policy brief

HUSKY A DENTAL CARE:

FINANCIAL STRATEGIES

SUMMARY FINDINGS

- Raising Medicaid reimbursement is one key component to increasing access to dental care for children on Medicaid.
- Increasing fees to the 70th percentile in other states has resulted in increased utilization.
- In the first year, raising all fees except orthodontics to the 70th percentile will cost an additional $21 million, which would be eligible for a federal match.
- Any increase in fees must be accompanied by ongoing cost of living adjustments.

In Connecticut multiple barriers exist to providing dental care for children on Medicaid, including a diminishing work force, limited capacity of the "dental safety net" clinics and low Medicaid reimbursement rates. Reimbursement rates are currently in the lower 1st to 7th percentiles of dental fees in New England resulting in less than 15 percent of Connecticut dentists participating in Medicaid. Raising reimbursement fees to a level at which an adequate number of providers participate in the Medicaid program will substantially enhance access to care for Connecticut's children.

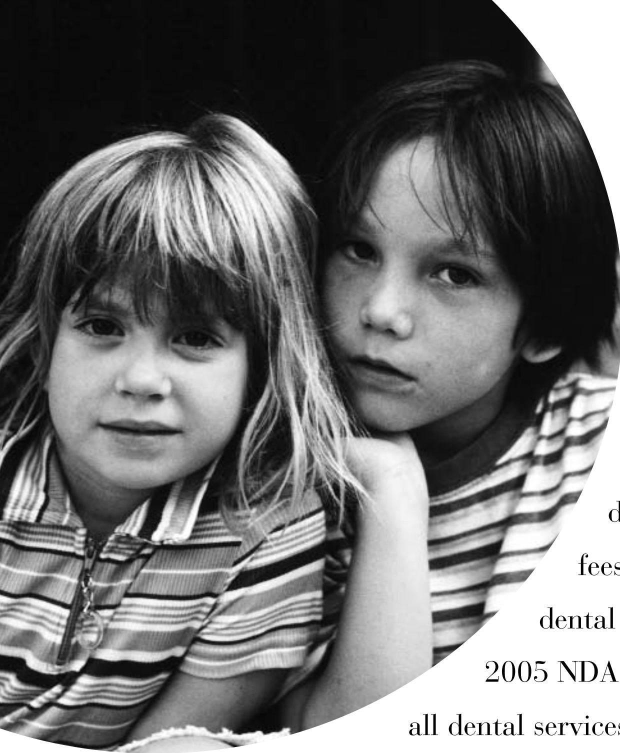
Connecticut Health Foundation

CURRENT ENROLLMENT, UTILIZATION AND EXPENSES

In 2004 there were 267,949 enrolled individuals under the HUSKY A state dental plan.[1] Of these individuals 170,937 were continuously enrolled for the entire year while 97,012 were enrolled for part of the year. Among those continuously enrolled for the entire year 42.2 percent had at least one dental visit compared to only 17.4 percent for those enrolled for part of the year. Overall, 33.2 percent had at least one dental visit.

Using the frequency of dental services utilized by HUSKY A individuals and current Medicaid fees [as obtained from the Connecticut Department of Social Services (DSS) website for fee-for-service clients] the current total dental expenses for HUSKY A individuals were estimated. They amounted to $16,360,526. The annual dental expenses per enrollee amounted to $61.06 (about $5 per month per enrollee); the annual dental expense per user was $184.08. Assuming the number of enrolled individuals and their utilization of services did not change since 2004 the dental expenses for 2005 would remain the same.

Reimbursement rates are currently in the lower 1st to 7th percentile of dental fees in New England.



NEW FEES, UTILIZATION AND EXPENSES:

The actual fees charged by Connecticut providers in 2005 are not available hence the 2005 National Dental Advisory Service, Comprehensive Fee Report (NDAS) was used as the fee schedule for dental procedures provided in Connecticut.[2] The NDAS report provides fees for the 40th, 70th, and 95th percentile of dental providers. Using the dental service experience of HUSKY A enrolled individuals in 2004 and the 2005 NDAS fee schedule we estimated the dental expenses for these percentiles for all dental services covered by the HUSKY A dental plan.

Selecting a fee schedule based on a percentile helps determine the level of access afforded to HUSKY individuals. The 70th percentile has been suggested as the level at which fees have to be set to increase provider participation in Medicaid. If the fee schedule is based on the 70th percentile it can be expected that HUSKY individuals will have access to 70 percent of the providers in Connecticut. The 70th percentile indicates that 70 percent of providers charge this fee or less as their normal and customary fee.

