

# STATE OF NEBRASKA

## DEPARTMENT OF INSURANCE

Bruce R. Ramge  
Director



Pete Ricketts  
Governor

April 8, 2015

Julie Faulkner  
Manager – Group Provider Relations  
Ameritas Life Insurance Corp.  
PO Box 82611  
Lincoln, NE 68501

RE: PPO Contracts

Dear Ms. Faulkner:

The Department recently received copies of two letters from you to Dr. [REDACTED] DDS. Both letters directly refer to the Department of Insurance filing procedure for physician contracts. It appears that these references to the Department resulted in Dr. [REDACTED] contacting us directly.

- o Your January 30, 2015 letter regarding insured [REDACTED]'s claim, states, "As discussed, your PPO Agreement with Ameritas has an alternative benefit provision, which was filed with the Nebraska Department of Insurance years ago without objection and has been uniformly applied ever since. Pursuant to this provision, the total you can collect on the claim at issue is \$675.00, \$423.00 of which is the patient's responsibility."
- o Your February 18, 2015 letter regarding insured [REDACTED], states, "As we have previously informed you in our letter dated January 30, 2015, your PPO Agreement with Ameritas has an alternative benefit provision, which was filed with the Nebraska Department of Insurance years ago without objection and has been uniformly applied ever since. Pursuant to this provision, the total you can collect on the claim at issue is \$766.00, \$473.00 of which is the patient's responsibility."

First, please reconsider this mention of the Department in your letters to providers. Instead, please refer to the law or regulation that justifies your billing practices. When the issue is whether the insurer has the power to set a dentist's prices, the relevant statutes are Neb. Rev. Stat. §§ 44-3805 and 44-7,105, which provide that a policy "shall not include a provision, stipulation, or agreement establishing or limiting any fees charged for dental services that are not covered by the policy, certificate, contract, agreement, or plan."

The PPO Agreement's alternative benefits provision makes it clear that Ameritas will not pay for the more expensive procedure when a less expensive procedure is "adequate and appropriate."

The choice of two "alternative benefits" does not make both benefits "covered" when the insurer only pays for the lowest cost alternative. If Ameritas never pays for the more expensive "alternative benefit," then the more expensive alternative benefit is not "covered by the policy" and Ameritas cannot dictate the price for that service.

The main purpose of this letter is to confirm that Ameritas only sets prices for billing codes that are actually paid, not billing codes for "alternative benefits" that are higher-cost alternatives for which Ameritas never pays. Please review Exhibit 1 to Ameritas' PPO Agreement and any other documents in which Ameritas sets prices for in-network providers' services to confirm compliance with Neb. Rev. Stat. §§ 44-3805 and 44-7,105. Your review should confirm that these agreements do not set prices for any services that Ameritas does not cover. After you have reviewed Ameritas' price lists, please send a written confirmation that the review is complete, and include information about any changes that were required.

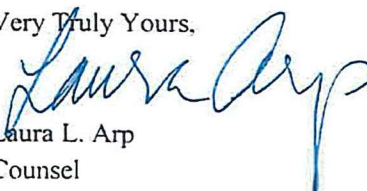
Please carefully consider the prices for metal and tooth-colored fillings and crowns, as these prices have been the focus of complaints. Please explain the way tooth-colored fillings/crowns are priced, using billing codes listed in Exhibit 1 to the PPO Agreement and any other relevant contract language, so that we can pass that information along to providers. Do the prices for tooth-colored fillings/crowns apply to all teeth, regardless of location in the patient's mouth? Does Ameritas pay the higher cost for tooth-colored fillings/crowns for non-molar teeth? If the price is the same for all teeth and front teeth are covered for the higher priced tooth-colored alternative, this would make the cost of tooth-colored fillings/crowns "covered" in some circumstances. And if this explanation is true, I would be happy to pass that information along to the providers questioning Ameritas' setting the price for higher-cost alternative benefits.

Please also provide the following information for the [redacted] and [redacted] bills discussed in your correspondence that referenced the Department of Insurance:

1. Billing codes for the amount Ameritas paid;
2. Billing codes for the amount the patient owed;
3. Statement whether the billing codes setting the amount the patient owed are ever covered by Ameritas; and
4. Example of an instance in which Ameritas paid full price for the billing codes setting the price the patient owes, instead of paying for a less expensive alternative benefit.

Thank you for working with us to resolve this issue.

Very Truly Yours,



Laura L. Arp  
Counsel