STATE OF WISCONSIN

Letter Report

Dental Services for Medical Assistance Recipients

April 2008

Legislative Audit Bureau

22 E. Mifflin St., Ste. 500, Madison, Wisconsin 53703-4225 ▪ (608) 266-2818
Fax: (608) 267-0410 ▪ Web site: www.legis.wisconsin.gov/lab

STATE OF WISCONSIN
Legislative Audit Bureau

22 East Mifflin Street, Suite 500
Madison, Wisconsin 53703
(608) 266-2818
Fax (608) 267-0410
leg.audit.info@legis.wisconsin.gov

Janice Mueller
State Auditor

April 18, 2008

Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Sullivan and Representative Jeskewitz:

We have completed a review of dental care services provided under the State's Medical Assistance program, as requested by the Joint Legislative Audit Committee. Dentists statewide have long expressed concern about the amounts they are reimbursed under the program. In fiscal year (FY) 2006-07, when approximately $46.0 million was spent for dental services provided to Medical Assistance recipients, only 1,342 of 3,493 licensed dentists in Wisconsin, or 38.4 percent, were certified as Medical Assistance providers statewide.

We focused our analysis on four counties in southeast Wisconsin in which dental services are provided to Medical Assistance recipients through health maintenance organizations (HMOs). We found lower utilization of dental care services among HMO enrollees, particularly for those under the age of 21, and higher costs than in the fee-for-service system used in other counties. Furthermore, HMO utilization rates have not improved in the past five years. We therefore include a recommendation for the Department of Health and Family Services (DHFS), which administers the Medical Assistance program, to develop alternative dental service delivery models for southeast Wisconsin before current contracts expire in December 2009.

The Legislature has recently funded alternative programs to improve dental care services to low-income and underserved populations in varied settings, including federally funded community health centers. For example, since FY 2005-06 it has appropriated $16.3 million in general purpose revenue for various dental clinics and programs. In December 2006 the Joint Committee on Finance approved the distribution of $4.1 million in federal funds as one-time grants to expand dental services provided through specific clinics and programs statewide.

We appreciate the courtesy and cooperation of DHFS and other parties with whom we met in conducting this review.

Sincerely,

Janice Mueller
State Auditor

JM/KW/ss

Enclosure

DENTAL SERVICES FOR MEDICAL ASSISTANCE RECIPIENTS

Under the federal Medical Assistance program, all states are required to provide comprehensive dental services—including maintenance of dental health, relief of pain and infections, and restoration of teeth—for Medical Assistance recipients under the age of 21. For those 21 and older, dental services are offered at the discretion of individual states. Wisconsin offers dental services to both children and adults with children under its Medical Assistance program.

In Kenosha, Milwaukee, Racine, and Waukesha counties, dental services are delivered primarily under managed care arrangements between the Department of Health and Family Services (DHFS) and health maintenance organizations (HMOs) that receive monthly capitation payments for every enrollee, regardless of the services provided. In the remaining 68 counties, dental services are provided on a fee-for-service basis, under which the State directly reimburses dentists for each authorized service.

The Medical Assistance program is supported by state and federal funds. In fiscal year (FY) 2006-07, the cost of all Medical Assistance services statewide was approximately $4.7 billion. Because fee-for-service providers have 12 months to submit claims for services rendered, total costs for dental services provided in FY 2006-07 will not be known until mid-2008; however, they are estimated to be $46.0 million.

Currently, six HMOs—Abri Health Plan, Children's Community Health Plan, Dean Southeast Health Plan, Managed Health Services, Network Health Plan, and UnitedHealthcare—contract with DHFS to provide dental services to Medical Assistance enrollees in the four-county area that is the focus of our analysis. These HMOs do not provide dental services directly but instead subcontract for services that are provided by dentists through a single dental administrator, Southeast Dental Associates, S.C. (SEDA).

Under the terms of their contracts with DHFS, the HMOs are responsible for providing enrollees with education on preventive medicine, as well as language translation and other services, if needed. The contracts between the HMO and the dental administrator require the administrator to maintain a network of participating dentists, reimburse them for approved services, and ensure a dentist is available during specified hours to assess enrollees' emergency treatment needs.

Dentists statewide have raised a number of concerns regarding the amount they are reimbursed for services to Medical Assistance recipients, and some dentists in the four-county area believe the HMOs and dental administrator are retaining an inappropriately large share of the State's total capitation payments, resulting in reimbursement levels below fee-for-service rates. These dentists have noted that many of their colleagues do not participate in the Medical Assistance program, thereby limiting access to dental services for low-income persons.

In response to these and other concerns, and at the direction of the Joint Legislative Audit Committee, we analyzed:

- trends in program participation, the number of participating dentists, and the number of dental visits by Medical Assistance recipients;

- the cost and utilization of dental services provided through HMOs and on a fee-for-service basis;

- current initiatives to improve dental care service delivery; and

- the provision of dental services through Medical Assistance programs in other states.

In conducting our review, we analyzed available expenditure information for dental services provided from FY 2002-03 through FY 2006-07, Medical Assistance utilization information, and the services and administrative fees paid to both fee-for-service and managed care providers. We also attended meetings of the Governor's Task Force to Improve Access to Oral Health; reviewed DHFS's oversight of dental services contracts with HMOs; and spoke with representatives of the Wisconsin Dental Association, the HMOs providing dental services, the dental administrator currently subcontracting with the HMOs, participating dentists, and a number of advocacy groups.