Table 1

Sample Fee Increase

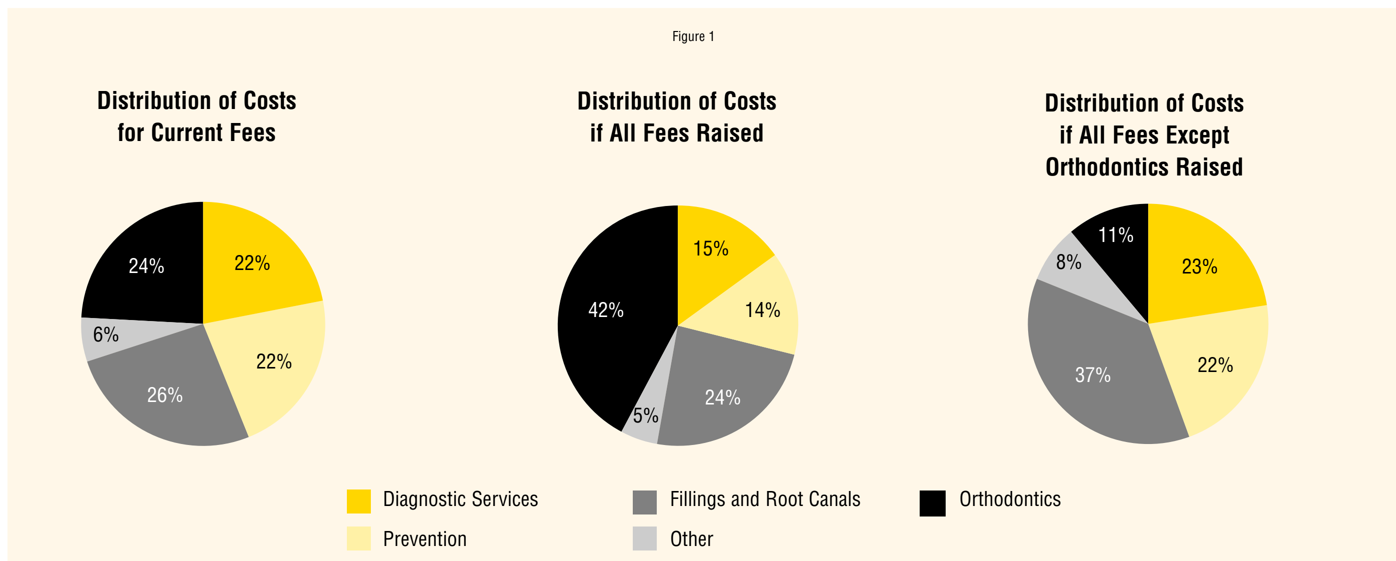
DESCRIPTION	CURRENT HUSKY A FEES	2005 NDAS FEES AT 70TH PERCENTILE
Pediodoic oral exam	$18	$37
Initial exam	$24	$65
Bitewing x rays	$16	$35
Cleaning	$22	$52
Fluoride treatment	$15	$29
Sealant	$18	$42
Amalgam - 2 surface	$38	$126
Resin - 2 surface	$46	$147
Stainless steel crown	$85	$207
Pulpotomy	$45	$150
Anterior root canal	$200	$539
Extraction single tooth	$33	$122

Source: CT Department of Social Services and National Dental Advisory Service.

If the distribution of provider's fees is distributed uniformly the estimated expenses at the 70th percentile may be higher than the true expenses by nearly 10 percent. Therefore these estimates are upper bound estimates for 2005 provided that the number of HUSKY A individuals and their dental service utilization have not changed since 2004 and participating dentists continue to charge their usual and customary fees.

Adjusting Medicaid fees to 2005 levels, regardless of the chosen percentile, will result in significant cost increases as dental fees have not been adjusted since 1993.[3] In addition the fee increases change the distribution of the costs. Of note, the percentage of the costs attributed to orthodontics will increase from 24 percent to 42 percent (Figure 1), a disproportionate increase given that orthodontic services are provided to less than 5,000 of the 267,949 individuals on Medicaid annually. If the costs for the two most common orthodontic procedures were to remain constant at their present 2004 level this cost proportion would drop to 11 percent. Therefore, if fees for all services except orthodontics were increased to the 70th percentile, it

Figure 1



Analysis based on data from the CT Department of Social Services, Connecticut Voices for Children, and National Dental Advisory Service.

would cost an additional $21 million, which is eligible for matching dollars from the federal Medicaid program. In contrast, if fees were increased for all services including orthodontics, total costs would increase by $40 million (Table 2), which also is eligible for a federal match.

