

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1346 (Delegates Guns and Hammen)

Environmental Matters

Maryland Medical Assistance Program - Funding for Dental Services

This bill requires the Department of Health and Mental Hygiene (DHMH) to ensure that Medicaid managed care organizations (MCOs) reimburse dentists for dental fees as follows: (1) for calendar 2001, at least 70% of the usual, customary, and reasonable (UCR) fees; (2) for 2002, at least 75% of UCR fees; and (3) for 2003, at least 85% of the UCR fees.

The bill requires the Governor to include sufficient funds in the budget for the program to ensure that the required utilization rates are met.

Fiscal Summary

State Effect: Potentially significant expenditure increase for the Medicaid program in FY 2001. Revenues would not be affected.

Local Effect: None.

Small Business Effect: Small business dentists could receive higher reimbursements for treating Medicaid recipients.

Analysis

Current Law: Medicaid provides dental services to children up to 21 and to pregnant women. While MCOs are not required by law to provide dental services to adults other than pregnant women, all Medicaid MCOs voluntarily provide some dental benefits. The levels and types of dental benefits provided to adults vary by MCO.

Medicaid is required by law to meet a minimum utilization rate of 70% by the end of calendar 2003.

Background: Chapter 113 of 1998 established the Oral Health Care Plan, which requires Medicaid to meet a 70% dental services utilization target within a five-year period, beginning in 1999.

State Fiscal Effect: Medicaid expenditures (50% general funds, 50% federal funds) may increase by a significant amount in fiscal 2001. Medicaid pays approximately \$10 million in premiums to the eight Medicaid MCOs to provide dental coverage for children and pregnant women. MCOs may reimburse dentists on a fee-for-service basis or they may pay the dentist a capitated payment per member per month. Actual payments made to dentists have averaged about 20% of the UCR fees charged by dentists. There are insufficient data at this time to reliably estimate MCO premium increases necessary to pay dentists 70% of the UCR in calendar 2001; however, since Medicaid currently pays \$10 million to attain 20% of the UCR fees, expenditures could increase significantly to comply with the bill's requirements. Revenues would not be affected.

The Governor must also include funds in the State budget that are sufficient to support MCOs in meeting the 70% utilization target for dental services. It is assumed that the increased Medicaid expenditures required to reimburse dentists at certain percentages of the UCR fees would be sufficient to achieve the 70% utilization level required by 2003. Increasing reimbursement rates would encourage more dentists to provide services to Medicaid enrollees, thus encouraging enrollees' higher utilization of dental services.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene (Medicaid), Department of Legislative Services

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drg/jr

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