

## VETOES

This legislation provides that a dental plan offered by a dental plan organization shall provide for payment for dental services to nonpanel dentists (a dentist who has not entered into a contract with an organization under a dental plan). Section 597A(b)(1) requires that payment to a nonpanel dentist, after all deductible and copayment provisions have been applied, "may not be less than 80 percent of the payments made to a panel dentist for similar services in the same geographic areas."

In most dental plans, panel dentists (a dentist under contract with a dental plan organization) are paid on a capitation basis. This form of compensation requires the plan to pay each panel dentist a certain amount in advance each month for the subscribers who have indicated that they will use the dentist's services. For some services provided by the panel dentist to the subscriber, no additional payment is required. Other services may require a copayment by the subscriber which is usually a fraction of the customary fee. Other dental plans have dentists who are paid on a salaried basis.

In either event, panel dentists in dental plan organizations are not compensated on a per procedure basis. Accordingly, it would be administratively impossible to determine if a nonpanel dentist received a minimum percentage calculated on the basis of compensation paid to panel dentists for rendering similar services.

Although proponents of the bill have suggested that Section 597A(b)(2) can be utilized to rectify this result, I am reluctant to conclude that the General Assembly intended this provision--more appropriate for the unique circumstance--to be the general operative provision for determining the amount of compensation for nonpanel dentists. Were this the legislative intent, there would have been little need for Section 597A(b)(1). In fact, applying Section 597A(b)(2) in this fashion would result in the Insurance Commissioner promulgating a fee schedule for nonpanel dentist in almost every instance. While other preferred providers' organizations legislation may contain provisions similar to Senate Bill 349, the basis for compensation under those plans do not effect the same administrative problems presented in this legislation.

Therefore, I have decided to veto Senate Bill 349.

Sincerely,  
William Donald Schaefer  
Governor

Senate Bill No. 349