The increase in fees is expected to lead to an increase in the dental utilization of HUSKY A individuals as the number of Medicaid providers increases. Currently less than 15 percent of providers participate. Although projected utilization is difficult to estimate the range is expected to lie between the present dental utilization rate (33.2 percent) and the utilization rate of non-poor individuals (65 percent). As a result, we provide additional estimates of total dental expenditures for an overall dental utilization rate of 50 percent. This range should not be considered as low. If we were to assume that the ratio of dental utilization between continuously and non-continuously enrolled children remains constant the overall dental utilization of 50 percent is equivalent to 64 percent for children enrolled in HUSKY A for 12 months continuously. This is consistent with Michigan's experience after Medicaid fees were increased.[4] However, it will take considerable time and effort to achieve an overall utilization of 50 percent after the new fees are implemented. Additional federal matching dollars can be expected in future years to offset increased costs.

All estimates are in 2005 dollars. No attempt has been made to adjust expenses for future increases in dental fees. Ongoing adjustments to account for cost-of-inflation are essential for improving and maintaining access to dental care for HUSKY A individuals and to prevent the erosion of access that has occurred since fees were last adjusted in 1993.

The increase in fees is expected to lead to an increase in the dental utilization of HUSKY A individuals.

Table 2

Current and Projected Costs of HUSKY A Children's Dental Services for All Services and Modified Services

	Total Program Cost: All Fees Raised		Total Program Cost: All Fees Except Orthodontics Raised*	
	Current Utilization (33%)	Projected Rates (50%)	Current Utilization (33%)	Projected Rates (50%)
Number of Children Receiving Services	88,876	133,974	88,876	133,974
Current HUSKY A Fees	$16,360,526	$24,639,346	$16,360,526	$24,639,346
2005 NDAS Fees at 40th Percentile	$49,346,870	$74,317,575	$32,599,095	$49,095,023
2005 NDAS Fees at 70th Percentile	**$56,678,137**	**$85,358,640**	**$37,092,983**	**$55,862,926**
2005 NDAS Fees at 95th Percentile	$71,292,608	$107,368,386	$46,214,566	$69,600,250

**Fees of two orthodontic procedures (8080 and 8670) maintained at 2004 HUSKY A levels. Analysis based on data from the CT Department of Social Services, Connecticut Voices for Children, and National Dental Advisory Service.*

CONCLUSION

Adjusting Medicaid fees to prevailing fees is long overdue and necessary if the current level of access is not to decline. Arguing in favor of a particular set of fees is less critical. The set of fees corresponding to the 70th percentile seems to be a reasonable upper bound set of fees. These fees will improve access significantly. Adapting a provision to adjust fees periodically (preferably annually) is an essential element of any plan to increase access and utilization.

REFERENCES

1. Data provided by the Connecticut Voices for Children.
2. 2005 National Dental Advisory Service Comprehensive Fee Report®, 23rd Edition. Yale Wasserman, D.M.D. Medical Publishers, Ltd. Milwaukee, 2005.
3. Beazoglou T, Heffley D, Lepowsky S, Douglass J, Lopez M, and Bailit H. Dental Safety Net in Connecticut. JADA 2005; 136:1457-1462.
4. Eklund, S, Pittman, J, and Clark, S. Michigan Medicaid's Healthy Kids Dental Program: An Assessment of the First 12 months. JADA 2003; 134:1509-1515.

Tryfon Beazoglou, *Co-Author*
UCONN School of Dental Medicine

Joanna Douglass, *Co-Author*
UCONN School of Dental Medicine

Monette Goodrich, *Editor-in-Chief*
Connecticut Health Foundation

This brief is available on our website at www.cthealth.org or by calling 860.224.2200.

Connecticut Health *Foundation*

74B Vine Street
New Britain, CT 06052
www.cthealth.org

RETURN SERVICE REQUESTED

NON PROFIT
ORGANIZATION
U.S. POSTAGE
PAID
NEW BRITAIN, CT
PERMIT NO.16