no later than September 30 of the fiscal year following the year for which the ratio described in subsection a. of this section was calculated.

f. The commissioner may promulgate rules and regulations that create a process to identify carriers that increase rates in excess of the percentage increase of the latest dental services Consumer Price Index as reported through the United States Bureau of Labor Statistics.

6. a. The commissioner, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), shall adopt rules and regulations as necessary to effectuate the purposes of this act. This shall include definitions of the following:

(1) expenditures for clinical dental services;

(2) activities that improve dental care quality but shall specify that activities conducted by an issuer intended to improve dental care quality shall not exceed five percent of net premium revenue; and

(3) overhead and administrative cost expenditures.

b. The definitions promulgated pursuant to this section shall be consistent with similar definitions that are used for the reporting of medical loss ratios by carriers offering health benefit plans in the State. Overhead and administrative costs shall not be included in the numerator.

7. This act shall take effect on the first day of the third month next following enactment and shall apply to all policies and contracts delivered, issued, executed, or renewed on or after that date, except that section 4 shall take effect on the first day of January of the calendar year following the first completed annual reporting period required pursuant to section 3 of this act, provided that dental carriers are required to demonstrate compliance beginning with the first annual report.

STATEMENT

This bill requires a carrier of dental benefits plans to file an annual dental loss ratio report with the Commissioner of Banking and Insurance that is organized by market and product type. The intent of the bill is to provide for transparency of the expenditure of dental health care plan premiums. The report is to contain the same information required in the Medical Loss Ratio Annual Reporting Form (CMS-10418). The filing is required to include, but not be limited to, the following data: (1) number of covered persons, including the number of covered persons who meet or exceed the annual coverage limit; (2) plan cost-sharing and deductible amounts; and (3) annual maximum coverage limit. By January 1 of the year after the commissioner receives the dental loss ratio information required under the bill, the commissioner is to make the information available to the public in a searchable format on a public website that allows members of the public to compare dental loss ratios among carriers by plan type.

The bill establishes the dental loss ratios carriers are to meet or exceed: for large group dental plans, 85 percent, and for individual and small group dental plans, 83 percent. A dental loss ratio exceeding 85 percent is to be maintained in subsequent report years unless prior approval is granted by the commissioner to go below that amount. A process is delineated under the bill if a dental carrier fails to meet the applicable minimum dental loss ratio threshold. This includes the carrier providing a rebate to enrollees and group policyholders.

The bill stipulates that the commissioner is to aggregate dental loss ratios for each carrier by year for each market segment in which the carrier operates. Additionally, the commissioner is to calculate an average dental loss ratio for each market segment using data provided by carriers and is to report the calculations to the public and the Legislature. If a carrier reports a dental loss ratio that is one standard deviation from the average, the commissioner is to take remediation or enforcement actions against the carrier, including through the issuance of a rebate in addition to that which is required if a carrier fails to meet the applicable threshold. If a carrier's dental loss ratio in a market segment does not increase and remains an outlier after two consecutive years, the carrier is subject to enhanced annual reporting for the following reporting period, barring unique circumstances as determined reasonable by the commissioner.