

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1134

(Delegate Haynes, *et al.*)

Health and Government Operations

Finance

Maryland Medical Assistance Program - Managed Care Organizations - Dental Services

This bill requires a Medicaid managed care organization (MCO), in coordination with participating dentists, enrollees, and families of enrollees, to develop a process to arrange to provide dental therapeutic treatment to individuals under 21 years old that requires: (1) a participating dentist to notify an MCO when an enrollee needs therapeutic treatment and the dentist is unable to provide that treatment; (2) an MCO to provide the enrollee with a list of participating providers who offer therapeutic treatment services; and (3) an MCO to notify the enrollee that the MCO will provide further assistance if the enrollee has difficulty obtaining an appointment to receive therapeutic treatment.

Fiscal Summary

State Effect: Medicaid expenditures could increase by \$30,000 in FY 2005. Future year estimates reflect inflation. No effect on revenues.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	15,000	15,200	15,300	15,500	15,600
FF Expenditure	15,000	15,200	15,300	15,500	15,600
Net Effect	(\$30,000)	(\$30,400)	(\$30,600)	(\$31,000)	(\$31,200)

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

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: An adult may qualify for Medicaid if the adult is: (1) aged, blind, or disabled; (2) in a family where one parent is absent, disabled, unemployed, or underemployed; or (3) a pregnant woman. Adults must also have very low incomes to qualify for Medicaid (about 46% of the federal poverty level guidelines, or FPG), with the exception of pregnant women who are covered up to 250% of FPG. The Maryland Children's Health Program (MCHP) covers children with family incomes up to 300% of FPG and pregnant women with incomes up to 250% of FPG. Medicaid and MCHP provide health care in a managed care environment, called HealthChoice, to a majority of their enrollees. HealthChoice MCOs provide dental coverage to children and pregnant women, but not to other adults.

Background: Children enrolled in Medicaid have historically received very little dental care. In fiscal 1997, the final year that most Medicaid enrollees received dental care on a fee-for-service basis, only about 20% of children who were enrolled for most of the year used dental services. The General Assembly sought to address this trend by setting utilization targets that increased from 30% in calendar 2000 to 70% for calendar 2004. Despite enhanced funding for dental care and modest increases in visits, the utilization rate for HealthChoice MCO enrollees still trails the statutory target. Utilization of restorative care (fillings) is especially low at only about 10%. The dental community cites low reimbursement rates for restorative care (Medicaid fees are less than half the average fees charged by dentists in Maryland) as a key contributor to the poor utilization rate.

The proposed fiscal 2005 budget contains \$4 million for a dental pool. MCOs that exceed the threshold of 40% utilization of dental care by children in calendar 2003 will be eligible for incentive payments from the pool.

State Fiscal Effect: Department of Health and Mental Hygiene (DHMH) Medicaid expenditures could increase by \$30,000 (50% federal funds, 50% general funds) in fiscal 2005 to develop a form or other type of notification informing enrollees of participating dentists who provide therapeutic treatment and informing enrollees that MCOs can be of assistance if an enrollee has difficulty scheduling an appointment for therapeutic dental treatment. DHMH would produce approximately 200,000 forms for children enrolled in MCOs at a cost of 15 cents per form. Future year estimates reflect inflation. Revenues would not be affected.

Small Business Effect: Small business dentists that participate with MCOs would be required to provide therapeutic treatment when warranted. To the extent dental

utilization increases, small business dentists could experience increased losses due low MCO reimbursement rates.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 1, 2004
ncs/jr Revised - House Third Reader - April 5, 2004

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