Program Participation

Statewide participation in the Medical Assistance program has increased significantly in recent years. As shown in Table 1, it grew by 15.2 percent from June 2003 through June 2007, when it was 754,724.

Table 1

Medical Assistance Participation
As of June 30

Program	2003	2004	2005	2006	2007	Percentage Change Over Five-Year Period
Family Medical Assistance	358,291	408,078	449,150	461,162	454,327	26.8%
BadgerCare	109,158	108,634	88,725	93,487	98,743	(9.5)
Elderly, Blind, and Disabled	163,627	166,994	168,637	169,697	171,078	4.6
Other[1]	23,844	24,017	25,433	27,860	30,576	28.2
Total	**654,920**	**707,723**	**731,945**	**752,206**	**754,724**	15.2%

[1] Includes individuals participating in Family Care, the Well Woman Program, and programs for foster care, subsidized adoption, tuberculosis prevention, as well as certain qualified Medicare beneficiaries.

In the four-county area, average monthly Medical Assistance participation increased from 174,016 in 2006 to 175,458 in 2007, as shown in Table 2.

Table 2

Medical Assistance Recipients Enrolled in HMOs[1]
2006 and 2007

County	Average Monthly Enrollment 2006	2007
Kenosha	14,831	14,930
Milwaukee	134,225	134,187
Racine	16,068	17,251
Waukesha	8,892	9,090
Total	**174,016**	**175,458**

[1] Family Medical Assistance and BadgerCare participants only.

Only 38.4 percent of Wisconsin's licensed dentists were certified as Medical Assistance providers in FY 2006-07, compared to 56.1 percent in FY 2002-03. Over that five-year period, the number of dentists licensed and residing in Wisconsin increased by 0.8 percent, but the number certified as Medical Assistance providers decreased by 31.0 percent. DHFS believes the FY 2005-06 decrease in certified dentists shown in Table 3 reflects, in part, inactive dentists who did not seek recertification and notes that the number of dentists submitting at least one Medical Assistance claim in a year has not declined appreciably over time.

Table 3

Number of Wisconsin Dentists

	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	Percentage Change Over Five-Year Period
Licensed Dentists[1]	3,464	3,392	3,456	3,449	3,493	0.8%
Medical Assistance-Certified Dentists	1,944	1,934	1,806	1,292	1,342	(31.0)
Certified Dentists Submitting at Least One Claim	1,377	1,342	1,318	1,285	1,315	(4.5)

[1] Represents the number of licensed dentists residing in Wisconsin.

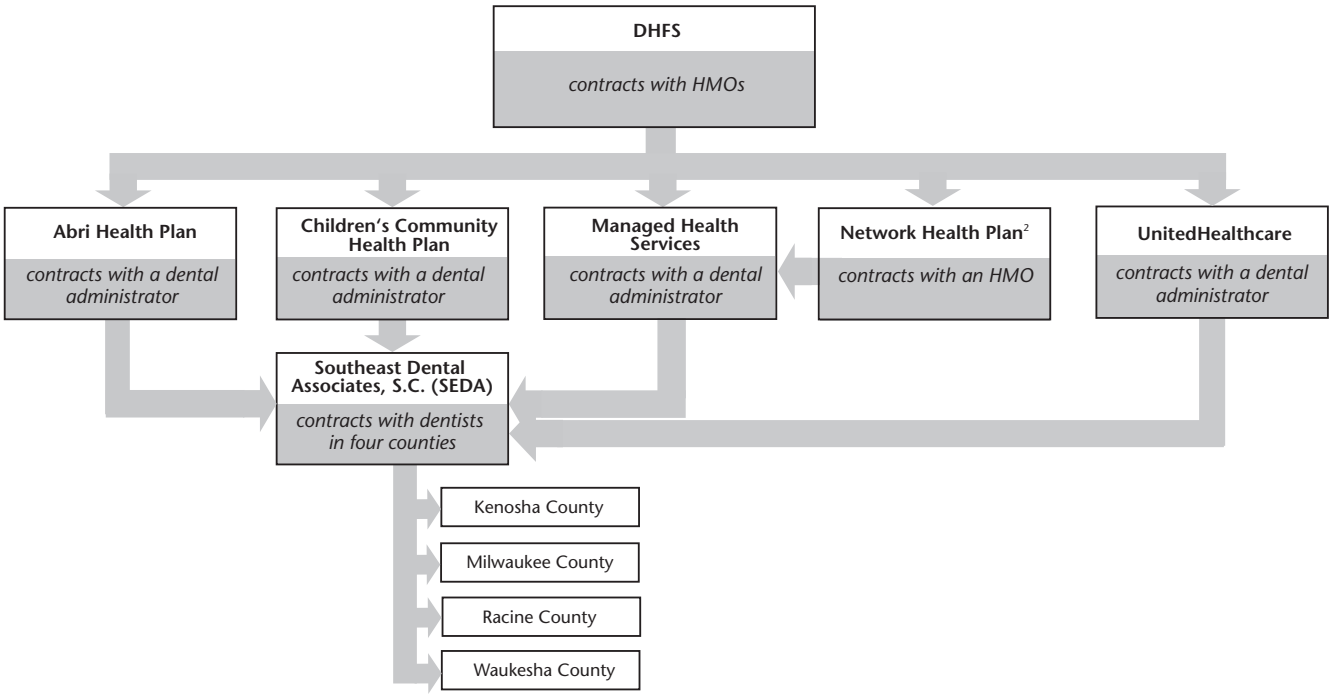
Source: Wisconsin Department of Health and Family Services.

