

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 6

(Delegate Cullison, *et al.*)

Health and Government Operations

Finance

Maryland Medical Assistance Program – Dental Coverage for Adults

This bill requires Medicaid, beginning January 1, 2023, subject to the limitations of the State budget, to provide dental services, including diagnostic, preventive, restorative, and periodontal services, for adults with household incomes up to 133% of the federal poverty level (FPL). The bill also makes related changes, including repealing a pilot program for limited dental coverage for adults under the Medicaid program established under Chapter 621 of 2018. **The bill takes effect January 1, 2023.**

Fiscal Summary

State Effect: Medicaid expenditures (60% federal funds, 40% general funds) increase by an estimated \$65.6 million beginning in FY 2023, as discussed below. The FY 2023 budget, as enacted (specifically Supplemental Budget No. 5), contains \$76.3 million (\$49.4 million in federal funds, \$26.9 million in general funds) to expand Medicaid dental coverage for eligible adults in FY 2023, contingent on enactment of this bill or its designated cross file. Future years reflect annualization and enrollment growth. Federal fund revenues increase accordingly. **This bill increases the cost of an entitlement program beginning in FY 2023.**

| (\$ in millions) | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|------------------|----------|----------|----------|----------|----------|
| FF Revenue | \$39.3 | \$79.5 | \$80.3 | \$81.1 | \$81.9 |
| GF Expenditure | \$26.2 | \$53.0 | \$53.5 | \$54.0 | \$54.6 |
| FF Expenditure | \$39.3 | \$79.5 | \$80.3 | \$81.1 | \$81.9 |
| Net Effect | (\$26.2) | (\$53.0) | (\$53.5) | (\$54.0) | (\$54.6) |

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

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Under federal requirements, comprehensive dental coverage is mandatory for children enrolled in Medicaid. However, dental benefits for Medicaid-eligible adults are optional. In Maryland, Medicaid offers comprehensive dental benefits to only three groups of adults: pregnant women with incomes up to 250% FPL, certain former foster care adolescents, and adults enrolled in the Rare and Expensive Case Management program. Additionally, the nine Medicaid managed care organizations (MCOs) voluntarily cover limited adult dental services to their members as part of their benefit package, but costs associated with those benefits are not reimbursed by Medicaid. Otherwise, Maryland offers emergency-only dental care for adults.

Chapter 621 of 2018 required the Maryland Department of Health to implement a pilot program to provide limited dental coverage for adult Medicaid recipients. The statewide pilot program began June 1, 2019, and serves individuals age 21 to 64 who are dually eligible for Medicare and Medicaid and who are not enrolled in a Medicaid MCO (approximately 33,500 individuals). Covered services include diagnostic, preventive, and restorative services, as well as extractions. Benefits are subject to an \$800 per person maximum benefit per calendar year. Dental benefits are carved out of the Medicaid HealthChoice program and overseen by the dental benefits administrator (SKYGEN USA) that administers other Medicaid dental benefits.

State Fiscal Effect: Medicaid expenditures increase by an estimated \$65.6 million (60% federal funds, 40% general funds) in fiscal 2023 to provide dental services, including diagnostic, preventive, restorative, and periodontal services, for adults with incomes up to 133% FPL beginning January 1, 2023.

| | <u>FY 2023</u> | <u>FY 2024</u> |
|--|---------------------|----------------------|
| Coverage for Specified Dental Services | \$63,436,460 | \$128,141,649 |
| Administrative Costs | <u>2,136,707</u> | <u>4,316,148</u> |
| Total GF/FF Expenditures | \$65,573,167 | \$132,457,797 |

The information and assumptions used in calculating the estimate are based on analysis completed by The Hilltop Institute. In 2016, Hilltop issued a [report](#) to examine the cost and policy implications of expanding Medicaid adult dental coverage. 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 an extensive benefit (without a cap) would range from \$9.36 to \$21.13 PMPM based on the experience of four select states. The second state's benefits (the lowest cost

plan without cost sharing included in the study) had an estimated PMPM for Maryland of \$11.19; those benefits included no annual benefit limit, cleanings covered once every 6 months, bitewing x-rays covered 4 times per year, full mouth x-rays covered once every 3 years, fillings, crowns covered once every 5 years, full dentures covered every 10 years, and partial dentures covered every 5 years.

Additional information and assumptions are stated below:

- Reflecting 3% growth each year from February 2020 pre-COVID-19 levels of enrollment, 791,373 adults age 19 and older are assumed to be newly eligible for dental benefits in January 2023 when the bill takes effect.
- The PMPM cost for coverage of the dental services under the bill is \$13.36 in each year covered by this fiscal and policy note, which reflects a PMPM of \$11.19 for such coverage as reported in The Hilltop Institute's 2016 report, increased to reflect 3% annual inflation.
- An additional administrative fee of \$0.45 PMPM is applied for Medicaid's dental benefit management vendor.
- Expenditures are matched at a blended 60% federal matching rate.
- Only six months of coverage for the dental services are provided in fiscal 2023 per the January 1, 2023 requirement specified in the bill.

Future year expenditures reflect annualization and 1.0% enrollment growth.

This estimate assumes no change in current Medicaid spending on dental services. Furthermore, the estimate does not reflect any potential savings in emergency dental expenditures for which Medicaid MCOs are reimbursed, 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.

As noted earlier, the fiscal 2023 budget, as enacted (specifically Supplemental Budget No. 5), contains \$76.3 million (\$49.4 million in federal funds, \$26.9 million in general funds) to provide funding to expand Medicaid dental coverage for eligible adults in fiscal 2023. The funding is contingent on the enactment of Senate Bill 150 or House Bill 6 of 2022.

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

Additional Information

Prior Introductions: None.

Designated Cross File: SB 150 (Senators Augustine and Guzzone) - Finance.

Information Source(s): The Hilltop Institute; Maryland Health Benefit Exchange; Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - January 21, 2022
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