



Office of the Director

John A. Kitzhaber, MD, Governor

Oregon
Health
Authority

500 Summer Street NE E-20

Salem, OR 97301

Voice: 503-947-2340

Fax: 503-947-2341

www.Oregon.Gov/OHA

January 30, 2012

The Honorable Richard Devlin, Co-Chairperson
The Honorable Peter Buckley, Co-Chairperson
The Honorable Dennis Richardson, Co-Chairperson
Joint Committee on Ways and Means
900 Court St, NE
H-178 State Capitol
Salem, OR 97301-4048

Re: Report on Dental Care Reductions

Dear Co-Chairpersons:

NATURE OF THE REPORT

During the 2011 Legislative Session, the Ways and Means Subcommittee on Human Services requested the Oregon Health Authority (OHA) to work with dental care organizations (DCOs) and to present a plan to the Subcommittee in February 2012 to adjust dental reductions in a way that will protect pregnant women and children.

The attached report reviews the efforts of OHA and the DCOs to suggest dental service reductions to achieve savings to help mitigate the effects of reductions in DCO capitation rates that resulted from the Legislatively Approved Budget (LAB). The goal of OHA and the DCOs in this process was to do this in a way that would protect pregnant women and children, lessen the impact on dental providers of all types and preserve the financial viability and continuity of Oregon's dental care delivery system.

AGENCY ACTION

Report Summary

The Division of Medical Assistance Programs (DMAP) met with the DCOs on several occasions to discuss cost-savings options that might achieve this goal. The group determined that the cuts should have no impact on services for children and that they would only consider reductions that would not affect pregnancy outcomes or the health of an unborn child. They also recommended that protective policies be implemented to mitigate any unintended impacts on pregnant women.

The group considered both options that would limit services and those that would eliminate services. While there was not full consensus on every option, the agency is presenting the Subcommittee with all of the group's considerations and rationale.

The considerations are presented in the attached report as:

- Viable considerations for limitations or elimination of services; and
- Considerations the group did not find viable.

Based on the work with the DCOs, and with their support, DMAP implemented the recommended service limitations on January 1, 2012 with approval from the Centers for Medicare and Medicaid Services. Other considerations this report outlines would require Legislative approval.

ACTION REQUESTED

With the agreement of our partners, Oregon's Dental Care Organizations, the department requests the Subcommittee's acceptance of this report.

LEGISLATION AFFECTED

This report relates to SB 5529 (2011), which established the Oregon Health Authority's 2011-13 budget.

Sincerely,



Kelly Ballas
Chief Financial Officer

Cc: Joint Ways and Means Human Services Subcommittee
Judy Mohr Peterson, Oregon Health Authority
Linda Ames, Legislative Fiscal Office
Kate Nass, Department of Administrative Services



Dental Reductions for the 2011-13 Biennium

February, 2012

Background

The Oregon Health Authority's (OHA) 2011-13 biennial budget included substantial reductions to Oregon Health Plan (OHP) provider reimbursement rates. Rate reductions affected both managed care and fee-for-service providers, and included reductions of approximately 11 percent for Dental Care Organizations (DCOs).

During the 2011 Legislative Session, the Ways and Means Subcommittee on Human Services requested that OHA work with DCOs on a plan to adjust dental reductions in a way that would protect pregnant women and children and present the plan during the February 2012 Legislative Session.

Results in Brief

OHA met with the DCOs on several occasions to discuss options for dental service cost-savings the agency could implement without harm to children or pregnant women.

The group determined that:

- The recommended cuts should not affect services for children;
- Any service reduction recommendations should not affect pregnancy outcomes or the health of the unborn child; and
- OHA should put policies in place that would mitigate any unintended impact on pregnant women.

The group decided to consider options that would achieve savings by:

- Limiting services (actions that could be implemented by the agency without Legislative approval); or
- Eliminating services (actions that require Legislative approval).

The group brought forward and discussed a number of ideas. OHA developed cost models for the options the group considered most viable.

