Schedule 13

Funding Request for the FY 2015-16 Budget Cycle

Department of Health Care Policy and Financing

PB Request Number SBA-11

Request Titles

S-11 Enhanced Payments to Dental Providers
BA-11 Enhanced Payments to Dental Providers

Dept. Approval By: Josh Block

OSPB Approval By:

X	**Supplemental FY 2014-15**
	Change Request FY 2015-16
	Base Reduction FY 2015-16
X	**Budget Amendment FY 2015-16**

Line Item Information	Fund	FY 2014-15 Appropriation	FY 2014-15 Supplemental Request	FY 2015-16 Base Request	FY 2015-16 Governor's Revised Request	FY 2016-17 Budget Amendment
	Total	**$0**	**$0**	**$0**	**$0**	**$0**
Total of All Line Items	FTE	-	-	-	-	-
	GF	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$0	$0	$0	$0	$0

Line Item Information	Fund	FY 2014-15 Appropriation	FY 2014-15 Supplemental Request	FY 2015-16 Base Request	FY 2015-16 Governor's Revised Request	FY 2016-17 Budget Amendment

Letternote Text Revision Required? Yes ___ No X

If Yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and CORE Fund Number: N/A

Reappropriated Funds Source, by Department and Line Item Name: N/A

Approval by OIT? Yes ___ No ___ **Not Required:** X

Schedule 13s from Affected Departments: N/A

Other Information: The Department requests roll forward authority through FY 2015-16 for $5,000,000 total funds currently appropriated in FY 2014-15

Cost and FTE

- The Department requests roll forward authority through FY 2015-16 for $5,000,000 total funds currently appropriated in FY 2014-15, to provide incentive payments to dental providers to develop an adequate Medicaid dental provider network.

Current Program

- The Department is currently appropriated $5,000,000 for Dental Provider Network Adequacy in FY 2014-15 to provide enhanced payments to dentists and dental hygienists that take at least five new Medicaid clients during the first year of the new comprehensive Medicaid Dental Program.

Problem or Opportunity

- In consultation with stakeholders, the Department developed criteria for enhanced payments requiring providers to see new Medicaid clients twice within FY 2014-15. This criteria necessitates that the Department have a review period that crosses fiscal years.
- Enhanced payments to dental providers are dependent on the Department having a full year of claims data to accurately identify which providers qualify for the enhanced payments.

Consequences of Problem

- If funding for the enhanced payments program for dental providers is not authorized through FY 2015-16, providers that earn incentives may not receive them, which could damage future levels of provider participation.

Proposed Solution

- The Department requests roll forward authority on dental provider network adequacy funding to allow dental providers a full fiscal year to see new Medicaid clients at least twice as part of the new comprehensive Medicaid Dental Program.
- The Department also requests to remove the M headnote for this funding.

Department Priority: S-11, BA-11
Request Detail: Enhanced Payments to Dental Providers

Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund
Enhanced Payments to Dental Providers	$0	$0

Summary of Incremental Funding Change for FY 2015-16	Total Funds	General Fund
Enhanced Payments to Dental Providers	$0	$0

Problem or Opportunity:

In February 2014 the Department requested one time funding of $5,000,000 to improve dental provider network adequacy. Since that time, in consultation with stakeholders, the Department developed criteria for enhanced payments requiring providers to see new Medicaid clients twice within FY 2014-15. This criteria was developed in concurrence with proper clinical periodicity planning and guidance[1], and necessitates that the Department have a review period that crosses fiscal years. Although many providers will meet the criteria within FY 2014-15, some will not due to a lag between when providers see clients and when the Department is billed for that service. If funding for enhanced payments to dental providers expires as planned, the Department will not be able to pay many qualifying providers.