Service Delivery in Southeast Wisconsin

As noted, the HMOs do not provide dental services directly to Medical Assistance recipients. As shown in Figure 1, the dentists who are service providers contract with the HMOs through SEDA, which is managed by a group of Milwaukee-based dentists. Until September 2007, UnitedHealthcare had contracted with another dental administrator, Doral Dental USA.

Figure 1

Managed Care Dental Services Structure[1]
2007



[1] Excludes Dean Southeast Health Plan, which began offering dental services in February 2007.
[2] Since 1996, Network Health Plan has contracted with Managed Health Services to administer its Medical Assistance caseload.

As shown in Table 4, the State paid the HMOs a total of $12.3 million for dental care provided to Medical Assistance recipients in the four-county area in 2006. Managed Health Services had the largest average monthly enrollment and received the largest total payment.

Table 4

Medical Assistance Capitation Payments for Dental Services
2006

HMO	Payments	Average Monthly Medical Assistance Enrollment
Abri Health Plan	$ 434,988	6,458
Children's Community Health Plan	140,192	2,102[1]
Managed Health Services	5,312,804	74,081
Network Health Plan	1,528,028	21,892
UnitedHealthcare	4,898,399	69,483
Total[2]	**$12,314,411**	**174,016**

[1] Reflects a 12-month estimate for Children's Community Health Plan. The plan began enrolling Medical Assistance participants in February 2006; for the 11-month period from February through December 2006, average monthly enrollment was 2,293.
[2] Payments made for services to Family Medical Assistance and BadgerCare participants only.

Capitation Payment Calculations

Medical Assistance payments for dental services begin with the establishment of a monthly per member capitation amount that the State pays to the HMOs. DHFS establishes separate capitation amounts based on factors such as enrollees' county of residence, gender, age, and special needs. Capitation amounts are adjusted annually and are incorporated into the HMOs' contracts, which typically have a two-year duration. HMOs are able to decide whether they will include dental services as a part of the overall package of health care services they will provide to eligible enrollees. If an HMO decides not to offer dental services, the services are provided directly by local dentists on a fee-for-service basis. Table 5 shows the 2007 dental service capitation payments for the HMOs that chose to provide dental services.

Table 5

Capitation Payments for Managed Care Dental Services
2007

Payment Type	Contracted Parties	Payment Amounts[1]
State Payments to HMOs	Five HMOs:[2] ▪ Abri Health Plan ▪ Children's Community Health Plan ▪ Managed Health Services ▪ Network Health Plan ▪ UnitedHealthcare	*Kenosha County* BadgerCare $10.22 Medical Assistance $6.01 *Racine County* BadgerCare $7.37 Medical Assistance $5.42 *Milwaukee County* BadgerCare $9.00 Medical Assistance $5.40 *Waukesha County* BadgerCare $6.68 Medical Assistance $4.29
HMO Payments to Dental Administrators	Two Dental Administrators: ▪ Southeast Dental Associates, S.C. (SEDA) contracts with four of the HMOs: Abri, Children's Community, Managed Health Services, and Network Health ▪ Doral Dental USA contracted with UnitedHealthcare through August 2007[3]	Payment mechanisms varied, but the four HMOs paid SEDA from $4.50 to $5.97 per member per month, and in some cases included performance-based incentive payments. —
Payments to Dentists by Dental Administrator	Dentists in Kenosha, Milwaukee, Racine, and Waukesha counties	The dental administrators believe amounts paid to dentists are proprietary.

[1] In addition to payments for dental services, HMOs received a per member per month capitation payment from the State for medical services. The capitation amounts shown are for Family Medical Assistance and BadgerCare participants only.
[2] Excludes Dean Southeast Health Plan, which began offering dental services in February 2007.
[3] In September 2007, UnitedHealthcare terminated its contract with Doral Dental USA and signed a contract with SEDA.

The agreements between SEDA and its contracted dentists include a variety of payment practices. SEDA considers actual payment amounts to be proprietary information but indicated they are affected by factors such as the number of Medical Assistance recipients served by individual dentists, the number who are new HMO patients, and the cost of services provided.

The HMOs also consider their payments to SEDA and Doral Dental USA to be proprietary information. However, we have negotiated an agreement under which the HMOs' 2006 payments to dental administrators can be shown as a percentage of the DHFS capitation payments to the HMOs. As shown in Table 6, in 2006 two of the HMOs' payments to dental administrators exceeded their capitation payments from DHFS, while three HMOs retained approximately one-quarter of the DHFS payments for their own uses. These payments cover Family Medical Assistance and BadgerCare participants, but not elderly, blind, and disabled Medical Assistance recipients.

Table 6

Distribution of Dental Care Capitation Payments
2006

HMO	Percentage of DHFS Capitation Payments Paid by HMOs to Dental Administrators[1]
A	73.5%
B	75.6
C	76.0
D	101.1
E	110.3

[1] The UnitedHealthcare contract with Doral Dental USA was terminated in September 2007.

