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☛ Details: Proposed Audit: Medicaid Dental HMO Program, Department of Health and Family Services

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Joint

(Assembly, Senate or Joint)

Committee on Audit...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (July 2012)

Record of Committee Proceedings

Joint Legislative Audit Committee

Proposed Audit: Medicaid Dental HMO Program, Department of Health and Family Services

March 8, 2005

PUBLIC HEARING HELD

- Present: (7) Senators Roessler, Cowles and Miller;
Representatives Jeskewitz, Kaufert, Kerkman
and Cullen.
- Absent: (3) Senators S. Fitzgerald and Lassa;
Representative Travis.

Appearances For

- Francesca DeRose, Racine — Dentist, Wisconsin Dental Association
- Michael Costello, Milwaukee — Dentist, Wisconsin Dental Association

Appearances Against

- None.

Appearances for Information Only

- Janice Mueller, Madison — State Auditor, Legislative Audit Bureau
- Don Bezruki, Madison — Legislative Audit Bureau
- Diane Welsh, Madison — Chief Legal Counsel, Department of Health and Family Services

Registrations For

- None.

Registrations Against

- None.

March 8, 2005

EXECUTIVE SESSION HELD

- Present: (7) Senators Roessler, Cowles and Miller;
Representatives Jeskewitz, Kaufert, Kerkman
and Cullen.
- Absent: (3) Senators S. Fitzgerald and Lassa;
Representative Travis.

Moved by Representative Kerkman, seconded by Senator Roessler that **Proposed Audit: Medicaid Dental HMO Program, Department of Health and Family Services** be approved according to the scope statement dated March 2, 2005 prepared by the Legislative Audit Bureau.

Ayes: (7) Senators Roessler, Cowles and Miller;
Representatives Jeskewitz, Kaufert, Kerkman
and Cullen.

Noes: (0) None.

Absent: (3) Senators S. Fitzgerald and Lassa;
Representative Travis.

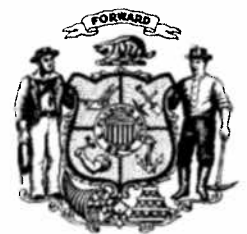
ADOPTION RECOMMENDED, Ayes 7, Noes 0

A handwritten signature in black ink, appearing to read 'Pam Matthews', written over a horizontal line.

Pam Matthews
Committee Clerk



WISCONSIN STATE LEGISLATURE





TO: Sen. Carol Roessler
FROM: Dr. Eva Dahl and Dr. Kathy Roth
DATE: February 24, 2005
RE: Follow Up on WDA Audit Request in Fall 2004

The purpose of this memo is to request you, as Senate Co-Chair of the Joint Legislative Audit Committee to request the Legislative Audit Bureau (LAB) to conduct an audit of the Wisconsin Department of Health and Family Services (DHFS) dental HMO program. Currently, the HMO program only impacts four counties in the state (Racine, Kenosha, Milwaukee and Waukesha counties). Under the HMO program, the state contracts with medical HMOs in exchange for a "promise" by the HMOs to take care of the dental care needs for their enrollees; the state appears to be paying the medical HMOs somewhere between \$4.50 and \$5.50 per month per enrollee in exchange for this "promise". Given the enrollment numbers of Medicaid recipients in these four counties, the dental-specific costs associated with the state's contracts with medical HMOs end up costing the state approximately \$10 million each year.

The Audit Bureau should create a complete review of the program; it is our understanding that after the medical HMOs take their "administrative fee" (which may be as much as 35% of the total contract), they pass the responsibility of providing the dental care on to a dental managed care organization that, in turn, takes another cut (because they actually do administer the program). The dental managed care organization then contracts with individual dentists. The payments to individual dentists are drastically reduced because the other two entities have taken out administrative fees without actually providing care in return. By the time the state's payments reach the individual dentist (who is actually absorbing the cost of the dental care treatment), the payments are even lower than what they are in the dental fee-for-service Medicaid program. As such, more and more dentists are dropping out and fewer patients are being seen and the state is still paying the medical HMO as if it is living up to its promise of providing dental care to their enrollees.

