



DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

February 14, 2024

The Honorable Joseline A. Peña-Melnyk
Chair, House Health and Government Operations Committee
241 House Office Building
Annapolis, MD 21401-1991

Re: House Bill 767 - Maryland Medical Assistance Program - Adult and Pediatric Dental Services - Reimbursement Rates - Letter of Opposition

Dear Chair Peña-Melnyk and Committee Members:

The Maryland Department of Health (Department) respectfully submits this letter of opposition for House Bill (HB) 767 – Maryland Medical Assistance Program – Adult and Pediatric Dental Services – Reimbursement Rates. HB 767 would require the Department to conduct certain studies and to increase Medicaid rates for adult and pediatric dental services to 60% of the commercial insurance rates, or 60% of the median American Dental Association (ADA) benchmark charges if determining the average commercial rates is not feasible, effective January 1, 2025. It is important to note that commercial insurance rates paid by payers are often much less than provider charges.

The Department recognizes the importance of adequate rates of dental services to guarantee access to quality care for Medicaid participants. However, the Department is concerned by the bill's requirement to increase Medicaid rates to at least 60% of the commercial insurance rates for adult and pediatric dental services - or the median ADA benchmark charges, if the rate data is not available. The Department estimates a fiscal impact of \$121.3 million (\$48.5 million general funds) annually based on an analysis of the current ADA billed charge data.

The Department is committed to continuing to set rates to ensure vulnerable Marylanders are able to access critical dental services. In State Fiscal Year (FY) 2015, the General Assembly allocated approximately \$940,000 in state general funds (\$2.15 million total funds) to raise rates for five dental procedures in January through June 2015, comparing them to the ADA median charge data. During the 2022 legislative session, the Maryland FY 2023 Operating Budget directed \$19.5 million (\$7.3 million General Funds) to the Medical Assistance program to increase dental reimbursement rates, representing the largest increase since FY 2009. Effective July 1, 2022, the Department provided a rate increase of 9.4 percent for 32 specific dental codes prioritized by stakeholders. These codes include a selection of diagnostic, preventive, and restorative services. An additional \$19.6 million (\$9.1 million general funds) was allocated for the Maryland FY 2024 Operating Budget to facilitate dental reimbursement rate increase for 66 preventative and restorative services.

In addition, the annual reporting requests based on billed charges do not accurately reflect what commercial payers pay for dental services, and the Department currently does not have access to commercial rate information for dental services. Therefore, the reporting under the bill could be difficult for the Department to complete and could also lead to misleading information about the appropriate benchmark rates for Maryland's Medicaid program.

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at sarah.case-herron@maryland.gov or (410) 260-3190.

Sincerely,



Laura Herrera Scott, M.D., M.P.H.
Secretary