



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: SB0335.01: Generally revise laws related to dental insurance

Primary Sponsor: Greg Hertz

Status: As Introduced

☐ Included in the Executive Budget

☐ Needs to be included in HB 2

☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts

☐ Technical Concerns

☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
State Special Revenue (02)	\$48,978	\$46,307	\$47,002	\$47,707
Revenues				
State Special Revenue (02)	\$0	\$0	\$0	\$0
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance				

Description of fiscal impact

SB 335 mandates that dental insurers maintain a transparent medical loss ratio, ensuring a certain portion of premiums is spent on patient care rather than overhead. The bill establishes reporting requirements for dental insurers and provides rule making authority to the State Auditor's Office for the administration of the act.

FISCAL ANALYSIS

Assumptions

Commissioner of Higher Education

1. This bill does not impact the Montana University System (MUS) since the MUS Group Insurance Benefit Plan is a self-funded health/dental plan.

Department of Administration

2. This bill does not impact the Department of Administration's Health Care and Benefits Division since the State of Montana Benefit Plan is a self-funded health/dental plan.

State Auditor's Office

3. SB 335 requires dental insurers to submit dental loss ratio reporting to the State Auditor's Office (SAO) by March 1 each year. The reporting is similar to reporting required by health insurers under the Affordable Care Act.
4. The SAO must define the required reporting data elements and develop the required data collection form(s).
5. The SAO will need to work with the National Association of Insurance Commissioners (NAIC) to develop and implement the ability to have the dental insurers submit the required reporting. Alternatively, the SAO will need to work with the Information Technology (IT) Department internally to develop a way for the dental insurers to submit the required reporting electronically.
6. Once the required reporting has been developed, and collection point set up for intake, the SAO must communicate and educate the requirements to the dental insurers.

7. Once the SAO begins to receive the reporting in March 2027, SAO will utilize an internal financial examiner to manage the intake and review of the reporting. The financial examiner will manage the additional information requests and follow up with the dental insurers as a result of the review.
8. The SAO anticipates 50 dental insurers will file each year, as that is the current number of dental insurers that sold dental insurance in the past year.
9. The SAO financial examiner will work with the SAO IT Department to ensure the information reported is available to the public in a searchable format on the SAO website by January 1 of the year following the reporting submission.
10. The SAO will develop a process for review and oversight of the dental loss ratio calculation and rebate issuance process to be managed by the financial examiner.
11. The SAO will need one half-time position, a Financial Examiner 1, to meet the requirements of SB 335. The total cost of the position is \$46,178 for FY 2026 and \$46,307 for FY 2027. A 1.5% inflationary factor has been added to this amount for FY 2028 and FY 2029.
12. One new employee office package and one new computer will cost \$1,600 and \$1,200, respectfully, in FY 2026.
13. SB 335 requires the SAO to adopt rules to implement the provisions of the bill. Per the Secretary of State, the agency filing fees outlined in Administrative Rules of Montana, outlined in ARM 1.4.107, are expected to be waived in FY 2026. The cost of Esper, the system used for the management of the ARMs, is included in the Montana State Information Technology Services Division's enterprise rate. The SAO can cover the cost of administrative rule development with existing staff. There is no additional cost to implement the administrative rules.

Fiscal Analysis Table

State Auditor's Office				
	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
FTE	0.50	0.50	0.50	0.50
TOTAL Fiscal Impact	0.50	0.50	0.50	0.50
<u>Expenditures</u>				
Personal Services	\$46,178	\$46,307	\$47,002	\$47,707
Operating Expenses	\$2,800	\$0	\$0	\$0
TOTAL Expenditures	\$48,978	\$46,307	\$47,002	\$47,707
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$48,978	\$46,307	\$47,002	\$47,707
TOTAL Funding of Expenditures	\$48,978	\$46,307	\$47,002	\$47,707
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	(\$48,978)	(\$46,307)	(\$47,002)	(\$47,707)

NO SPONSOR SIGNATURE 2/25
Sponsor's Initials Date

RD 2/24/2025
Budget Director's Initials Date