

Fiscal Estimate Narratives
DHS 1/23/2020

LRB Number	19-5051/1	Introduction Number	AB-0680	Estimate Type	Original
Description expansion of the dental reimbursement pilot project under the Medical Assistance program					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes several modifications to the statutory provisions governing the dental reimbursement pilot project. The changes include 1) adding language directing the Department to increase reimbursement rates statewide for pediatric and adult emergency dental services; 2) eliminating the existing statutory provisions limiting the reimbursement rate increase for pediatric and adult emergency dental services rendered in Brown, Marathon, Polk, and Racine counties; and 3) postponing the Department's reporting requirements related to the reimbursement pilot project from January 1, 2020 to January 1, 2022.

Claims for reimbursement for pediatric and adult emergency dental services in calendar year 2018, the most recent period of time in which the Department has complete claims data, indicate the Department paid \$22.3 million All-Funds (AF) for claims eligible for the enhanced rate, of which \$11.6 million AF reflected the reimbursement rate increase. The procedure codes eligible for the reimbursement rate increase received variable rate increases; however, the portion of the total reimbursement due to the rate increase has consistently been slightly more than half of the total reimbursement amount.

For pediatric and adult emergency services provided outside of the four pilot counties, the Department paid \$49.4 million AF for services provided in calendar year 2018. The Department would have paid an additional \$50.0 million AF (\$17.5 million GPR and \$32.5 million FED) had those claims been eligible for the enhanced reimbursement.

If enacted, the Department could anticipate costs in future years to be no less than \$50.0 million AF. Current trends in member utilization of dental services suggest dental costs per member will rise 2.5 percent from fiscal years 2019 to 2020 and again from 2020 to 2021. Costs will also depend on Medicaid enrollment, which is projected to increase slightly from fiscal years 2019 to 2020 and again from 2020 to 2021.

Costs would also be higher if the effect of the reimbursement rate was to increase members' access to, and utilization of, dental services. Data and analyses currently available to the Department are inconclusive as to whether this effect would occur. Results from the evaluation of the dental reimbursement pilot project using the first year of implementation data were inconclusive on whether the higher reimbursement rates directly resulted in increased access and utilization. The Department has contracted for a second analysis, using two years of implementation data, to assess the effectiveness of the rate increase on measures of members' access to, and utilization of, dental services. The Department anticipates this second evaluation will be published in the spring of 2020.

Long-Range Fiscal Implications