The HMOs continue to argue that managed care delivery system is working well for dentistry and yet our WDA colleagues in those areas of the state are telling very different stories. While it is clear that the fee-for-service program for dental Medicaid is not perfect, at least under the fee-for-service model, the state doesn't pay a dentist until AFTER the dentist has actually provided the care. There are detailed utilization records available under the state's fee-for-service program. In contrast, under the HMO model, the state is paying the medical HMOs up-front for dental care without expecting any detailed documentation or records to verify what dental services (if any) the HMOs are actually providing in exchange for the payments they are receiving from the state. It has been extremely difficult for organized dentistry (or any other entity) to get the data from either DHFS, or the individual HMOs, regarding the state's financial arrangements with

the HMOs. More importantly, requests for the actual types and frequencies of individual dental procedures that are performed under the HMO system have gone unanswered.

It is our hope that you, as the Senate Co-Chair of the state legislature's Joint Audit Committee, will see the need to conduct an audit of the state's dental HMO program. At the very least, the state should demand more thorough recordkeeping of the types and frequencies of dental services that Medicaid recipients are receiving in exchange for the \$10 million the state pays out to the medical HMOs for dental services. As practicing dentist and concerned taxpayers, we think the state should only contract with entities that can provide clinical data as to the services they are actually providing in exchange for receiving state-funded contracts.

Please look into this and let us know what you and your fellow members of the Audit Committee plan to do with this request. Thank you.

WDA's Audit Request of the State HMO Dental Medicaid Program

The Wisconsin Dental Association has been asked by a legislative office to put together specific "components" that should be included in a state audit of the dental Medicaid HMO program which is currently operating in Milwaukee, Racine, Kenosha and Waukesha counties. The following is a list of specific data that would be beneficial for the state to obtain during the audit process.

- (1) The number of people enrolled for dental care in the entire HMO dental program.
- (2) The number of people enrolled for dental care in each HMO by county (list name of HMO & number of enrollees in each county for each particular HMO).
- (3) The number of "unique" (unduplicated) dental encounters by enrollees in each HMO in each county in a given year (most recent).
- (4) The number of dentists contracted to provide services for each HMO in each county (list name of HMO and number of dentists per county serving that HMO's enrollees).
- (5) How many specialty dentists are signed up in each HMO program? What specialty do those dentists represent? (pediatric dentists, endodontists, orthodontists, periodontists, prosthodontists, oral and maxillofacial surgeons)
- (6) On an annual basis, how much money does that state pay each individual HMO for the guarantee that their enrollees will receive care? How much of that money does the HMO keep for administrative costs?
- (7) How much money does each individual HMO pay each dental managed care organization for administering the dental provider network? How much does each dental managed care organization keep for its administrative costs?
- (8) How much money does each dental managed care organization, in turn, pay dentists for the dental procedures that are provided to the enrollees?
- (9) The audit should provide independent verification that the HMOs are each abiding by their contract with the state to provide a sufficient network of dentists to meet the demand for dental care by the HMO's enrollees; for example, is the HMO meeting the requirement for 24 hour emergency care? Is the HMO meeting its contractual requirements for routine dental care? (See pages 27-28 and 71 of the HMO contract with the state – found on the DHFS website.)
- (10) The independent verification should make sure that the "list" of dentists provided to patients of the HMO is a list of dentists who are actively participating and taking new patients. Some dentists are listed but are not taking new patients or are only seeing emergencies or are not even seeing emergencies. Some restrict their practices to just children or just adults. The audit should make define how many dentists are actively seeing new patients and how quickly a patient can obtain a routine preventive service, a service for restorative care and an emergency service.
- (11) List each ADA code that is covered under the dental HMO program and, beside it, list the number of procedures provided for that code by each HMO (sample: _____ HMO provided _____ number of _____ (list procedure name plus ADA Code number) during the previous year --- this should be done for all procedures covered under the HMO dental MA program.
- (12) Provide the total amount billed for each ADA code. This is the total amount billed by dentists to each HMO in each county; then provide the total amount the HMO paid the dentists for the services provided (example: _____ number of dental providers in _____ county provided _____ number of list ADA name and code number procedure here for _____ number of enrollees and billed the HMO

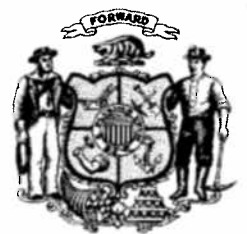
a total amount of _____ for the provision of those list ADA name and code number procedure here ; _____ HMO paid the contracted dentists in their network _____ amount for those services. This should be done for each individual procedure code covered under the MA program).