We attempted to analyze the reasonableness of the percentage of capitation payments retained by the three HMOs, which has been a concern of several dentists, but we found no standard by which to judge the appropriateness of the amounts retained. On the one hand, the HMOs note that the amounts retained were necessary to fund their administrative and other expenses, including language translation services, as well as for collecting provider performance data that are subsequently reported to DHFS. On the other hand, the dental administrator, and not the HMOs, is responsible for a number of other services, including paying for dental care, assessing enrollees' emergency dental needs, managing billing, and monitoring providers' professional qualifications.

Adequacy of Dental Care in Southeast Wisconsin

Federal Medical Assistance regulations require states using managed care providers to assess the adequacy of care provided through two measures:

- access to care, which is the ability of enrollees seeking preventive or emergency dental care to obtain it in a timely manner; and

- utilization, which is the rate at which HMO enrollees who are Medical Assistance recipients actually receive dental services.

Access to Care

The contracts between DHFS and the HMOs, as well as those between the HMOs and the dental administrator, contain a number of provisions intended to ensure timely access to care. Specifically, the contracts require:

- a dental care provider to be located within 35 miles of each HMO enrollee who is a Medical Assistance recipient;
- HMOs' contractors to maintain an "adequate" number of dental providers; and
- HMO enrollees who are Medical Assistance recipients to have access to routine dental care within 90 days of requesting an appointment, and within 24 hours in emergencies.

We found that the 35-mile requirement was automatically met because the greatest distance between any two points in any of the four counties is less than 35 miles. However, an adequate number of providers and timely access to care have not been consistently maintained by the HMOs.

The HMOs are required to submit information to DHFS on the number of dentists providing services to their enrollees, including a report by December 31 of each year listing the names of all dental providers serving HMO enrollees. As shown in Table 7, both dental administrators reported contracting with significantly more dentists in 2006 than in 2005. In 2006, Doral reported adding 49 dentists, while SEDA reported adding 33 dentists. In 2007, however, the overall number of dental providers decreased.

Table 7

Dentists Providing Services to HMO Enrollees
As of January

	Contracted Dentists		Medical Assistance Recipients[1]		Medical Assistance Recipients per Dentist	
Year	Doral[2]	SEDA	Doral	SEDA	Doral	SEDA
2002	53	81	66,164	77,442	1,248	956
2003	53	81	71,923	87,757	1,357	1,083
2004	56	65	68,219	97,855	1,218	1,505
2005	61	46	64,700	102,263	1,061	2,223
2006	110	79	67,073	106,597	610	1,349
2007[3]	45	71	73,709	98,712	1,638	1,390

[1] Family Medical Assistance and BadgerCare participants only.
[2] In September 2007, UnitedHealthcare terminated its contract with Doral and contracted with SEDA.
[3] DHFS staff confirmed the number of dentists in April 2007.

Both DHFS's review of the HMOs' reports in 2007 and an earlier survey it conducted indicate that the number of dentists actually serving Medical Assistance recipients is likely overstated in the reports submitted by HMOs. For example, in a May 2004 survey, DHFS found that two of the five dentists an HMO reported to be available to serve enrollees in one county did not have signed contracts with the dental administrator. It also found that throughout the four-county area, only 30 of 39 dental offices were willing to accept new HMO enrollees. Nevertheless, DHFS concluded that the number of dentists was still adequate to meet Medical Assistance recipients' needs in three of the four counties. In November 2004, Managed Health Services reported to DHFS that SEDA had contracted with an additional dentist in Waukesha County.

In April 2007, DHFS found that 32 nonparticipating dentists were included in the HMOs' reports. DHFS concluded that Doral was not meeting its contractual obligations with UnitedHealthcare, which contributed to termination of its contract as a dental administrator.

Available data suggest that the contractual timeliness standards also have not consistently been met. For example, based on its own calls to dentists, Doral reported that 83.9 percent met a 24-hour emergency standard and 79.0 percent met a 90-day routine appointment standard from 2002 through 2004. One HMO reported that in 2004, only 40.0 percent of SEDA's dental providers met the 24-hour standard and 60.0 percent met the 90-day standard. In its 2007 reviews of dental providers, DHFS found that 32 of the 45 providers Doral listed as accepting new patients were not able to schedule non-emergency appointments within 90 days, but that SEDA's performance had improved and only "a few" SEDA providers were unable to meet the 90-day standard. SEDA officials note that it is also their policy to identify an alternate provider to help ensure 24-hour and 90-day standards are met. However as of April 2008, DHFS had not established standardized procedures for the HMOs to use in measuring compliance with the timeliness standards.

Utilization

The contracts between DHFS and the HMOs contain broad language requiring HMOs to provide enrollees with needed care, and in April 2005 DHFS reported to the Governor's Task Force to Improve Access to Oral Health that in FY 2002-03, Medical Assistance recipients served by fee-for-service providers and those served by HMOs received similar amounts of services.

However, based on information submitted by the HMOs to DHFS, we found that a higher percentage of Medical Assistance recipients served by fee-for-service providers received dental services than those served by the HMOs, as shown in Table 8. For example, in FY 2006-07, 33.8 percent of children under the fee-for-service system received services, compared to less than 30.0 percent of children enrolled in managed care plans. These data suggest that HMOs have not been more successful than fee-for-service providers in ensuring that Medical Assistance recipients under the age of 21 receive dental care.

