



**STATE OF WISCONSIN**  
Legislative Audit Bureau

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Janice Mueller  
State Auditor

DATE: March 2, 2005

TO: Senator Carol A. Roessler and  
Representative Suzanne Jeskewitz, Co-chairpersons  
Joint Legislative Audit Committee

FROM: Janice Mueller *Janice Mueller*  
State Auditor

SUBJECT: Proposed Audit of the Medicaid Dental HMO Program—Background Information

At your request, we have gathered some background information the Joint Legislative Audit Committee may find useful in considering requests from several legislators for an audit of the State's contracts with health maintenance organizations (HMOs) to provide dental care to Medicaid clients. The requestors have expressed concern that reimbursement payments for dental services through HMO plans may be less than those received through fee-for-service plans. There is also concern that low reimbursement payments are reducing the number of dentists willing to accept Medicaid clients, making it difficult for them to receive services.

In most counties, Medicaid dental services are reimbursed through traditional fee-for-service payments. However, the Department of Health and Family Services (DHFS) manages/administers the State's contracts with HMOs for the provision of Medicaid dental services in Kenosha, Milwaukee, Racine, and Waukesha counties. HMOs in these counties contract with dental managed care organizations. These organizations, in turn, contract with dentists. Some dentists have asserted that under this arrangement, an unnecessarily large amount of the State's contract costs support administrative expenses of the HMOs and dental managed care organizations, reducing the funds available to pay for dentists' services.

According to DHFS staff, the State pays a monthly capitation rate of approximately \$5.00 per enrollee for dental services. However, the payments dentists actually receive from the HMOs can only be estimated, because the HMOs are not required to share proprietary information on their contractual agreements with dentists and other providers.

Currently, one of the issues being studied by a Governor's Task Force to Improve Access to Oral Health is access to dental care by Medicaid clients. DHFS staff are currently researching related issues, including compiling data on dental service delivery in the four HMO counties, estimating what these services would have cost in fee-for-service counties, and assessing client satisfaction with their dental services in the HMO counties. DHFS staff indicate they plan to provide a report

on their research to the department secretary by March 31, 2005, and that the information may be made available to the Task Force for discussions at its meeting on April 15.

An audit of the State's contracts with HMOs for dental services could include:

- a review of program participation statistics, by county, including the number of Medicaid clients enrolled, total dental visits annually, and other client information that may be available;
- a review of program participation by dentists, by county, including the number of dentists listed on provider rolls, the number accepting new patients, the length of patient wait for appointments, and other dental provider information that may be available;
- a survey of dentists to compare reimbursement rates for similar services in HMO counties and fee-for-service counties;
- a comparison of the per capita costs for dental services in fee-for-service counties with the contracted per capita costs paid in the HMO counties;
- an independent review of the expected data analyses prepared by DHFS; and
- a review of Medicaid dental programs in selected other states.

If you have any questions regarding this request, please contact me.

JM/DB/bm

cc: Senator Robert Cowles  
Senator Scott Fitzgerald  
Senator Mark Miller  
Senator Julie Lassa

Representative Samantha Kerkman  
Representative Dean Kaufert  
Representative David Travis  
Representative David Cullen

Senator Ronald Brown  
Senator Dave Hansen  
Senator Cathy Stepp

Representative Mary Hubler  
Representative Gary Sherman  
Representative Daniel Vrakas

Helene Nelson, Secretary  
Department of Health and Family Services