To help achieve the savings needed to meet the approximately 11 percent capitation payment reduction implemented in October 2011, and with the DCO's support and federal approval, the agency implemented all of the group's recommended service limitations by administrative rule effective January 1, 2012. This will save an estimated three percent of annual DCO costs. Elimination of services, which could save an additional 9.5 – 10.2 percent in annual DCO costs, would require Legislative action. With savings from both implemented limitations and proposed eliminations of services, total estimated DCO savings would exceed 11 percent.

OHP administrative rules are written for the OHP fee-for-service program but also represent minimum requirements for DCOs. Thus, while DCOs may choose not to impose the service limitations to the same extent as required of the fee-for-service program, the agency expects most DCOs will follow the fee-for-service limitations which will help achieve some savings.

Ninety-five percent of OHP dental clients are members of DCOs, leaving only five percent in the fee-for-service program. The cost and savings estimates reflected in this report apply only to DCOs.

This report covers:

- Viable considerations for limitations or elimination of services; and
- Considerations the group did not find viable.

Discussion

Before the 2011 Legislative Session, DCOs met with Legislators as well as with OHA Director, Bruce Goldberg, and the Director of the Division of Medical Assistance Programs (DMAP), Judy Mohr Peterson, to convey their concerns regarding anticipated capitation rate reductions that would affect the Oregon dental care service sector.

The group also sent a letter to the Joint Ways and Means Co-Chairs and members of the Ways and Means Human Services Subcommittee concluding that a capitation reduction of the magnitude proposed by the Governor's Balanced Budget and the Legislative Assembly (and subsequently implemented on October 1, 2011) would have a severe impact on dental providers of all types. The letter suggested that the financial viability and continuity of Oregon's dental care delivery system would be compromised without some commensurate reduction in services to provide needed savings.

DMAP and the DCOs developed options for limitations and elimination of certain dental services in an attempt to realize savings while protecting the health of all Oregonians, with special attention to preserving the health of pregnant women and maintaining good outcomes for children. OHA developed cost models for the options the group considered most viable.

Although the limitations and potential service eliminations outlined below do not apply to children, they do apply to both pregnant and non-pregnant adults. OHA does not believe

the changes would affect overall pregnancy outcomes. OHP coverage during pregnancy continues to provide dental exams to identify and prevent or eliminate infection and oral disease, and cleanings and periodontal services to reduce bacteria and control infection. These are the dental services necessary to lower risks of bacteria that can lead to dental caries, the disease that causes cavities in the pregnant woman, and to protect the health of the unborn child. Additionally, OHA would put in place prior authorization policies to mitigate any unintended impact on pregnant women.

Pregnancy is also an opportune time to educate women about preventing dental cavities in young children, one of the most common childhood problems. Preventing periodontal disease, improving overall oral health of expectant mothers and providing oral health counseling may reduce transmission of bacteria from mothers to children, thereby delaying the onset of childhood cavities.

Viable considerations for limitation or elimination of services

Limit some dental services for all adults, including pregnant women

With the group's support and federal approval, the agency implemented all of the following recommended service limitations effective January 1, 2012:¹

Changes for all adults (age 21 and older)

- Denture work: OHP covers resin partial dentures for back teeth only when needed for chewing and at least six teeth are missing. Denture rebases and relines are covered once every five (not three) years.
- Periodontal work (cleaning to remove plaque/tartar and repair gum disease [e.g., gingivitis]):
 - OHP covers deep cleaning (scaling and root planing, full mouth debridement) once every three (not two) years.
 - OHP covers follow-up treatment (periodontal maintenance) once every 12 months (not six months), and only when following periodontal work within the past three years.

Changes for pregnant adults (age 21 and older)

- Denture work: Coverage for denture services is now the same as for non-pregnant adults.
 - OHP covers new full dentures only after recent loss/removal of teeth.
 - OHP does not cover replacement of full dentures.
 - Denture adjustments and repairs have annual limits of 2 to 4 times a year, depending on the type of adjustment or repair.

¹ The group agreed on an additional change to limit composite (white) fillings on posterior teeth to only one –surface (small) restorations for adults. However, because the Health Evidence Review Commission (HERC) moved composite fillings for all OHP clients below the funding line on the new January 1, 2012 Prioritized List, this change was not part of these limitations.