Table 8

Percentage of Medical Assistance Recipients Receiving Dental Care Services[1]

	SEDA Network Enrollees		Doral Network Enrollees		Fee-for-Service Recipients[2]	
Fiscal Year	3 to 20	21 and Older	3 to 20	21 and Older	3 to 20	21 and Older
2002-03	27.6%	24.6%	27.7%	21.5%	34.3%	24.7%
2003-04	28.8	24.1	25.1	20.8	33.6	22.4
2004-05	26.6	20.0	27.4	20.6	33.0	21.1
2005-06	21.2	14.0	25.2	16.3	33.1	20.8
2006-07	25.6	18.1	29.3	21.0	33.8	20.2

[1] Includes only individuals participating in Family Medical Assistance or BadgerCare for at least 259 days.
[2] Represents individuals served in the 68 counties outside of Kenosha, Milwaukee, Racine, and Waukesha counties.

Cost Comparisons

Questions about whether expected cost savings have been achieved with a managed care delivery system in southeast Wisconsin have been raised for several years. In FY 2002-03, DHFS compared the costs of dental services provided in the four-county managed care area with the costs of providing the same services under a fee-for-service system. In its June 2005 report to the Governor's Task Force, DHFS estimated that costs were $2.7 million higher under managed care than they would have been under a fee-for-service system. During the course of our audit, DHFS conducted the same analysis using data for FY 2003-04 and estimated that costs were $2.5 million higher under managed care.

We attempted to confirm the DHFS analysis that Medical Assistance dental services are more costly under managed care but had difficulty doing so for several reasons:

- HMOs and the dental services administrators have argued that the systems are inherently different and cannot be directly compared, in part because the concept of managed care is designed to provide advantages to enrollees by facilitating access to services;

- the population density and demographic characteristics of Medical Assistance recipients differ significantly between the four-county area and the rest of the state; and

- certain administrative costs are expressly reflected in the managed care capitation payments received by HMOs but less expressly reflected in fee-for-service reimbursements received by dentists, and therefore cannot be readily compared.

However, when we compared average costs for all Medical Assistance recipients receiving dental services—including the elderly, blind, and disabled, as well as participants in Family Medical Assistance and BadgerCare—we found significant differences. In FY 2006-07, the average fee-for-service cost per Medical Assistance recipient receiving services was $211. Under managed care it was $270.

Because the number of participating dentists is declining and the managed care system has neither documented that it is providing services more cost-effectively than the fee-for-service system nor improved its rate of service delivery to Medical Assistance recipients in the four counties we reviewed, we believe it is appropriate to consider alternative models to improve access to care and utilization of dental services by Medical Assistance recipients in southeast Wisconsin.

☑ Recommendation

We recommend the Department of Health and Family Services develop alternative dental service delivery models to improve access to care and utilization of services by Medical Assistance recipients in southeast Wisconsin before current contracts expire in December 2009.

Dental Services in Other States

Providing adequate dental care services to adults and children has been a subject of discussion in many states in recent years. As noted, the Medical Assistance program requires all states to provide comprehensive dental services to children but allows discretion in serving adults. Among surrounding states, we found that Minnesota provides comprehensive coverage to all adults eligible for Medical Assistance, including those without dependent children, while Illinois, Iowa, and Michigan do not provide comprehensive services to adult Medical Assistance recipients. As noted, Wisconsin provides comprehensive services to adults with children.

Proponents of providing dental coverage to adults note that it allows oral health problems to be monitored and treated before more complicated and costly health problems develop. Further, some national studies indicate that increases in emergency room visits can be partially attributed to the increased use of emergency rooms for nontraumatic dental care for children. However, it is also noted that increasing costs in all areas of the Medical Assistance program and current budget constraints in Wisconsin make it difficult to fully address dental care needs.

We examined fee-for-service reimbursement rates in Illinois, Iowa, Michigan, and Minnesota for five common dental procedures for children. As shown in Table 9, Wisconsin's base reimbursement rates are below the overall average for four of the five procedures—dental sealant, comprehensive exam, cleaning, and single tooth extraction—and above the average for a panoramic x-ray. For the services shown, Iowa has the highest combined reimbursement rate, Michigan has the lowest, and Wisconsin ranks fourth. In addition to base reimbursement rates, Michigan, Minnesota, and Wisconsin pay higher rates for services that are provided to certain groups of Medical Assistance recipients. As part of its Healthy Kids Dental Program, Michigan pays higher rates to providers who serve Medical Assistance recipients under the age of 21 in 59 of that state's 83 counties. Minnesota pays higher rates to providers who agree to allocate one-fifth of their practices to Medical Assistance and other public insurance recipients. Since

February 2008, Wisconsin has paid higher rates for serving BadgerCare Plus Benchmark plan participants, who are primarily pregnant woman with incomes between 200.0 and 300.0 percent of the federal poverty level and children under the age of 19 from families without access to health insurance, regardless of their income.