NOTE: This type of detailed information can be obtained under the state's fee for service system and we'd like the same type of information for the HMO system. We are essentially asking for an equivalent to the fee for service encounter data.

- (13) If the same number and frequency of procedures listed in item #11 were provided under the fee-for-service dental Medicaid program, what would the state have spent?



WISCONSIN STATE LEGISLATURE



JAN 28 2005



DAVID CULLEN
STATE REPRESENTATIVE

January 25, 2005

Sen. Carol Roessler
Rep. Suzanne Jeskewitz
Co-Chairs, Joint Audit Committee

Dear Sen. Roessler and Rep. Jeskewitz,

I have been contacted by a number of dental professionals who have requested an audit of the Wisconsin Department of Health and Family Services' dental HMO program.

As you are aware, this program is only in effect in Racine, Kenosha, Waukesha, and Milwaukee Counties. Under the program, the state contracts with medical HMOs in exchange for a commitment from the HMOs that they will provide for the dental care needs of their enrollees. According to these professionals, this arrangement costs the state approximately \$10 million per year.

A number of potential problems have been identified which I believe merit an audit. As a member of the Joint Audit Committee, I request that you consider this program for an audit.

I would be happy to answer any questions you might have about this request and look forward to your reply.

Sincerely,

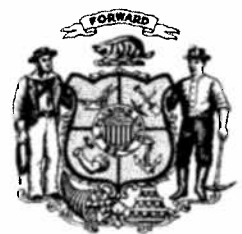
A handwritten signature in cursive script that reads "David A. Cullen".

DAVID A. CULLEN
State Representative
13th Assembly District

HOME: 2845 N. 68th STREET • MILWAUKEE • WI 53210
OFFICE: P.O. BOX 8952 • MADISON • WI 53708 • (608)267-9836
TOLL-FREE: 1-888-534-0013
EMAIL: Rep.Cullen@legis.state.wi.us
♻️ printed on recycled paper



WISCONSIN STATE LEGISLATURE





State Senator

Cathy Stepp

WISCONSIN'S 21ST DISTRICT

January 25, 2005

Senator Carol Roessler
Co-Chair, Joint Committee on Audit
8 South State Capitol
Madison, WI 53707

Dear Senator *Roessler*:

Over the past few weeks, I have heard from several dentists in my district interested in having the Legislative Audit Bureau conduct an audit of the Department of Health and Family Service's dental HMO program.

These dentists are concerned that, under the current system, too many Medicaid dollars are being spent on administrative overhead and not enough are going toward actual dental treatment. In these times when we are faced with a deficit in the Medicaid budget, I believe that it is even more important than usual that we make sure these dollars are being spent wisely.

It is my understanding that you will be meeting soon with your Assembly counterpart to discuss potential audit requests. I know you are receiving many audit requests from your colleagues, but I would ask that you give strong consideration to an audit of DHFS's dental HMO program.

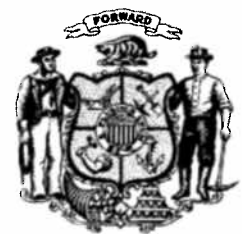
Thank you for your consideration. Please do not hesitate to contact me if you would like more information.

