SB 284

Department of Legislative Services

Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 284 (Senator Middleton, *et al.*)
Finance Health and Government Operations

Maryland Medical Assistance Program – Dental Coverage for Adults – Pilot Program

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This bill requires the Maryland Department of Health (MDH), by September 1, 2018, to apply to the federal Centers for Medicare and Medicaid Services (CMS) for an amendment to the State's § 1115 HealthChoice Demonstration Waiver to implement a pilot program to provide limited dental coverage for adult Medicaid recipients. If approved, MDH must administer the pilot program. MDH may limit the pilot program, as specified. MDH must meet with interested stakeholders to obtain input on the design of the waiver application. By December 1, 2018, MDH must report to the Governor and the General Assembly on the status of the waiver application. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: MDH can meet with interested stakeholders, apply for the waiver amendment, and submit the required report with existing budgeted resources. Medicaid expenditures (50% federal funds, 50% general funds) increase by a significant but indeterminate amount beginning in FY 2020 to implement the pilot program, as discussed below. Federal fund revenues increase accordingly. **This bill increases the cost of an entitlement program beginning in FY 2020.**

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: MDH may limit participation in the pilot program to Medicaid recipients who are (1) dually eligible for Medicaid and Medicare and for whom MDH may obtain federal matching funds and (2) of a certain age. The total number of participants in the pilot program may also be limited. MDH may also limit the operation of the pilot program to certain geographic regions of the State.

Current Law: Chapter 721 of 2017 authorized the Maryland Dental Action Coalition (MDAC) to study the annual cost of emergency room visits to treat dental conditions of adults, including whether it is advisable to provide Medicaid dental services for adults with incomes up to 133% of federal poverty guidelines (FPG). Chapter 721 authorized MDAC to report to MDH and the General Assembly by December 1, 2017, and specified that, if MDAC determined that provision of Medicaid dental services for adults is advisable, Medicaid *may* provide such services, beginning January 1, 2019.

Background: Comprehensive dental coverage is mandatory for children enrolled in Medicaid. However, dental benefits for Medicaid-eligible adults are optional. Maryland Medicaid offers comprehensive dental benefits to only three groups of adults: pregnant women with incomes up to 250% FPG, certain former foster care adolescents, and adults enrolled in the Rare and Expensive Case Management program. For Medicaid enrollees in managed care organizations (MCOs), some limited dental benefits are provided on a voluntary basis by MCOs, but costs associated with those benefits are not reimbursed by Medicaid. Otherwise, Maryland offers emergency-only dental care for adults.

According to the Center for Health Care Strategies, 17 states offer limited dental benefits (fewer than 100 procedures covered and a per person annual expenditure of less than $1,000), while 16 states and the District of Columbia offer extensive benefits (a comprehensive mix of services, more than 100 procedures covered, and a per person annual expenditure of at least $1,000). Thirteen states, including Maryland, offer emergency-only services (relief of pain under defined emergency situations).

In 2016, The Hilltop Institute issued a report on behalf of MDAC to examine the cost and policy implications of expanding adult dental coverage under Medicaid. 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 benefit and services such as periodontal and dental surgery; and (3) an extensive benefit with an annual expenditure cap of $1,000. Hilltop estimated that the cost of providing a basic benefit would range from $5.75 to $13.08 PMPM.

State Fiscal Effect: This estimate assumes that MDH applies for the amendment, the amendment is granted, and the dental pilot program begins on July 1, 2019. Medicaid

expenditures increase by a significant but indeterminate amount (50% federal funds, 50% general funds) beginning in fiscal 2020 to provide limited dental coverage under a pilot program.

For illustrative purposes only, Medicaid expenditures could increase by *as much as* $10,025,845 (50% federal funds, 50% general funds) in fiscal 2020 for the pilot program based on the following information and assumptions:

- at a minimum, Medicaid limits participation in the pilot program to adults who are dually eligible for both Medicare and full Medicaid benefits (a total of 92,014 individuals);
- the PMPM cost for basic coverage is $8.69;
- an additional administrative fee of $0.39 PMPM will apply for Medicaid's dental benefit management vendor; and
- federal matching funds of 50% are provided.

Actual expenditures will depend on what, if any, additional limitations the department imposes on participation in the pilot program. Under the bill, MDH may limit by age, geography, and total number of participants. For example, if participation is limited to dually eligible individuals age 65 and older, expenditures increase by $5.8 million annually beginning in fiscal 2020. Alternatively, if participation is limited to dually eligible individuals younger than age 65, expenditures increase by $4.2 million annually beginning in fiscal 2020. To the extent the pilot program is limited to certain geographic areas of the State or the total number of participants is limited, total expenditures are further reduced. As a point of reference, for every 10,000 participants in the pilot program, Medicaid expenditures increase by a total of $1.1 million annually.

This estimate assumes no change in current Medicaid spending on dental services ($180.5 million in fiscal 2017). Furthermore, the estimate does not reflect any potential savings in emergency dental expenditures for which Medicaid MCOs are reimbursed (estimated at potentially $3.0 million annually), nor does it 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.

Small Business Effect: Small business dental practices that serve Medicaid enrollees may benefit.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Center for Health Care Strategies; The Hilltop Institute; Maryland Department of Health; Office of Administrative Hearings; Department of Legislative Services

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