Enhanced payments to dental providers are dependent on the Department having a full year of claims data to accurately identify which providers qualify for the enhanced payments. The enhanced payments program requires that dental providers see new Medicaid clients at least twice within a 12-month period in FY 2014-15. Medicaid claims have a 180-day timely filing run out period, meaning the Department will not have complete information for FY 2014-15 until January 1, 2016. Consequently, if all payments are made by June 30, 2015, the evaluation period would be truncated to approximately nine months. Because the structure of the enhanced payments program requires that dental providers see new clients twice within 12 months, a nine-month evaluation period is insufficient to appropriately reward dental providers that expanded their panels to accommodate additional Medicaid clients.

[1] <http://www.aapd.org/media/Policies_Guidelines/G_Periodicity.pdf>

Proposed Solution:

The Department requests roll forward authority on dental provider network adequacy funding to allow dental providers a full fiscal year to see new Medicaid clients at least twice as part of the new comprehensive Medicaid Dental Program. The Department also requests to remove the M headnote for this funding as the Department is unable to estimate the effective federal match rate for this funding.

The Department believes that a roll forward is the best solution because the Department cannot estimate how quickly providers will add clients to their panel and see clients for their second visit. Consequently, it is not possible to determine what portion of the FY 2014-15 funding would be utilized in FY 2015-16. A roll forward would allow the Department to pay providers when they hit the benchmarks, without having to impose a delay based on the timing of the appropriation.

Removal of the M headnote is necessary as the Department is unable to predict which clients will receive the services that qualify providers for enhanced payments. When originally requested, the Department assumed that the incentive payments would not be eligible for the enhanced match available for Medicaid expansion clients. However, payments have been operationalized in a way that allows the Department to leverage additional federal funds. Enhanced payments are based on seeing new Medicaid clients, and the Department is unable to predict which clients will be seen in which order. Because Medicaid clients qualify for different federal match rates based on income, the federal match rate will vary based on the order in which a provider sees clients. The Department is unable to prospectively estimate an effective federal match rate for enhanced payments. Removal of the M headnote would allow the Department flexibility in providing incentives to dental providers without increasing General Fund expenditure in the event that the effective federal match rate for these payments exceeds the base federal match rate of 51.01%.

The alternative solution would be to reduce the Departments FY 2014-15 appropriation and increase the FY 2015-16 appropriation. This solution was rejected as the Department is unable to accurately estimate what percent of providers will qualify and be paid within FY 2014-15, and which will qualify after the Department has allowed for full claims run out. This solution would result in an imbalance of funding in both fiscal years depending on the Departments estimate for qualifying providers.

Anticipated Outcomes:

If funding for the enhanced payments for dental providers is not authorized to roll forward to FY 2015-16 the Department would be unable to pay dental providers incentive payments that may have actually earned the payment, but were not identified due to insufficient claims run out. Failing to provide incentives to providers that have actually earned the incentive by expanding their practice to provide care to additional Medicaid clients could significantly reduce the willingness of providers to continue to see new Medicaid clients.

Investing in an adequate provider network is a critical component of ensuring clients have sufficient access to care, quality outcomes are achieved, and that dental services provided to clients are cost effective. Anecdotally, active enrolled dental providers in Medicaid totaled 651 as of June 2014; this compares to 4,992 statewide licensed dental provides, or a Medicaid participation rate of only 13.40%. The low participation rate highlights the need for strategic recruitment and additional financial incentives for participation.

Assumptions and Calculations:

The Department assumes that due to the structure of the enhanced payment program, there is a significant number of providers that will enroll new Medicaid clients, but will not qualify for the incentive until late in FY 2014-15.

The Department assumes that claims lag would inhibit the Department's ability to identify all of the providers that actually earned the incentive if all funding had to be expended by June 30, 2015.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

This supplemental funding request is the result of new information resulting in a substantive change in funding need. Since this funding was originally approved, in conjunction with stakeholders, the Department has developed payment criteria that requires providers see new clients twice within FY 2014-15. This criteria makes it necessary to increase the review period beyond FY 2014-15.