- Root canals on molars: OHP covers root canals for first molars only for pregnant adults (second molars no longer covered) and provides no molar root canal coverage for non-pregnant adults.

OHA and the DCOs do not believe these limitations will affect overall pregnancy outcomes. OHP coverage during pregnancy continues to provide dental exams to identify and prevent or eliminate infection and oral disease, and cleanings and periodontal services to reduce bacteria and control infection.

Although some periodontal services will be covered less frequently, if an individual needs more services or more frequent services due to pregnancy, the provider may ask OHP to cover them. Additional cleanings and fluoride treatments also are covered when necessary during pregnancy.

These limitations will save a projected three percent of DCO costs per year.²

The group discussed other potential service limitations but found only those listed above to be viable.

Eliminate some dental services for all adults, including pregnant women (age 21 and older)

The group recognized the potential need for further reductions, and while there was not full consensus, the majority considered the following to be the best options:

1. Eliminate coverage for services on the lowest six funded dental services lines on the Prioritized List of Health Services for adults. This include lines 414, 436, 468, 477, 480 and 494 which cover:
 - Basic endodontics – root canals on all teeth
 - Advanced endodontics – e.g. re-treatments for root canals
 - Dentures – full, partial, repairs, rebases and relines
 - Crowns

OHA does not believe these changes would affect overall pregnancy outcomes. The potential elimination of the services on the lowest six dental lines on the Prioritized List of Health Services would curtail coverage for root canals, dentures and crowns, treatments that if eliminated would not generally have negative effects on pregnancy.

Coverage during pregnancy would continue to provide dental exams, cleanings and basic periodontal services, and the agency would implement a prior authorization exception for coverage of necessary procedures during pregnancy if the condition is severe enough to compromise the woman's health or that of the unborn child.

² "DCO costs per year" refers to the total paid by DMAP in capitation rates to all DCOs statewide on an annual basis (calculated based on FY 2012 projections).

In general, with the elimination of funding for the services on these six lines, adults who are OHP clients could end up requiring more teeth extracted if they cannot be restored. This could have the most impact on people with disabilities and older people who more often require these services. Loss of denture coverage would prevent individuals from getting dentures to replace missing teeth, which can result in difficulty eating, speaking and finding employment. With reduced dental benefits, people may access the emergency department more often because of unmet dental needs.

The savings associated with eliminating the services on these lines would be \$11.2 million total funds, or 10.2 percent of DCO costs per year, if applied to the entire adult population; if applied only to non-pregnant adults, \$10.8 million total funds, or 9.9 percent of DCO costs per year.³

As an alternative approach, some DCOs suggested maintaining coverage of partial dentures for anterior teeth. Eliminating this service would save only about 0.4 percent of DCO costs, \$438,000 for all adults or \$427,000 for only non-pregnant adults. The overall savings for eliminating the services on the lowest six funded dental services lines on the Prioritized List without eliminating partial dentures for anterior teeth would be 9.8 percent of DCO costs if applied to all adults and 9.5 percent if applied only to non-pregnant adults.

2. Reduce OHP Plus pregnant adult dental benefits to the same level as those for non-pregnant adults. This option would eliminate the following procedures for pregnant adults that are currently not covered for non-pregnant adults:
 - Crowns and prefabricated post and core
 - Root canals on molars
 - Root canals on teeth that have not fully developed
 - Surgical procedures to smooth the jaw bone

Eliminating certain root canal coverage and jawbone surgery would not generally affect pregnancy outcomes. The agency would implement a prior authorization exception for coverage of necessary procedures during pregnancy if the condition is severe enough to compromise the woman's health or that of the unborn child.

The savings associated with this option would be \$0.43 million total funds, or 0.4 percent of DCO costs per year.

