

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 767 (Delegate Kipke)
 Health and Government Operations

Maryland Medical Assistance Program - Adult and Pediatric Dental Services -
 Reimbursement Rates

This bill requires the Maryland Department of Health (MDH) to annually review the billed charges and reimbursement rates paid by all commercial payors to providers for adult and pediatric dental services and compare them to the rates paid by Medicaid for the same services. MDH must report to specified committees of the General Assembly by January 1, 2025, and annually thereafter, on its review and comparison. MDH must use the data from the annual review to revise Medicaid reimbursement rates for adult and pediatric dental services, as specified. The bill prohibits an existing annual review of Medicaid provider rates from including rates paid to dental providers. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: Medicaid expenditures (60% federal funds, 40% general funds) increase by \$56.3 million in FY 2025 to increase dental reimbursement rates, as discussed below. Federal fund revenues increase accordingly. Future years reflect annualization, inflation, and growth in utilization and enrollment. **This bill increases the cost of an entitlement program beginning in FY 2025.**

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
FF Revenue	\$33.8	\$69.6	\$71.7	\$73.8	\$76.0
GF/FF Exp.	\$56.3	\$115.9	\$119.4	\$123.0	\$126.7
Net Effect	(\$22.5)	(\$46.4)	(\$47.8)	(\$49.2)	(\$50.7)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local health departments that bill Medicaid for dental services receive additional reimbursement under the bill. Expenditures are not affected.

Small Business Effect: Meaningful.

Analysis

Bill Summary: MDH must use data from the annual review to revise the reimbursement rates for Medicaid adult and pediatric dental services and ensure that reimbursement rates for Medicaid adult and pediatric services:

- are sufficient to provide access to care; and
- are not less than 60% of (1) the average commercial rate for all payors in the State who offer the service or (2) if the average rate cannot be determined, the benchmark charges for the American Dental Association (ADA) Current Dental Terminology (CDT) codes for those services.

Current Law:

Medicaid Dental Coverage

Under federal requirements, comprehensive dental coverage is mandatory for children enrolled in Medicaid. However, dental benefits for Medicaid-eligible adults are optional. Prior to January 1, 2023, Medicaid dental coverage (provided through the Maryland Healthy Smiles Dental Program) was available to children younger than age 21, former foster care recipients younger than age 26, pregnant women age 21 and older, and adults enrolled in the Rare and Expensive Case Management program. Effective January 1, 2023, Medicaid provides dental coverage for all adults with incomes up to 133% of the federal poverty level.

The fiscal 2023 budget directed \$19.5 million (\$7.3 million in general funds) to provide a one-time, 9.4% dental rate increase, effective July 1, 2022, that targeted 32 dental codes based on stakeholder feedback. The fiscal 2024 budget directed \$19.6 million (\$9.1 million in general funds) to facilitate dental reimbursement rate increases for 66 codes for preventative and restorative services as recommended by the Maryland Dental Action Coalition. Rate increases ranged from 5.49% to 20%, with higher increases for services with greater utilization.

Required Rate Reviews

Dental Rates: Chapter 377 of 2023 requires MDH to annually evaluate reimbursement rates for dental services.

Annual Report on Provider Reimbursement Rates: Chapter 656 of 2009 requires MDH to review rates paid to providers under the Medicare fee schedule and compare the rates to Medicaid fee-for-service (FFS) and managed care organization (MCO) rates paid to similar providers for the same services. MDH must submit an annual report, by January 1, to

specified committees of the General Assembly on this review, as well as (1) whether FFS and MCO provider rates will exceed Medicaid rates for the period covered by the review; (2) an analysis of FFS reimbursement rates paid in other states and how those rates compare with Maryland rates; (3) a schedule for bringing the State's FFS reimbursement rates to a level that assures that all health care providers are reimbursed adequately to provide access to care; and (4) an analysis of the estimated costs of implementing the schedule and any proposed changes to the FFS reimbursement rates for Medicaid and the Maryland Children's Health Program. The most recent version of this [report](#) was submitted in January 2022. The report includes a section on reimbursement for oral health services.

State Fiscal Effect: Under the bill, MDH must conduct a specified annual review of billed charges and reimbursement rates and use the data from the review to revise Medicaid dental reimbursement rates to levels that ensure that rates are (1) sufficient to ensure access to care and (2) not less than 60% of *either* the average commercial rate for all payors in the State who offer the service *or* if the average rate cannot be determined, specified benchmark charges.

Medicaid advises that it does not currently have access to the billed charges and reimbursement rates paid by all commercial payors in Maryland. Thus, it is unable to complete the specified annual review required under the bill.

Assuming that the bill still requires Medicaid to increase Medicaid dental reimbursement rates to levels that are at least 60% of the benchmark charges for the ADA CDT codes, Medicaid rates increase expenditures by an estimated \$56.3 million (60% federal funds, 40% general funds) in fiscal 2025, which reflects a January 1, 2025, effective date for the rate increases. Federal fund revenues increase correspondingly. The information and assumptions used in calculating the estimate are stated below:

- MDH compared 2022 median ADA charges with dental codes on the 2024 Medicaid dental fee schedule.
- The cost to increase these rates to 60% of the average ADA charges was estimated at \$103.9 million on an annualized basis based on utilization data for calendar 2023.
- Utilization and enrollment are assumed to increase by 1% annually.
- Inflation is assumed to increase by 2% annually.
- Reflecting growth in utilization, enrollment, and inflation, the cost to increase rates in calendar 2025 is \$112.5 million.
- Based on implementation of rate increases effective January 1, 2025, Medicaid expenditures increase by \$56.3 million in fiscal 2025.
- Future years reflect utilization, enrollment, and inflation increases noted above.
- Accordingly, expenditures increase by \$115.9 million in fiscal 2026 to reflect a full year of rate increases.

This analysis does not reflect any costs associated with annual review of dental charges as required under the bill. However, to the extent that MDH must increase rates on an annual basis to reflect at least 60% of ADA rates, Medicaid expenditures may increase by additional indeterminate amounts in future years.

Small Business Effect: Small business dental practices that serve Medicaid enrollees benefit from rate increases under the bill.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced in the last three years. See HB 1146 of 2023 (as introduced).

Designated Cross File: None.

Information Source(s): Maryland Department of Health; Department of Legislative Services

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km/ljm

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