Sincerely,

Cathy Stepp
State Senator
21st Senate District



WISCONSIN STATE LEGISLATURE





REPRESENTATIVE GARY E. SHERMAN
74th Assembly District

State Capitol
P.O. Box 8953
Madison, WI 53708
(608) 266-7690
Toll-free: 1-888-534-0074
Fax: (608) 282-3674
E-mail: rep.sherman@legis.state.wi.us

District Address:
P.O. Box 157
Port Wing, WI 54865
715-774-3691

27 January 2005

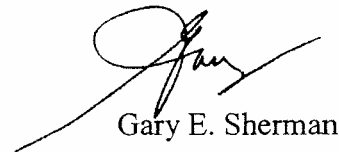
Senator Carol Roessler
Representative Suzanne Jeskewitz
Co-Chairs, Audit Committee

Dear Senator Roessler and Representative Jeskewitz:

I am requesting an audit of the Wisconsin Department of Health and Family Services dental HMO program. We have received a letter from a constituent dentist who has expressed concern about the program. I have enclosed a copy of the letter for your convenience.

Thank you for your consideration.

Very truly yours,



Gary E. Sherman

jk

BAY DENTAL ASSOCIATES, S.C.
ROBERT G. STROMBERG, D.D.S.
819 WEST LAKE SHORE DRIVE
ASHLAND, WISCONSIN 54806
TELEPHONE (715) 682-6675

01-12-05

JAN 2 2005

Rep. Gary Sherman
PO Box 8953
Madison, WI 53708

Dear Rep. Gary Sherman:

First, I'd like to explain my connection to you: I am a constituent dentist who resides in Ashland, WI. I've been a practicing dentist in Ashland for 26 years. It is my understanding that you are among a handful of legislators who currently serve in leadership in the state assembly and, as such, you can have an influence regarding what audits the state will conduct.

The purpose of this letter is to request the Legislative Audit Bureau (LAB) to conduct an audit of the Wisconsin Department of Health and Family Services (DHFS) dental HMO program. Currently, the HMO program only impacts four counties in the state (Racine, Kenosha, Milwaukee and Waukesha counties). Under the HMO program, the state contracts with medical HMOs in exchange for a "promise" by the HMOs to take care of the dental care needs for their enrollees; the state appears to be paying the medical HMOs somewhere between \$4.50 and \$5.50 per month per enrollee in exchange for this "promise". Given the enrollment numbers of Medicaid recipients in these four counties, the dental-specific costs associated with the state's contracts with medical HMOs end up costing the state approximately \$10 million each year.

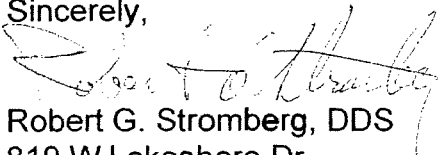
The Audit Bureau should create a complete review of the program; it is my understanding that after the medical HMOs take their "administrative fee" (which may be as much as 35% of the total contract), they pass the responsibility of providing the dental care on to a dental managed care organization that, in turn, takes another cut (because they actually do administer the program). The dental managed care organization then contracts with individual dentists. The payments to individual dentists are drastically reduced because the other two entities have taken out administrative fees without actually providing care in return. By the time the state's payments reach the individual dentist (who is actually absorbing the cost of the dental care treatment), the payments are even lower than what they are in the dental fee-for-service Medicaid program. As such, more and more dentists are dropping out and fewer patients are being seen and the state is still paying the medical HMO as if it is living up to its promise of providing dental care to their enrollees.

The HMOs continue to argue that managed care delivery system is working well for dentistry and yet my colleagues in those areas of the state are telling very different stories. While it is clear that the fee-for-service program for dental Medicaid is not perfect, at least under the fee-for-service model, the state doesn't pay a dentist until AFTER the dentist has actually provided the care. There are detailed utilization records available under the state's fee-for-service program. In contrast, under the HMO model, the state is paying the medical HMOs up-front for dental care without expecting any detailed documentation or records to verify what dental services (if any) the HMOs are actually providing in exchange for the payments they are receiving from the state. It has been extremely difficult for organized dentistry (or any other entity) to get the data from either DHFS, or the individual HMOs, regarding the state's financial arrangements with the HMOs. More importantly, requests for the actual types and frequencies of individual dental procedures that are performed under the HMO system have gone unanswered.

It is my hope that you, as a member of legislative leadership, will see the need to conduct an audit of the state's dental HMO program. At the very least, the state should demand more thorough recordkeeping of the types and frequencies of dental services that Medicaid recipients are receiving in exchange for the \$10 million the state pays out to the medical HMOs. As a practicing dentist and as a concerned taxpayer, I think the state should only contract with entities that can provide clinical data as to the services they are actually providing in exchange for receiving state-funded contracts.

