

HF1151 - 0 - "MA Dental Service Coverage"

Chief Author: **Nick Zerwas**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **03/23/2015**  
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
<b>General Fund</b>	-	26,392	56,186	63,395	70,955
<b>Health Care Access</b>	-	7,069	22,783	26,233	28,926
<b>Total</b>	-	<b>33,461</b>	<b>78,969</b>	<b>89,628</b>	<b>99,881</b>
<b>Biennial Total</b>			<b>112,430</b>		<b>189,509</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	.5	.25	-	-
Health Care Access	-	-	-	-	-
<b>Total</b>	-	<b>.5</b>	<b>.25</b>	-	-

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Ahna Minge      Date: 3/23/2015 5:55:28 PM  
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## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
General Fund	-	26,392	56,186	63,395	70,955	
Health Care Access	-	7,069	22,783	26,233	28,926	
<b>Total</b>	<b>-</b>	<b>33,461</b>	<b>78,969</b>	<b>89,628</b>	<b>99,881</b>	
	<b>Biennial Total</b>		<b>112,430</b>		<b>189,509</b>	
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	26,768	56,369	63,395	70,955	
Health Care Access	-	7,069	22,783	26,233	28,926	
<b>Total</b>	<b>-</b>	<b>33,837</b>	<b>79,152</b>	<b>89,628</b>	<b>99,881</b>	
	<b>Biennial Total</b>		<b>112,989</b>		<b>189,509</b>	
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	376	183	-	-	
Health Care Access	-	-	-	-	-	
<b>Total</b>	<b>-</b>	<b>376</b>	<b>183</b>	<b>-</b>	<b>-</b>	
	<b>Biennial Total</b>		<b>559</b>		<b>-</b>	

## Bill Description

House File 1151-0 makes changes to the dental benefit in the Medical Assistance (MA) and MinnesotaCare programs. The legislation would allow for more frequent comprehensive exams and full mouth x-rays, add coverage for nonsurgical periodontal benefits and oral health screenings, and restore coverage of periodontal therapies for adults. The bill increases the base dental reimbursement rate to 50 percent of the 90th percentile of 2012 submitted bill charges. All benefit changes and the rate change in fee-for-service MA would take effect on July 1, 2015. The legislation requires DHS to increase capitation payments to health plans on January 1, 2016 to reflect the change in provider payment rates.

The bill requires DHS to convene a workgroup to identify and implement changes to reduce administrative burdens, costs, and complexities between dental providers, health plans, and dental benefit administrators and provide a report to the legislature by February 15, 2016. This legislation also requires DHS to provide a grant to a public higher education dental school to develop a new reimbursement system for MHCP providers in consultation with stakeholders and develop a pilot project that will simulate and test the new reimbursement system and submit a report to the legislature by December 15, 2016.

## Assumptions

This proposal provides a general dental rate increase. The rate increase calculated in this estimate reflects the change from CY2012 base rates for dental procedure codes to rates equal to 50% of the 90th percentile of CY2012 submitted charges over the same procedure codes. This is roughly a 103% increase in the base rate for dental services.

To determine the impact on utilization, DHS relied on a study of Medicaid dental rate increases in six different states. For children, this estimate assumes an increase in utilization equal to 25% due to increased provider participation in the Medical Assistance program. For parents and adults without children, we assume a utilization increase equal to 50% of the increase for children. This estimate assumes that the utilization increase is phased-in over three years. For elderly and disabled recipients, no change in utilization is assumed.

The proposal would add adult periodontics to the dental benefit set. Prior to January 2010, adult periodontics was included in the dental benefit set. Using data from CY2009, it is estimated that adult periodontics was approximately 0.8% of FFS dental payments.

This proposal limits comprehensive exams to once in three years instead of once in five years. We assume this change will increase payments for comprehensive exams by 25%, which would be an increase of 1.31% in overall dental payments.

This legislation also adds coverage for oral health screenings. This estimate assumes that 25% of enrolled children and 10% of enrolled adults would receive this service annually at a cost of \$9.35 per service. This would produce an increase of approximately 1.35% in dental payments.

