MONTANA
ADMINISTRATIVE
REGISTER

COMMISSIONER OF SECURITIES AND INSURANCE
OFFICE OF THE MONTANA STATE AUDITOR

NOTICE OF PROPOSED RULEMAKING

MAR NOTICE NO. 2026-119.1

Summary

Adoption of NEW RULES 1 and 2 implementing the Montana Dental Insurance Transparency and Accountability Act

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Hearing Date and Time

Thursday, June 25, 2026, at 10:00 a.m.

Hearing Information

CSI Basement Conference Room at 840 Helena Avenue, Helena, MT 59601

Virtual Hearing Information

Microsoft Teams meeting
Join: https://teams.microsoft.com/meet/24616528143066?p=bNnMG1za9cnG4TpazS
Meeting ID: 246 165 281 430 66
Passcode: zX7qh7dd

Comments

Comments may be submitted using the contact information below. Comments must be received by Monday, July 6, 2026, at 5:00 p.m.

Accommodations

The agency will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. Requests must be made by Tuesday, June 16, 2026, at 5:00 p.m.

Contact

Erin Snyder, Deputy Insurance Commissioner
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General Reasonable Necessity Statement

In 2025, the Montana Legislature adopted the Montana Dental Insurance Transparency and Accountability Act, codified at 33-22-2201 through 33-22-2205, MCA (Act). The Act defines the "dental loss ratio" in 33-22-2202(3)(b), MCA. The Act further directs the Commissioner of Securities and Insurance (commissioner) to adopt rules to implement the provisions of the Act, including defining by rule certain terms in the dental loss ratio definition. 33-22-2205, MCA.

This rulemaking package defines these terms along with other necessary reporting requirements.

The Act instructs the commissioner to "calculate an average dental loss ratio for each market segment using aggregate data for a 3-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." 33-22-2204(1), MCA. The Act, however, does not specify when the three-year period starts. In this rulemaking package, the commissioner specifies that the ratio will be calculated for the first time in 2028 based on the aggregate data submitted for calendar years 2025, 2026, and 2027. For each subsequent year, the commissioner will calculate the average dental loss ratio based on the most recent three years of data.

Rulemaking Actions

ADOPT

The rules proposed to be adopted are as follows:

NEW RULE 1 CALCULATION OF THE DENTAL LOSS RATIO

(1) For purposes of calculating the dental loss ratio specified in 33-22-2202, MCA, the following definitions apply:

(a) "Clinical dental services provided to enrollees" means:

(i) diagnostic, preventive, or corrective procedures provided by any oral health care provider, including but not limited to licensed dentists, dental therapists, licensed dental hygienists, dental assistants, and licensed denturists in the practice of their profession, including treatment of the teeth and associated structures of the oral cavity and treatment for disease, injury, or impairment that may affect the oral or general health of the enrollee;

(ii) expenditures for dental claims incurred (before reinsurance), including claims incurred but not reported (IBNR) for enrollees, and payments under capitation contracts with dental providers whose services are covered by the contract.

(b) "Clinical dental services provided to enrollees" do not include:

(i) activities that improve dental care quality;

(ii) overhead and administrative cost expenditures; or

(iii) activities that are nonprofit community benefit expenditures.

(c) "Activities that improve dental care quality" means an activity that meets the following requirements:

(i) The activity is intended to improve oral and overall health and advance oral health quality, including increasing the likelihood of desired outcomes compared to a baseline; reducing dental disparities among specified populations; and improving patient safety, reducing medical error, or lowering infection in ways that are capable of being objectively measured and of producing verifiable results and achievements.

(ii) The activity is directed toward individual enrollees or incurred for the benefit of specified segments of enrollees or provides oral health improvements to the population beyond those enrolled in coverage, as long as no credit is taken for additional costs incurred due to the non-enrollees.

(iii) The activity is grounded in the implementation, development, or improvement of evidence-based medicine, widely accepted best clinical practice, or criteria issued by recognized professional dental associations, accreditation bodies, government agencies, or other nationally recognized dental care quality organizations.

(d) “Activities that improve dental care quality” do not include:

(i) activities relating to lines of business or products other than dental, including the pro rata share of expenditures relating to both dental and non-dental business;

(ii) activities paid for with grant money or other funding separate from premium revenue;

(iii) activities that can be billed or allocated by a provider for care delivery and are reimbursed as clinical dental services;

(iv) taxes and assessments;

(v) fines and penalties of regulatory authorities, and fees for examinations by any state or federal departments; or

(vi) any marketing component that displays the name of the carrier, or that is paid for by the carrier to any affiliate of the carrier in any way, either directly or indirectly.

(e) “Premium revenue” means the sum of all monies paid by enrollees to receive coverage from a dental insurer or health insurer. This amount shall reconcile to the NAIC Life Insurance State Page for Montana, or the NAIC Exhibit of Premiums, Enrollment and Utilization, as applicable, for insurance companies filing on an NAIC life insurance annual statement or an NAIC health insurance annual statement, respectively. The following distinctions apply:

(i) Premium revenue excludes adjustments for retroactive rate reductions.

(ii) Premium revenue is to be reported before any deduction of premium discounts granted to enrollees.

(iii) Premium revenue should be the direct premium received (excluding reinsurance).

