Pennsylvania Oral Health Update

OCTOBER 2011

A legislator's guide to oral health care issues, provided by the members of the Pennsylvania Dental Association

Dentists Providing Access to Dental Care in Pennsylvania

Inside This Issue

PDA Pennsylvania Dental Association

THE PROBLEM

In September 2011, the Pennsylvania Department of Public Welfare (DPW) reduced or eliminated vital services from the fee-for-service adult dental Medical Assistance (MA) program, making it more difficult for patients 21 years of age and older to access quality dental services in a timely manner.

It's no secret that DPW had to cut these dental services, and others, because there is simply not enough money in the state coffers to sustain these programs. The Pennsylvania Dental Association (PDA) is hopeful that by reforming the state's MA program, existing funds will be used more wisely so that DPW is able to restore funding in the adult dental MA program, and maintain solvency for years to come.

Services Cut

MA providers and patients just learned of these changes to the dental adult MA program:

- Limits exams and cleaning to one per 180 days
- Eliminates funding for crowns, endodontics and periodontics
- Limits dentures to one per lifetime

These changes will impact most every adult in the MA program, though there are some exceptions for pregnant women, adults with special needs and patients living in long-term and intermediate care facilities.

continued on next page

The ramifications of these cuts will be monumental and, for some, life-altering. When once these patients had the option of restoring their natural teeth, more will now face the reality of having their teeth extracted. Dentists in the course of treating patients may have to withdraw services prematurely or absorb the uncompensated care into the cost of operation. This greatly hinders the solvency of dental practices, most of which are small businesses. The trickle-down effect will impact dental staff and other patients who pay out of pocket or have other insurances.

THE SOLUTION

The Solution

Two Ways We Can Fix the System

Convert to a Fee-for-Service Single Payer System

While the managed care model may work well for the medical community, PDA believes that this model is not a good "fit" for dentistry. At present, DPW is contracted with nine managed care organizations (MCOs) to administer the MA program across the state, reimbursing dentists using a capitated fee structure. This is in addition to the fee-for-service program run by DPW, for which a provider contracts directly with the state for reimbursement. It is impossible for PDA to calculate the administrative costs of each plan to administer the program; however, the state may realize substantial cost savings if the MA dental delivery system transitioned to a fee-for-service program administered by a single vendor.

Take Michigan for example. In 1998, Michigan established the State Children's Health Insurance Program, called MIChild, which includes comprehensive dental benefits for children.

MIChild was so successful that in 2000, Michigan created the Healthy Kids Dental (HKD) program, which allowed the state to contract with a statewide dental insurance carrier to administer MA benefits in specific counties as a pilot program. Delta Dental now administers this program the same way it administers traditional plans. More dentists enrolled as MA providers, largely because they could afford to since reimbursement was on par with traditional plans. In the first year alone, the number of MA-enrolled children treated in a dental office doubled. This is attributed in part to not having to travel so far to see a participating provider.

While this program is specific to children, the point made here is that a state-private dental partnership like MIChild for the children and adult MA program in Pennsylvania will result in a cost savings that will help restore funding in the adult program.

continued on next page

Who We Are

The Pennsylvania Dental Association (PDA), comprised of more than 5,200 actively practicing and retired dentists, is proud of its efforts to improve Pennsylvanians' oral health.

PDA's goals are to promote optimal dental care for the public, improve the availability of dental care for all citizens, speak on behalf of the public's dental health interests before government entities and educate the public about preventing oral disease and promoting good oral health.

This edition of the ***Oral Health Update*** discusses what Pennsylvania can do to improve the delivery of dental care to patients enrolled in Medical Assistance (MA). System reforms, such as transitioning from a managed care to a single-payer fee-for-service model, will streamline the MA program and make it more cost-efficient. Misused funds can be used to increase reimbursement rates near to market value, enabling more dentists to enroll as MA providers. There are other worthwhile initiatives from PDA and other stakeholders that would make the MA program more efficient. We owe it to Pennsylvania taxpayers and patients to overhaul the current system and implement meaningful reforms.