It is assumed that the FFS rate increase is effective with the service month of July 2015. It is assumed that the managed care rate increase is effective with the service month of January 2016. It is assumed that adding periodontics and screening services to the MA benefit is effective with the service month of July 2015.

The bill requires DHS to contract with a public dental school for the development of a new reimbursement system. The University of Minnesota Dental School appears to be the sole entity meeting this description. Funding for this grant is reflected in this estimate. This legislation would also require DHS to convene a stakeholder workgroup on administrative simplification and provide a report to the legislature in February 2016. This report and the administration and oversight of a new grant program will require additional resources for DHS that are also included in this estimate.

Implementing the rate and benefit changes required by this legislation requires changes to DHS claims payment systems. The cost of these changes is reflected in this estimate.

**Expenditure and/or Revenue Formula**

<b>Impact of Proposed Rate Increases</b>				
<b>MA FFS Dental Feb 2015 Forecast</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
MA Elderly and Disabled	\$10,203,519	\$10,921,048	\$11,676,927	\$12,471,055
MA Adults without Kids	\$4,346,614	\$4,503,610	\$4,662,738	\$4,828,993
MA Families with Children	\$11,629,302	\$12,141,432	\$12,717,935	\$13,315,834
<b>MA-MCO Dental Feb 2015 Forecast</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
MA Elderly and Disabled	\$17,616,781	\$15,290,437	\$15,573,417	\$16,638,282
MA Adults without Kids	\$17,303,197	\$16,671,961	\$17,165,308	\$17,940,268
MA Families with Children	\$45,935,872	\$44,006,680	\$45,207,154	\$47,307,177
<b>Managed care:proportion for dental in withhold payments</b>				
MA Elderly and Disabled		\$707,028	\$1,364,792	\$1,343,957
MA Adults without Kids		\$694,443	\$1,424,381	\$1,474,761
MA Families with Children		\$1,843,580	\$3,768,540	\$3,887,561
<b>MnCare MCO Dental Feb 2015 Forecast</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Mncare Parents	\$6,674,257	\$7,480,971	\$7,643,810	\$7,716,079
MnCare Adults with no kids	\$8,620,511	\$9,676,479	\$9,872,788	\$9,947,472

<b>Impact of Proposed Rate Increases</b>				
<b>Managed care:proportion for dental in withhold payments</b>				
Mncare Parents		\$267,863	\$602,689	\$658,779
MnCare Adults with no kids		\$345,974	\$779,147	\$851,391
<b>Managed care:CAD Add-on</b>				
MA Families with Children	\$7,575,024	\$8,199,449	\$8,875,348	\$9,606,963
<b>Medical Assistance - Impact of Rate Increase</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
MA Elderly and Disabled FFS	\$8,722,971	\$11,203,662	\$11,979,102	\$12,793,780
MA Elderly and Disabled HMO	\$6,951,025	\$15,686,122	\$15,976,425	\$17,068,846
MA Elderly and Disabled HMO perf. pmt.		\$278,971	\$1,028,149	\$1,378,736
<b>Total</b>	<b>\$15,673,996</b>	<b>\$27,168,755</b>	<b>\$28,983,675</b>	<b>\$31,241,363</b>
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	\$7,836,998	\$13,584,377	\$14,491,838	\$15,620,681
<b>State Share</b>	<b>\$7,836,998</b>	<b>\$13,584,377</b>	<b>\$14,491,838</b>	<b>\$15,620,681</b>
MA Adults w. no Children FFS	\$3,715,913	\$4,620,154	\$4,783,400	\$4,953,958
MA Adults w. no Children FFS Utilization	\$357,528	\$485,506	\$753,991	\$1,041,167
MA Adults w. no Children HMO	\$6,827,295	\$17,103,397	\$17,609,511	\$18,404,525
MA Adults w. no Children HMO Utilization	\$493,871	\$3,318,093	\$5,124,420	\$7,141,028
MA Adults w. no Children HMO perf. pmt		\$274,005	\$1,095,901	\$1,512,924
<b>Total</b>	<b>\$11,394,607</b>	<b>\$25,801,155</b>	<b>\$29,367,223</b>	<b>\$33,053,603</b>
Federal share %	100.00%	97.50%	94.50%	93.50%
Federal share	\$11,394,607	\$25,156,126	\$27,752,025	\$30,905,118
<b>State Share</b>	<b>\$0</b>	<b>\$645,029</b>	<b>\$1,615,197</b>	<b>\$2,148,484</b>
MA Families with Children FFS	\$9,941,870	\$12,455,627	\$13,047,048	\$13,660,420
MA Families with Children FFS Utilization	\$956,562	\$1,308,892	\$2,056,562	\$2,870,994
MA Families with Children HMO	\$18,124,845	\$45,145,482	\$46,377,021	\$48,531,389
MA Families with Children HMO Utilization	\$1,311,110	\$8,758,312	\$13,495,850	\$18,830,370
MA Families with Children HMO perf. pmt		\$780,038	\$3,384,282	\$4,839,832