The group suggested that elimination of root canals and crowns could result in increased losses of restorable teeth, and the loss of denture coverage would be difficult for certain populations (e.g. seniors and people with disabilities) who experience tooth loss most often. To that end, they discussed the potential of mitigating the loss of denture coverage through potential plan-negotiated rates with providers that would give

³ The portion that would apply to pregnant adults only is \$364,000 or 0.3 percent of the savings.

all OHP members access to discount prices with specific contracted providers. In this case, the client would pay for the service but at a lower cost.

Considerations the group did not find viable

1. Impose an annual cap of \$400 per adult OHP member for all dental services except for those services specifically exempt (i.e. preventive, diagnostic, basic periodontic, urgent and emergent services).

- About 74,000 adults a year would access services subject to the cap.
- About 18,400 of those adults would need services that exceed the cap. They would either not receive the services or have the option to pay for them.
- Seniors would be most affected – Current annual expenditures for OHP members over age 65 range from \$567 to \$634. For adults under age 65, the average annual cost is \$532.
- MMIS changes necessary to implement this option would cost \$10,000 to \$50,000.

The savings associated with this option would be \$11million total funds. The group did not find this option viable due to:

- The administrative burden and cost of tracking services used and remaining benefits available.
- Encounter reporting lag time that could cause providers to perform a service when the client's cap had already been reached, preventing any reimbursement for the services provided.
- Difficulty to providers of managing the cap due to varying rates among DCOs and DMAP fee-for-service.

2. Only allow non-emergency restorative treatment over a specific dollar amount if the client has demonstrated oral hygiene compliance and periodontal health for a specified time period (six months to 1 year).

The savings for this option are not known. The group did not find this option viable due to:

- Difficulty for pregnant members to qualify for services, given that most adult women are not eligible for OHP Plus until they are pregnant and may be covered only during pregnancy.⁴
- Administrative challenges and costs to the plans and DMAP to enforce the policy.

3. Require that pregnant adults have documentation that supports 12 months of continuous periodontal health prior to coverage of permanent crowns. Documentation would include pocket depth probing throughout the mouth of less than three mm and no diagnosis or findings of periodontitis, gingivitis and/or periodontal disease.

⁴ If eligible for OHP Standard before or after pregnancy, a woman would not receive preventive, diagnostic or restorative coverage because of the limited dental coverage in the OHP Standard package of benefits.

The savings for this option are unknown. The group did not find this option viable due to:

- Difficulty for pregnant members to qualify for services, given that most adult women are not eligible for OHP Plus until they are pregnant and may be covered only during pregnancy.⁵
 - Administrative challenges and costs to the plans and DMAP to enforce the policy.
4. Increase the OHP Standard dental benefit package to match the OHP Plus adult benefit. The group recognized that this option would provide:
- Consistency in services for members.
 - Prevention services for adults that may mitigate periodontal problems and dental cavities later, particularly for women with OHP Standard benefits who may become pregnant and eligible for restorative care.
 - Administrative efficiencies because there would be a single adult dental benefit package rather than two.

While better dental health would be likely in the long term, there would be no immediate savings from this option. It would increase DCO costs per year by six to 10 percent overall. Therefore, the group did not find this option viable due to the cost.

Conclusion

Based on the discussions with the DCOs, and with their support, DMAP implemented the limitations to dental services discussed on pages three and four on January 1, 2012, with approval from the Centers for Medicare and Medicaid Services. This action will provide a portion of the desired savings (about three percent annually) to the DCOs.

If the Legislature eliminates the services on the bottom six dental lines of the Prioritized List to achieve more savings for the DCOs, this would save an additional 9.5 to 10.2 percent of annual DCO costs. Reducing certain services for pregnant adults to the level currently provided to non-pregnant adults would save an additional 0.4 percent of annual DCO costs. The DCOs could not reach consensus on recommendations for any service eliminations due to concerns for the basic viability of the OHP dental benefit and the dental service delivery sector overall. However, the group recognized that eliminations of some services could become necessary.

One DCO suggested that it may be possible to contend with lower capitation rates with a change in the paradigm to enhance population-based health care and medical management of caries, coupled with a global budget and a different set of outcome measures. This concept is consistent with the state's current Health Care Transformation in which dental plans will be fully participating by 2014.

⁵ *Id.*