Tennessee and Virginia are other examples of states with a single payer to administer the MA dental program. In 2002, Tennessee "carved out" dental services from its managed care system and contracted directly with Doral Dental. Reimbursement rates increased and operating costs were streamlined so effectively that there was a 120 percent increase in provider participation. In 2005, Virginia also "carved out" dental benefits and realized a 103 percent increase in provider participation with MA.

Establish Market-Based Fees for the MA Program

Regardless of which entity or entities administers the MA program, it is essential for reimbursement schedules to reflect current market-based fees. In Pennsylvania, few MA procedures are reimbursed at even half of what it costs dentists to provide the services. Realistically, how are small business owners like dentists supposed to maintain a viable practice, and pay their staff decent wages and benefits, when they are paid next to nothing for treating MA patients? Dentists participating with other commercial insurers accept discounted fees when treating patients enrolled in those plans; however, the discount is minimal as compared to MA fees. Parity of fees will entice more dentists into the MA program and expand services to underserved areas of the state. PDA believes that MA fees that reach the 75th percentile or more will increase the number of dentists enrolling in the MA program.

According to a 2004 study by the American Dental Association, at least seven states saw marked improvement in the number of MA providers once fees were raised to a competitive level.

State	Adjustments made to MA Rates (Market-based bench-marks)	Changes to dentists' participation in MA following rate increases	Intervals between rate increases & assessment of changes in provider participation
Alabama	100 percent of Blue Cross Rates	+39 percent	24 months
Delaware	85 percent of dentists' MA expenses	From 1 dentist to 108 (of 302 dentists)	48 months
Georgia	75 percent of dentists' fees	+546 percent (to 1,674 of 4,000 dentists)	27 months
Indiana	75 percent of dentists' fees	+58 percent	54 months
Michigan	100 percent of Delta Dental premier rates	+300 percent	12 months
South Carolina	75 percent of dentists' fees	+73 percent	36 months
Tennessee	75 percent of dentists' fees	+60 percent	4 months

One of the American Dental Association's recommendations to improve the MA program is to "ensure that dental providers receive fair and market-based compensation for services provided and that compensation is not decreased by cost-sharing requirements.

In tough economic times, PDA understands that it may be nearly impossible for the legislature to appropriate additional funds to raise MA fees to market-based levels. However, PDA encourages the legislature and Administration to consider making the systemic changes needed to achieve this goal: by transitioning to a single-payer model, there is more transparency with how funds are utilized and there are less administrative costs to administer the program, thus freeing existing funds to adequately reimburse dentists and expand access to services.

While most dentists accept some insurance and some participate in managed care programs, the primary method for providing dental care relies on private practice administrative procedures and fee-for-service reimbursement. The model adopted by Pennsylvania conflicts with the way most dentists do business. It's time for us to consider alternative models that are proven effective in other states and are also proven to improve access to dental care.

FAST FACTS

Fast Facts

In 2008, Pew Center on the States reports that Pennsylvania's MA rates were 53.2 percent or lower of dentist's median retail fees.

Most state MA fee databases are at least one year behind the private sector market and are not updated consistently to account for inflation or other market factors.

Most dentists have at least 60 percent overhead expenses to maintain a dental practice. This impacts decisions such as how many patients they can afford to treat and how many staff they employ. Dentists are small business owners and can ill afford to treat many patients whose insurance pays well below the cost of business.

Dentists have cited low rates that are often less than what it costs to provide care, as well as excessive paperwork and other billing and administrative complexities, as major reasons why they are reluctant to participate in MA and other public insurance programs.

Contact Us

PDA prides itself on being Pennsylvania's premier dental organization and the leading authority on all dental issues. Please contact PDA's government relations staff at mss@padental.org, or (717) 234-5941, for more information about our advocacy goals. You can also contact PDA's government relations consultants, Mark Singel and Peg Callahan of The Winter Group, at (717) 909-9561. Visit www.padental.org to find out more about us and the services our members provide to your constituents! Find us on Twitter @padentalassn and on Facebook www.facebook.com/padentalassn.