Table 9

Reimbursement Rates for Selected Procedures[1]
As of March 2008

	Dental Sealant	Comprehensive Exam	Cleaning	Panoramic X-ray	Single Tooth Extraction
Base Rates					
Illinois	$36.00	$21.05	$41.00	$22.60	$39.12
Iowa	20.58	23.67	24.70	46.31	51.46
Michigan	15.12	18.90	19.53	17.56	44.47
Minnesota	17.30	25.50	18.34	46.75	44.70
Wisconsin	**16.99**	**20.96**	**21.60**	**40.05**	**41.81**
Average	$21.20	$22.02	$25.03	$34.65	$44.31
Wisconsin's Rank Among These States	4	4	3	3	4
Other Rates					
Michigan[2]	$27.00	$37.00	$39.00	$66.00	$ 76.00
Minnesota[3]	22.49	33.15	23.84	60.78	58.11
Wisconsin[4]	35.00	50.00	45.00	82.00	100.00

[1] For procedures performed on children 12 and younger.
[2] Represents rates for the Healthy Kids Dental Program, which provides services to Medical Assistance recipients under age 21 in 59 of Michigan's 83 counties.
[3] Represents rates for "critical access" providers who agree to devote at least 20.0 percent of their practices to serving Medical Assistance recipients.
[4] Represents rates in the BadgerCare Plus Benchmark plan, which provides dental care coverage primarily for pregnant women with incomes between 200.0 and 300.0 percent of the federal poverty level and children under the age of 19 from families without access to health insurance, regardless of their income.

We reviewed surrounding states' efforts to increase Medical Assistance recipients' access to dental services. Michigan selected a dental administrator—Delta—to administer its Healthy Kids Dental Program, which has an annual budget of $33 million. A total of 850 dentists under contract with Delta receive reimbursement above Michigan's fee-for-service rates for serving those children. Michigan officials reported that in Healthy Kids counties, 48 percent of children in the Medical Assistance program had at least one dental visit in FY 2004-05, compared to 27 percent in fee-for-service counties.

Since 2000, Minnesota has paid higher reimbursement rates to "critical access" dental providers. These providers receive payments that are 30.0 percent above the standard fee-for-service reimbursement rates for Medical Assistance patients and 50.0 percent above the standard reimbursement rates for MinnesotaCare public insurance program enrollees.

Recent Medical Assistance Initiatives in Wisconsin

Wisconsin has taken a number of initiatives to improve Medical Assistance recipients' access to dental services statewide. First, additional funding has been provided for federally funded community health centers, which are one of the primary means of providing medical and dental services to low-income and underserved populations. By providing both primary and preventive health services—such as oral health, pharmaceutical, mental health, substance abuse, and health education services—community health centers are designed to reduce the need for more expensive inpatient and specialty care. Patients pay for services through a third-party payer, such as private insurance or Medical Assistance, or on a sliding scale if they do not have health insurance. Second, legislative and other initiatives have attempted to improve low-income individuals' access to dental services.

Community Health Centers

In 2007, 16 federally funded community health centers in Wisconsin provided or contracted for dental services at 17 sites, as shown in Figure 2. In addition, there are 11 Native American community health centers in Wisconsin.

Figure 2

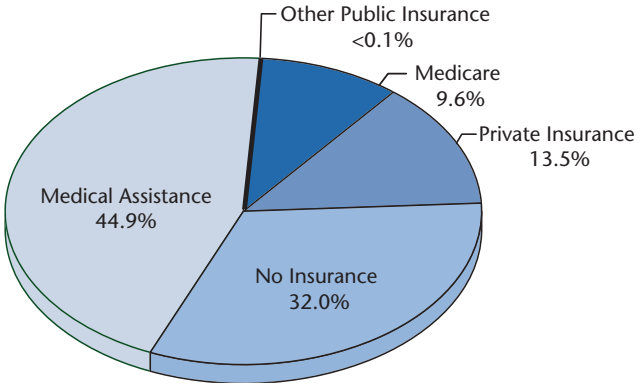
Federally Funded Community Health Centers in Wisconsin[1]
2007

[1] Does not include the Lakes Community Health Center in Iron River, which opened in January 2008. The Center currently does not offer on-site dental services.

A significant proportion of individuals served by community health centers are either Medical Assistance recipients or uninsured, as shown in Figure 3. In 2006, 44.9 percent were Medical Assistance recipients and 32.0 percent were uninsured.

Figure 3

Insurance of Individuals Receiving Treatment at Community Health Centers[1]
2006



[1] Includes all medical services but does not include Native American community health centers.

Source: United States Department of Health and Human Services.

The number of claims paid by the state to community health centers that provided fee-for-service dental care under the Medical Assistance program increased more than five times over the five-year period shown in Table 10, from 9,505 in FY 2002-03 to 47,851 in FY 2006-07. State payment amounts increased more than six times, from $655,907 in FY 2002-03 to $4.1 million in FY 2006-07. Demand for dental health services at community health centers remains high. For example, the Cashton Dental Clinic reported a 600-person waiting list for dental appointments in February 2008.

Table 10

Medical Assistance Dental Claims at Community Health Centers[1]

	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Paid Claims	9,505	14,058	19,741	40,662	47,851
Unique Dental Patients	3,986	5,983	10,133	18,720	20,463
Payments[2]	$655,907	$1,104,138	$1,529,794	$3,428,860	$4,072,390

[1] Does not include 11 Native American community health centers.
[2] Reflects state Medical Assistance fee-for-service payment rates; centers receive additional "wrap-around" payments to reflect actual service costs.

Source: Wisconsin Department of Health and Family Services.