<b>Impact of Proposed Rate Increases</b>				
MA Families with Children HMO CAD	\$1,942,762	\$8,411,634	\$9,105,024	\$9,855,571
<b>Total</b>	<b>\$32,277,149</b>	<b>\$76,859,985</b>	<b>\$87,465,787</b>	<b>\$98,588,576</b>
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	\$16,138,574	\$38,429,993	\$43,732,894	\$49,294,288
<b>State Share</b>	<b>\$16,138,574</b>	<b>\$38,429,993</b>	<b>\$43,732,894</b>	<b>\$49,294,288</b>
<b>Total MA State Share</b>	<b>\$23,975,572</b>	<b>\$52,659,399</b>	<b>\$59,839,929</b>	<b>\$67,063,453</b>
<b>MinnesotaCare</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Impact of rate increase</b>				
Mncare Parents HMO	\$2,633,451	\$7,674,563	\$7,841,616	\$7,915,755
Mncare Parents HMO Utilization	\$206,373	\$1,488,880	\$2,281,933	\$3,071,344
Mncare Parents HMO Perf. Pmt.		\$113,973	\$559,790	\$819,983
MnCare Adults with no kids HMO	\$3,401,382	\$9,926,886	\$10,128,275	\$10,204,892
MnCare Adults with no kids HMO Utilization	\$266,552	\$2,086,322	\$3,192,971	\$4,289,500
MnCare Adults with no kids HMO Perf. Pmt.		\$147,208	\$732,039	\$1,077,495
<b>Total</b>	<b>\$6,507,758</b>	<b>\$21,437,832</b>	<b>\$24,736,624</b>	<b>\$27,378,969</b>

**Long-Term Fiscal Considerations**

**Expenditure and/or Revenue Formula Continued**

<b>Additional Services - Percentage change for adding:</b>				
Periodontics	0.77%			
Comprehensive exams	1.31%			
Oral health screenings	1.35%			
<b>Total Est. Increase for Addtl Services</b>	<b>3.43%</b>			
<b>Medical Assistance</b>				
<b>Elderly and Disabled</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Dental forecast (FFS+HMO) with rate change	\$43,494,296	\$53,380,240	\$56,234,020	\$60,350,700
Est % change in dental payments	3.43%	3.43%	3.43%	3.43%
Phase-in	75%	100%	100%	100%
<b>Total cost</b>	<b>\$1,118,891</b>	<b>\$1,830,942</b>	<b>\$1,928,827</b>	<b>\$2,070,029</b>

