Policy on Third-Party Fee Capping of Noncovered Services

Latest Revision
2026

Abbreviations
AAPD: American Academy of Pediatric Dentistry.
DHMO: Dental health maintenance organization.
HMO: Health maintenance organization.
Majr: Medical subject headings major topic.
PPO: Preferred provider organization.
Tiab: Title and abstract.

* *Used in the PubMed search to identify all terms that begin with this truncated base.*

Purpose
The American Academy of Pediatric Dentistry (**AAPD**) supports dental benefit plan provisions designed to meet the oral health needs of patients by facilitating, beginning at birth, the delivery of diagnostic, preventive, and therapeutic services in a comprehensive, continuously accessible, coordinated and family-centered manner.[1] A well-constructed dental benefit plan respects and meets the needs of the plan purchaser, subscriber/patient, and provider.

Methods
This policy was developed by the Council on Dental Benefits Programs, adopted in 2012,[2] and last revised by the Council on Clinical Affairs in 2022.[3] This revision included a PubMed/MEDLINE search using the terms: (*evidence based dentistry* [**Majr**] OR p*ediatric dentistry* [Majr] OR *dental care for children* [Majr] OR *paediatric dentistry* [Tiab] OR *dental health services* [Majr] OR d*entistry* [Majr] OR *public health dentistry* [Majr] OR *community dentistry* [Majr]) *AND* ((*insurance coverage*[Majr] OR d*ental insurance* [**Tiab**] OR f*ees, dental* [Majr] OR i*nsurance, health, reimbursement* [Majr] OR *insurance, dental* [Majr] OR *insurance carriers* [Majr] OR *insurance coverage* [Majr] OR *PPO* [Tiab] OR *HPO* [Tiab] OR *dental HMO* [Tiab] OR *DHMO* [Tiab]) OR (*cost sharing* [Majr] OR *costs and cost analysis* [Majr] OR *health care costs* [Majr] OR *health expenditures* [Majr] OR f*ee capping** OR *maximum reimbursement** OR *insurance market** OR *health expenditure** OR *third party payer** OR *third party payor** OR *third party reimburse** OR *noncovered service**)); limits: English, 10 years, humans; as well as a review and analysis of state laws and pending legislation prohibiting the capping of noncovered services by third-party providers, related federal legislation, and the American Dental Association's *Policy on Maximum Fees for Non-Covered Services*[4]. The search identified 409 articles that were evaluated by title and abstract. Papers for review were chosen from this list and from the references within selected articles. Expert and/or consensus opinion by experienced researchers and clinicians was also considered.

Background
The American Dental Association defines covered service as "any service for which reimbursement is actually provided on a given claim"[4,] and noncovered services are "procedures for which the plan pays no benefit"[5]. Capping of noncovered services occurs when an insurance carrier sets a maximum allowable fee for a service ineligible for third-party reimbursement. While most contractual matters between insurers and providers are those of a private business relationship, this business practice is contrary to public interest for the following reasons.

- Larger dental benefit carriers with greater market share and more negotiating power are favored in this arrangement. While dentists may refuse to contract with smaller plans making this requirement,

they are unable to make the same decision with larger plans controlling greater numbers of enrollees. Eliminating this practice levels the playing field for all insurers and encourages greater competition among dental plans. If smaller plans and insurers are unable to survive, the group purchaser and subscriber are ultimately left with less market choice and potentially higher insurance cost.

- It is unreasonable to allow plans to set fees for services in which they have no financial liability and that may not cover the overhead expense of the services being provided. When this provision precludes dentist participation in a reimbursement plan, subscribers realize less choice in their selection of available providers. In many cases, especially in rural or other areas with limited general or specialty practitioners, this adversely affects the care. This is particularly true for vulnerable populations, including individuals with special health care needs.
- For dentists forced to accept this provision, the artificial pricing of uncovered services results in cost-shifting from those covered under a particular plan to uncovered patients. Thus, the uninsured and those covered under traditional indemnity or other plans will shoulder the costs of these provisions. Capping of noncovered services is not cost saving; it is cost-shifting—often to the most vulnerable populations and to those least able to afford health care.
- The ability to cap noncovered services allows insurance plans to interfere with the patient-doctor relationship.

Legislation to prohibit a dental insurer or dental service plan from limiting fees for services not covered under the plan is the law in 42 states.[6] Such legislation allows the dentist to utilize the usual and customary fee for services not covered by the plan.

Policy statement

The American Academy of Pediatric Dentistry believes that dental benefit plan provisions which establish fee limitations for noncovered services are not in the public's interest and should not be imposed through provider contracts. The AAPD encourages practitioners in states that have not passed legislation regarding noncovered services to contact their state dental society for assistance.

References

1. American Academy of Pediatric Dentistry. Policy on the dental home. *The Reference Manual of Pediatric Dentistry*. American Academy of Pediatric Dentistry; 2026:PENDING.
2. American Academy of Pediatric Dentistry. Policy on third-party fee capping of non-covered services. *Pediatr Dent*. 2012;34(special issue):93-94.
3. American Academy of Pediatric Dentistry. Policy on third-party fee capping of non-covered services. *The Reference Manual of Pediatric Dentistry*. American Academy of Pediatric Dentistry; 2022:165-166.
4. American Dental Association. Maximum fees for non-covered services. (Trans.2010:616;2020:317). In: *American Dental Association Current Policies Adopted 1954-2024*. American Dental Association; 2025:107.
5. American Dental Association. Comprehensive ADA policy statement on inappropriate or intrusive provisions and practices by third party payers (Trans.2016:290;2017:266). In: *American Dental Association Current Policies Adopted 1954-2024*. American Dental Association; 2025:81.
6. American Dental Association. Non-covered and non-billable services. Updated March 24, 2022. Accessed March 12, 2026. https://www.ada.org/-/media/project/ada-organization/ada/ada-org/files/resources/practice/dental-insurance/ada_non_covered_and_non_billable_services.pdf?rev=fda0838953a843d38ceec380f703e490&hash=57E873E8F65746E8E6BDF22E404821E4#:~:text=It%20is%20important%20to%20know,the%20fairness%20of%20this%20provision