From FY 2002-03 through FY 2006-07, federal funding for community health centers increased from $11.7 million to $16.0 million, or 36.8 percent. The Legislature appropriated $3.0 million annually over the same period. State funding remained at $3.0 million in FY 2007-08 and will increase to $6.0 million in FY 2008-09 under 2007 Wisconsin Act 20. Both the State and the federal government also provide additional year-end reimbursements known as "wrap-around" payments to mitigate the difference between paid claim amounts and the centers' actual costs of providing services. In FY 2006-07, the federal government paid 57.6 percent of these reimbursements, and the State paid the remaining 42.4 percent.

Other Initiatives

Dentists cite low reimbursement rates as one of the primary reasons for their unwillingness to treat Medical Assistance recipients. Two legislative proposals to increase provider compensation, 2007 Senate Bill 117 and 2007 Assembly Bill 237, would have created a new excise tax on soft drink sales to generate approximately $83.6 million annually, which would have been used to increase provider fees to the 75th percentile of the American Dental Association's usual and customary fees for the region and to support dental public health and education projects. The Wisconsin Dental Association indicated that increasing fees to this level would prompt an estimated 80.0 percent of its membership to participate in the Medical Assistance program, and DHFS estimated that Medical Assistance dental utilization would increase by 50.0 percent over a two-year period as a result of the additional dentists' participation.

Another proposal, 2007 Assembly Bill 748, would have given tax credits to physicians and dentists who provide high levels of service to Medical Assistance recipients, while 2007 Assembly Bill 927 would have directed DHFS to implement a two-year, $1.6 million pilot project to increase fee-for-service rates in La Crosse and Brown counties and managed care provider payments in Racine County to the 75th percentile of usual and customary American Dental Association regional fees for pediatric dental care and adult emergency dental care. 2007 Senate Bill 573 would have required a dental services managed care pilot program in 15 to 25 counties. None of these bills passed before the Legislature adjourned in March 2008.

There have been other legislative efforts in recent years to improve access to dental care. In May 2000, the Joint Legislative Council established the Special Committee on Dental Care Access to examine how access could be increased for underserved populations, particularly Medical Assistance recipients. The committee concentrated on the overall availability of dental services to low-income individuals and did not compare potential differences between those served under fee-for-service and managed care systems. During the 2001 regular session, it introduced two bills that were intended to improve dental care access, including increasing Medical Assistance reimbursement rates for dental services to the 75th percentile of the American Dental Association's regional fees for each service. Neither bill passed.

Among the issues addressed by the Governor's Task Force to Improve Access to Oral Health were improving access to dental care for children in the Medical Assistance program and maximizing the use of preventive dental services. Its final report of June 2005 contained recommendations for funding and administering the Medical Assistance dental care program, including a $20.0 million annual increase in state funding for dental reimbursement rates, as well as pay-for-performance standards. 2005 Assembly Bill 1168, which was introduced in April 2006, would have implemented the task force's recommendation to create a new soft

drink excise tax to fund Medical Assistance dental expenditures and public oral health education. The Legislature did not act on the bill before the session's end.

DHFS also has reported undertaking a number of initiatives to improve service delivery and access to Medical Assistance services, including:

- developing a list of dentists who are accepting new patients;
- streamlining Medical Assistance paperwork by adopting the American Dental Association's claim form;
- reducing administrative requirements for dentists by seeking changes to reduce the number of services requiring prior authorization;
- creating an "urgent care" form for noncertified dentists who provide emergency care to Medical Assistance recipients;
- allowing dentists to verify Medical Assistance eligibility via the Internet;
- promulgating administrative rules that allow Medical Assistance reimbursement directly to dental hygienists for screening and certain periodontal services, in addition to teeth cleaning, fluoride treatment, and sealant application services in public schools, dental training programs, and local government health clinics;
- allowing HealthCheck agencies, such as county health departments and clinics, to bill for dental examinations, cleanings, and fluoride treatments provided to recipients under the age of 21; and
- adding a fee-for-service dental ombudsman to its fiscal agent's office to help fee-for-service participants with urgent needs obtain appointments with dental providers.

During the course of our review, DHFS also developed a pay-for-performance program that is designed to provide incentive payments to HMOs for increasing dental service delivery in southeast Wisconsin. Under the terms of contract amendments with HMOs signed in November 2006, DHFS may award up to a total of $750,000 in incentive payments for services provided in that year, based on the extent to which HMOs improved the annual rate at which long-term enrollees used dental services, comparing 2004 to 2006 performance. DHFS reports that the incentive program has not been fully implemented, but it anticipates making some awards later in 2008.

General purpose revenue funding for other programs to improve the delivery of dental care to low-income, underserved individuals is shown in Table 11 and includes financial support for:

- dental services provided by the Marquette University School of Dentistry, rural dental clinics, and technical college dental clinics;
- the cost of an enrollment coordinator and laboratory fees for the Donated Dental program operated by the Wisconsin Dental Association; and
- dental sealants and fluoride treatments provided to children at schools, clinics, and local health departments.

Table 11

General Purpose Revenue Funding for Dental Clinics and Programs

	FY 2005-06	FY 2006-07	FY 2007-08[1]	FY 2008-09[1]
Marquette University School of Dentistry	$2,860,500	$2,860,500	$2,860,500	$2,860,500
Rural Health Clinics	587,600	987,600	1,005,100	1,005,100
School-Based Dental Sealant Programs	120,000	120,000	120,000	120,000
Technical College Dental Clinics	86,100	86,100	86,100	86,100
Donated Dental Program	60,000	60,000	60,000	60,000
Fluoride Mouth-Rinse Programs	25,000	25,000	25,000	25,000
Fluoride Supplement Programs	25,000	25,000	25,000	25,000
Total	**$3,764,200**	**$4,164,200**	**$4,181,700**	**$4,181,700**

[1] Budgeted amounts.