(f) “Overhead and administrative cost expenditures” are based on the generally accepted accounting principles (GAAP). Examples of overhead expenditures include:

(i) rent;

(ii) legal fees and expenses;

(iii) professional consulting fees;

(iv) travel expenditures; and

(v) utility expenditures.

(g) Examples of “administrative cost expenditures” include:

(i) activities designed primarily to control or contain costs;

(ii) establishing or maintaining a claims adjudication system, including upgrades in information technology that are designed primarily or solely to improve claims payment capabilities or to meet regulatory requirements for processing claims;

(iii) retrospective and concurrent utilization review, and any prospective utilization review that cannot be specifically justified as meeting the definition of "activities that improve dental care quality";

(iv) fraud prevention activities;

(v) developing and executing provider contracts, including establishing or managing a provider network;

(vi) provider credentialing;

(vii) payroll, except for positions dedicated to activities that improve oral and overall health and the pro rata share of payroll for positions substantially involved in such activities;

(viii) marketing expenses;

(ix) calculating and administering individual enrollee or employee incentives unless used in the promotion of activities that improve oral and overall health;

(x) direct sales salaries, workforce salaries, and benefits; and

(xi) agents and brokers fees and commissions;

(h) "Federal and state taxes, licensing and regulatory fees" means taxes, licensing, and regulatory fees allocated to dental insurance coverage that meet the CFR criteria for reporting of federal and state taxes, 45 CFR 158.162(a) and (b). Allocation methods must follow one of the methods described in 45 CFR 158.170(a) and (b) and must be disclosed on the dental loss ratio reporting template. Fines and penalties of regulatory authorities, and fees for examinations by state and federal departments, other than those referenced in 45 CFR 158.162(b), may not be used as an adjustment to premium revenue and must be separately reported.

Authorizing statute(s): 33-22-2204, 33-22-2205, MCA

Implementing statute(s): 33-22-2202, 33-22-2204, 33-22-2205, MCA

NEW RULE 2 DENTAL LOSS RATIO REPORTING REQUIREMENTS

(1) For purposes of the dental loss ratio annual report specified in 33-22-2203, MCA, on or before December 31, 2026, and each year thereafter, the commissioner will publish on the commissioner's website a dental loss ratio annual report template and instructions for submission to dental insurance insurers licensed in Montana.

(2) On or before March 1, 2027, an insurer that offers a dental coverage plan covered by the Montana Dental Insurance Transparency and Accountability Act, 33-22-2201, et seq., MCA, (dental carrier) shall electronically file a completed dental loss ratio report for reporting years 2025 and 2026 (two years). This data will be published in accordance with 33-22-2203(3) and (4), MCA, for both public use and to the economic affairs interim committee; however, an average dental loss ratio shall not be calculated.

(3) On or before March 1, 2028, and on or before March 1 each year thereafter, each dental carrier shall electronically file a completed dental loss ratio report for the preceding reporting year. The calculated dental loss ratio and each data element described in the loss ratio calculation shall be reported for each market segment (e.g., individual, small group, or large group market) offered by the carrier.

(4) After the data is submitted for reporting year 2027, the commissioner will calculate an average dental loss ratio for each market segment using the aggregate data for reporting years 2025, 2026, and 2027. For each subsequent year, the commissioner will calculate an average dental loss ratio based on the most recent three years of data.

(5) The dental loss ratio report will require dental carriers to report the number of covered lives and the components of the dental loss ratio calculation separately for Montana and nationwide market segment experience in the dental loss ratio reporting template. For each dental coverage plan that exceeds 250 covered lives, the dental carrier shall report the following additional data elements:

(a) the plan cost-sharing and deductible amounts;

(b) the annual maximum coverage limit; and

(c) the number of covered lives who met or exceeded the annual coverage limit.

(6) Dental carriers that purchase a line or block of business from another carrier during a reporting year must submit the required dental loss ratio reporting information for the assumed business, including for that part of the reporting year that preceded the purchase.

Authorizing statute(s): 33-22-2204, 33-22-2205, MCA

Implementing statute(s): 33-22-2202, 33-22-2204, 33-22-2205, MCA

Small Business Impact

With regard to the requirements of 2-4-111, MCA, CSI has determined that adopting the above-referenced rules will affect any dental insurance companies licensed in Montana. The number of insurance companies with more than 50 full-time employees is not tracked by CSI; thus, the number of impacted "small businesses," as defined in 2-4-102(13), MCA, is unknown at this time. The probable significant and direct effect of the proposed new rules on the small businesses is the requirement to compile and report the data specified in the Montana Dental Insurance Transparency and Accountability Act. The rules do not propose to directly adopt, increase, or decrease a monetary amount that a person shall pay or will receive. CSI does not expect the rules to impose any significant and direct costs on small businesses.

Bill Sponsor Notification

Pursuant to 2-4-310, MCA, the primary bill sponsor of Senate Bill 335 (2025) was contacted by email on May 26, 2026.

Interested Persons

CSI maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list must submit a written request that includes the name, e-mail, and mailing address of the person to receive notices, and specify which program the person wishes to receive notices for. Notices will be sent by e-mail unless a mailing preference is noted in the request. A written request may be mailed or delivered to the Commissioner of Securities and Insurance, Office of the Montana State Auditor, 840 Helena Avenue, Helena, MT 59601, or CSIPublicComment@mt.gov.

Rule Reviewer

Jack Connors

Approval

James Brown, State Auditor