

ADMINISTRATIVE RULES – FISCAL ESTIMATE

1. **Fiscal Estimate Version**

Original Updated Corrected

2. Administrative Rule Chapter Title and Number

HFS 107, Covered Services

3. Subject

To revise s. HFS 107.07, relating to dental services.

4. **State Fiscal Effect:**

No Fiscal Effect

Indeterminate

Increase Existing Revenues

Decrease Existing Revenues

Increase Costs

Yes No

May be possible to absorb within agency's budget.

Decrease Costs

5. Fund Sources Affected:

GPR FED PRO PRS SEG SEG-S

6. Affected Ch. 20, Stats. Appropriations:

435 (4) (b), (bc), (bv), (o), (p), and (pg).

7. **Local Government Fiscal Effect:**

No Fiscal Effect

Indeterminate

Increase Revenues

Decrease Revenues

Increase Costs

Decrease Costs

8. Local Government Units Affected:

Towns Villages Cities Counties School Districts WTCS Districts Others:

9. **Private Sector Fiscal Effect (small businesses only):**

No Fiscal Effect

Indeterminate

Increase Revenues

Decrease Revenues

Yes No May have significant economic impact on a substantial number of small businesses

Increase Costs

Yes No

May have significant economic impact on a substantial number of small businesses

Decrease Costs

10. Types of Small Businesses Affected:

The rules will affect all businesses that are dental offices who serve Medicaid recipients.

11. **Fiscal Analysis Summary**

The Department is revising rules to clarify circumstances under which the Wisconsin Medicaid program will reimburse providers for orthodontia and certain other services provided to recipients under age 21. In Clearinghouse Rule 05-033, the prior authorization requirement was removed for most procedures that had high rates of approval (greater than 75%). The change was intended to reduce the staff time required for dental offices to process prior authorization requests. The Department did not intend to remove the requirement for prior authorization for orthodontia and other services. In Clearinghouse Rule 05-033, the Department specifically stated that "Procedures where appropriate pricing requires a high degree of clinical knowledge (e.g., orthodontics and TMJ surgery), and procedures with strict time limitations (e.g., dentures) are also proposed to retain prior

authorization." The adopted language, however, has been interpreted by at least one dentist to mean that prior authorization is no longer required to provide orthodontia to recipients. This interpretation was upheld by an administrative law judge in an administrative hearing. Because the intent of the Department and the language adopted, as recently interpreted, had opposite effects, the Department is promulgating rules to revise section s. HFS 107.07 to clarify the Department's intent to require prior authorization for orthodontia and other services provided under early and periodic screening, diagnosis and treatment (EPSDT) services.

A basic concept of the Medicaid program is that services must be medically necessary to be reimbursable. The medical necessity of these services is determined by the Department based on information submitted by the provider. Thus, it is necessary to require prior authorization to determine the appropriateness of providing these services to an individual recipient. Allowing the existing rule language to remain in its present form could require reimbursement for orthodontia that is not medically justified.

12. Long-Range Fiscal Implications

Restoration of prior approval provisions in the dental services section of the Medicaid regulations should result in continued savings to the Medicaid program.

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