The Governor's 2007-09 biennial budget proposal identified expected Medical Assistance benefit savings as a result of several initiatives, including greater utilization of managed care services, and assumed $8.8 million of these savings would be allocated to unspecified dental access projects. 2007 Wisconsin Act 20 specified that a federally funded dental clinic in Superior and a Lac du Flambeau tribal dental clinic in Vilas County must each receive $200,000 in grants from the FY 2007-08 savings.

In May 2007, DHFS issued a request for information to help develop project proposals for spending the remainder of the $8.8 million. Community health centers, dental clinics, private nonprofit agencies, dental service administrators, professional associations, local governments, and others submitted a total of 19 responses, including:

- four proposals to increase funding for dental clinics operated by federally funded community health centers;

- four proposals to fund dental hygienist services, usually with enhanced license authority allowing hygienists to provide a broader range of dental services;

- three proposals for Medical Assistance dental services to be provided by a dental administrator under contract with DHFS, a contractual relationship often described as a "carve-out;"

- three proposals to increase rates for fee-for-service dental providers;

- three proposals incorporating ideas such as creating tax incentives for dentists treating Medical Assistance recipients, an Internet-based system to link Medical Assistance recipients and dental providers, and development of "smartcards" to track Medical Assistance patient dental records and facilitate provider reimbursement; and

- two proposals for school-based dental service programs.

In December 2006, before 2007 Wisconsin Act 20 was enacted, the Joint Committee on Finance approved the distribution of $4.1 million in federal funds as one-time grants to community health centers and other programs statewide to provide expanded dental services to low-income and underserved populations. These funds were a portion of $40.4 million in unanticipated federal funds collected through the end of FY 2005-06 and were available for distribution under a plan submitted by the Secretary of the Department of Administration to the Committee for approval. The Committee modified the Secretary's plan, requiring:

- $1.9 million to be awarded in competitive, one-time grants to expand or create local efforts to increase access to oral health services;

- $1.0 million to be awarded to the Marquette University School of Dentistry; and

- $1.2 million to be awarded to specific dental clinics and partnerships throughout Wisconsin.

Appendix 1 provides additional detail about state and federal funding to increase dental access during the FY 2005-07 and FY 2007-09 biennia.

■ ■ ■ ■

Appendix 1

Dental Access Funding

2005-07 Biennium and 2007-09 Biennium

Description	General Purpose Revenue (GPR)
2005 Wisconsin Act 25 (2005-2007 Biennial Budget Act)	
Marquette University Dental School Services	$ 5,721,000
CESA 11 Dental Clinic	711,200
Ladysmith Dental Clinic	464,000
Chippewa Falls Dental Clinic	400,000
Grants for Dental Sealant Programs	240,000
Dental Service Programs at Technical Colleges	172,200
Wisconsin Dental Association Donated Dental Program	120,000
Grants for Fluoride Mouth-Rinse Programs	50,000
Grants for Fluoride Supplement Programs	50,000
Subtotal	7,928,400
2007 Wisconsin Act 20 (2007-09 Biennial Budget Act)[1]	
Marquette University Dental School Services	5,721,000
Chippewa Falls Dental Clinic	800,000
CESA 11 Dental Clinic	711,200
Ladysmith Dental Clinic	464,000
Grants for Dental Sealant Programs	240,000
Dental Service Programs at Technical Colleges	172,200
Wisconsin Dental Association Donated Dental Program	120,000
Grants for Fluoride Mouth-Rinse Programs	50,000
Grants for Fluoride Supplement Programs	50,000
Dodgeville Dental Clinic	35,000
Subtotal	8,363,400
Total GPR	**$16,291,800**

[1] An additional $8.8 million anticipated in revenue ($3.6 million in GPR and $5.2 million in federal funding) accruing from implementing BadgerCarePlus is projected to be available for one-time dental access projects. The Legislature has specified that a federally funded dental clinic in Superior and a Native American dental clinic in Lac du Flambeau each receive $200,000 of these funds in FY 2007-08.

Description	Federal Funding
December 2006 Joint Committee on Finance Action	
Marquette University Dental School Services	$1,000,000
Darlington Dental Clinic	500,000
Park Falls Dental Clinic	400,487
Cashton Dental Clinic	350,000
AIDS Network Dental Clinics in Milwaukee and Green Bay	349,800
Brown County Oral Health Services	341,000
Waukesha Dental Clinic	331,470
Chippewa Valley Technical College Dental Clinic (Eau Claire)	243,646
School-Based Dental Services in Milwaukee County	140,000
Appleton Dental Clinic	75,000
Lakeshore Technical College Dental Clinic (Cleveland)	75,000
Oneida and Vilas Counties Oral Health Services	75,000
Red Cedar Dental Clinic	75,000
Wautoma Dental Clinic	75,000
Waushara County School-Based Dental Services	29,260
Rome Dental Hygiene Office	21,637
Total Federal Funding	**$4,082,300**