HB 1158

Department of Legislative Services

Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1158 (Delegate McKay, *et al.*)
Health and Government Operations

Maryland Medical Assistance Program - Comprehensive Dental Benefits for Adults - Authorization

This bill *authorizes* Medicaid, beginning January 1, 2019, subject to the limitations of the State budget and as permitted by federal law, to provide comprehensive dental services for adults whose annual household income is at or below 133% of the federal poverty level.

Fiscal Summary

State Effect: To the extent Medicaid provides comprehensive dental services for adults, Medicaid expenditures (59% federal funds, 41% general funds) increase by a significant amount beginning in FY 2019, as discussed below. Federal fund revenues increase accordingly.

Local Effect: None.

Small Business Effect: Potential meaningful for small business dental practices that may serve Medicaid enrollees.

Analysis

Current Law/Background: Dental coverage for children in Medicaid and the Maryland Children's Health Program is mandatory. However, dental coverage for adults is an optional service. Maryland Medicaid covers medically necessary dental services for individuals younger than age 21, pregnant women age 21 and older, former foster youth, and adults in the Rare and Expensive Case Management program. These dental services are provided as a HealthChoice carve-out through an administrative services organization model.

All adults receive emergency treatment for dental complaints. Although not required to be provided (and not included in rates), almost all HealthChoice managed care organizations (MCOs) provide a limited adult dental benefit. As coverage is voluntary, benefits may vary between MCOs and from year to year. In calendar 2016, seven of the eight MCOs covered up to two exams/cleanings per year, X-rays, fillings, and extractions for adult Medicaid enrollees. Four of the seven MCOs capped the maximum benefit per enrollee per calendar year at between $150 and $750. One MCO required 30% coinsurance on fillings and extractions.

Data from the Maryland Medicaid Management Information System indicates that Medicaid paid approximately $11.7 million for emergency room visits for adult dental complaints (including those resolved on an outpatient basis and those that led to an inpatient admission) in calendar 2013 (42,609 visits) and approximately $15.0 million in calendar 2014 (53,175 visits).

In February 2016, The Hilltop Institute issued a report titled *Adult Dental Coverage in Maryland Medicaid* on behalf of the Maryland Dental Action Coalition to examine the cost and policy implications of expanding adult dental coverage under Medicaid. The report noted that Maryland is among 15 states that only cover emergency dental benefits for adults, while 17 states provide limited but broader dental coverage, and 15 states provide extensive coverage. Using utilization rates of other states with adult dental coverage and Maryland's Medicaid dental fee schedule, Hilltop estimated the costs of three different levels of benefit coverage on a per member per month (PMPM) basis: (1) a basic benefit for preventive and restorative care; (2) an extensive benefit that covers basic benefits and services such as periodontal and dental surgery; and (3) an extensive benefit with an annual expenditure cap of $1,000.

The report noted that expansion of dental benefits to adults in Medicaid may yield potential savings from reductions in (1) the use of emergency departments for dental complaints as enrollees receive dental care from a regular dental provider; (2) the severity of dental complaints as enrollees utilize preventive dental services and avoid the need for restorative services; (3) the use of safety net dental providers, such as local health department dental clinics, federally qualified health centers, and other sources of free or reduced-cost care; and (4) utilization and severity of health conditions related to oral health.

State Fiscal Effect: To the extent Medicaid provides comprehensive dental services for adults as permitted under the bill, Medicaid expenditures (59% federal funds, 41% general funds) increase by a significant amount beginning in fiscal 2019. Federal fund revenues increase accordingly. Based on Hilltop PMPM estimates and current Medicaid enrollment, costs could range from at least $27.2 million to as much as $96.0 million in fiscal 2019, which reflects six months of service costs. Actual expenditures depend on the benefit

package offered but, as the bill specifies *comprehensive* dental services, costs are likely to be on the high end of this range.

Appendix 1 shows the range of potential costs on an *annual* basis based on the three levels of benefit coverage estimated by Hilltop, which vary from $54.4 million for basic coverage to $192.0 million for extensive coverage without an annual cap. These estimates are based on the following information and assumptions:

- 738,540 adults will be newly eligible for dental benefits;
- federal matching funds of 60% are provided for the 655,320 individuals younger than age 65, while federal matching funds of 50% are provided for the 83,220 individuals age 65 and older;
- the PMPM cost of dental services ranges from $5.75 to $21.28 depending on the level of benefits provided (comprehensive dental services are specified under the bill); and
- an additional administrative fee of $0.39 PMPM will apply for Medicaid's dental benefit management vendor.

These estimates assume no change in current Medicaid spending on dental services ($165.2 million in calendar 2015). Furthermore, these estimates do not reflect any potential savings in emergency dental expenditures for which Medicaid MCOs are reimbursed, nor do they take into account any current voluntary spending by MCOs on adult dental services (which is outside of the MCO rates) that are likely to end under a Medicaid adult dental benefit.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene; The Hilltop Institute; Department of Legislative Services

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Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

Appendix 1
Estimated Annual Cost to Provide Medicaid Adult Dental Benefits

	Basic Benefit		Capped Extensive Benefit[1]		Extensive Benefit	
	(Low)	(High)	(Low)	(High)	(Low)	(High)
PMPM Cost	$5.75	$13.08	$6.40	$21.28	$9.43	$21.28
Service Costs	$50,959,260	$115,921,238	$56,719,872	$188,593,574	$83,573,186	$188,593,574
Administrative Costs[2]	3,456,367	3,456,367	3,456,367	3,456,367	3,456,367	3,456,367
Total Costs	**$54,415,627**	**$119,377,606**	**$60,176,239**	**$192,049,942**	**$87,029,554**	**$192,049,942**
State Share (41%)	$22,379,416	$49,096,210	$24,748,572	$78,984,030	$35,792,486	$78,984,030
Federal Share (59%)	$32,036,211	$70,281,395	$35,427,667	$113,065,912	$51,237,068	$113,065,912

PMPM: per member per month

Note: Basic benefit includes diagnostic, preventive, and restorative dental services. Extensive benefit includes all dental services, including periodontal and dental surgery, but does not include orthodontics or dentofacial orthopedics. PMPM costs reflect The Hilltop Institute study estimates.

[1]Reflects a fixed annual cap on services of $1,000.
[2]Reflects an additional $0.39 PMPM administrative cost for the dental benefit management vendor.