<b>Additional Services - Percentage change for adding:</b>				
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	\$559,445	\$915,471	\$964,413	\$1,035,015
<b>State Share</b>	\$559,445	\$915,471	\$964,413	\$1,035,015
<b>Adults Without Kids</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Dental forecast (FFS+HMO) with rate change	\$33,044,418	\$46,976,726	\$51,195,269	\$55,822,864
Est % change in dental payments	3.43%	3.43%	3.43%	3.43%
Phase-in	75%	100%	100%	100%
Total cost	\$850,068	\$1,611,302	\$1,755,998	\$1,914,724
Federal share %	100.00%	97.50%	94.50%	93.50%
Federal share	\$850,068	\$1,571,019	\$1,659,418	\$1,790,267
<b>State Share</b>	\$0	\$40,283	\$96,580	\$124,457
<b>Families With Children</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Dental forecast (FFS+HMO) with rate change	\$89,842,322	\$133,008,098	\$145,390,876	\$159,211,587
Est % change in dental payments	3.43%	3.43%	3.43%	3.43%
Phase-in	75%	100%	100%	100%
Total cost	\$2,311,194	\$4,562,178	\$4,986,907	\$5,460,957
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	\$1,155,597	\$2,281,089	\$2,493,454	\$2,730,479
<b>State Share</b>	\$1,155,597	\$2,281,089	\$2,493,454	\$2,730,479
<b>Total MA State Share Cost</b>	\$1,715,042	\$3,236,843	\$3,554,447	\$3,889,950
<b>MinnesotaCare</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Dental forecast (FFS+HMO) with rate change	\$21,802,527	\$39,209,119	\$43,635,058	\$46,552,690
Est % change in dental payments	3.43%	3.43%	3.43%	3.43%
Phase-in	75%	100%	100%	100%
<b>Total MnCare Cost</b>	\$560,870	\$1,344,873	\$1,496,682	\$1,596,757
<b>Fiscal Summary: State Share</b>				
<b>Medical Assistance - Program Costs</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Elderly and Disabled</b>				

<b>Additional Services - Percentage change for adding:</b>				
Rate changes	\$7,836,998	\$13,584,377	\$14,491,838	\$15,620,681
Adult periodontia, etc.	\$559,445	\$915,471	\$964,413	\$1,035,015
<b>MA State Share Subtotal</b>	<b>\$8,396,443</b>	<b>\$14,499,849</b>	<b>\$15,456,251</b>	<b>\$16,655,696</b>
<b>Adults Without Kids</b>				
Rate changes	\$0	\$645,029	\$1,615,197	\$2,148,484
Adult periodontia, etc.	\$0	\$40,283	\$96,580	\$124,457
<b>MA State Share Subtotal</b>	<b>\$0</b>	<b>\$685,311</b>	<b>\$1,711,777</b>	<b>\$2,272,941</b>
<b>Families With Children</b>				
Rate changes	\$16,138,574	\$38,429,993	\$43,732,894	\$49,294,288
Adult periodontia, etc.	\$1,155,597	\$2,281,089	\$2,493,454	\$2,730,479
<b>MA State Share Subtotal</b>	<b>\$17,294,171</b>	<b>\$40,711,082</b>	<b>\$46,226,347</b>	<b>\$52,024,767</b>
<b>Total MA State Share</b>	<b>\$25,690,615</b>	<b>\$55,896,241</b>	<b>\$63,394,375</b>	<b>\$70,953,404</b>
<b>MinnesotaCare - Program Costs</b>				
	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Rate changes	\$6,507,758	\$21,437,832	\$24,736,624	\$27,378,969
Adult periodontia	\$560,870	\$1,344,873	\$1,496,682	\$1,596,757
<b>Total MnCare State Share</b>	<b>\$7,068,628</b>	<b>\$22,782,705</b>	<b>\$26,233,307</b>	<b>\$28,975,726</b>

<b>Fiscal Tracking Summary (\$000s)</b>						
<b>Fund</b>	<b>BACT</b>	<b>Description</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
GF	33 ED	MA Grants	8,396	14,450	15,456	16,656
GF	33 AD	MA Grants	0	685	1,712	2,273
GF	33 FC	MA Grants	17,294	40,711	46,226	52,025
GF	33	MA Grants Subtotal	25,690	55,846	63,424	70,954
HCAF	31	MinnesotaCare Grants	7,069	22,783	26,233	28,926
GF	13	HCA Admin FTE	74	22	0	0
GF	13	HCA Admin Rate Study Contract	1,000	500	0	0
GF	REV1	FFP @ 35%	(376)	(183)	0	0

Fiscal Tracking Summary (\$000s)						
GF	11	Systems (MMIS @ 29%)	4	1	1	1
		<b>Total Net Fiscal Impact</b>	<b>33,461</b>	<b>78,969</b>	<b>89,628</b>	<b>99,881</b>
		<b>Full Time Equivalents</b>	.5	.25		

**Local Fiscal Impact**

None

**References/Sources**

DHS Reports and Forecasts Division

February 2015 forecast

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