Please look into this and let me know whether or not you plan to pursue this request. Thank you.

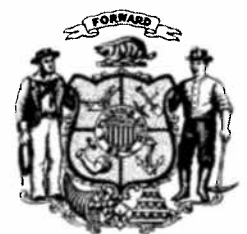
Sincerely,



Robert G. Stromberg, DDS
819 W Lakeshore Dr.
Ashland, WI 54806



WISCONSIN STATE LEGISLATURE





WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

January 31, 2005

Representative David Cullen
216 North, P.O. Box 8952
Madison, WI 53708

Dear Representative Cullen:

We received the request that you recently submitted to the Joint Audit Committee. This letter serves as confirmation of that request.

Each request submitted receives serious consideration. As conscientious legislators, we all welcome new ways to do things less expensively or more efficiently. We, as co-chairs of the committee, aim to meet once a month to discuss all requests. Shortly after the meeting, one of us will follow-up with you directly to let you know the status of your request.

Thank you again for your request and we will be in touch soon.

Sincerely,

Senator Carol Roessler
Co-chairperson
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz
Co-chairperson
Joint Legislative Audit Committee



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

January 31, 2005

Representative Gary E. Sherman
320 West, P.O. Box 8953
Madison, WI 53708

Dear Representative Sherman:

We received the request that you recently submitted to the Joint Audit Committee. This letter serves as confirmation of that request.

Each request submitted receives serious consideration. As conscientious legislators, we all welcome new ways to do things less expensively or more efficiently. We, as co-chairs of the committee, aim to meet once a month to discuss all requests. Shortly after the meeting, one of us will follow-up with you directly to let you know the status of your request.

Thank you again for your request and we will be in touch soon.

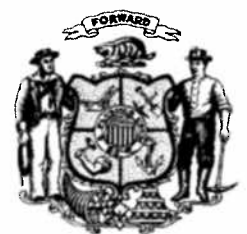
Sincerely,

Senator Carol Roessler
Co-chairperson
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz
Co-chairperson
Joint Legislative Audit Committee



WISCONSIN STATE LEGISLATURE





WISCONSIN STATE SENATE

DAVE HANSEN

SENATOR – 30TH DISTRICT

State Capitol P.O. Box 7882 Madison, Wisconsin 53707-7882 Phone: (608) 266-5670

February 4, 2005

Senator Carol Roessler
Representative Suzanne Jeskewitz
Co-Chairs, Audit Committee

Dear Senator Roessler and Representative Jeskewitz,

I am writing to request an audit of the Wisconsin Department of Health and Family Services dental HMO program. I have received a number of letters from constituent dentists who have expressed concern about the program. I have enclosed a copy of one of the letters for your convenience.

Thank you for your consideration.

Sincerely,

Dave Hansen
State Senator

DH: ecg

enclosure



ORTHODONTIC
SPECIALISTS OF
GREEN BAY

January 11, 2005

Sen. Dave Hansen
PO Box 7882
Madison, WI 53707

Dear Sen. Dave Hansen:

First, I'd like to explain my connection to you: I am a constituent dentist who resides in Green Bay, Wisconsin. I've been a practicing dentist in Green Bay for five years. It is my understanding that you are among a handful of legislators who currently serve in leadership in the state senate and, as such, you can have an influence regarding what audits the state will conduct.

The purpose of this letter is to request the Legislative Audit Bureau (LAB) to conduct an audit of the Wisconsin Department of Health and Family Services (DHFS) dental HMO program. Currently, the HMO program only impacts four counties in the state (Racine, Kenosha, Milwaukee and Waukesha counties). Under the HMO program, the state contracts with medical HMOs in exchange for a "promise" by the HMOs to take care of the dental care needs for their enrollees; the state appears to be paying the medical HMOs somewhere between \$4.50 and \$5.50 per month per enrollee in exchange for this "promise". Given the enrollment numbers of Medicaid recipients in these four counties, the dental-specific costs associated with the state's contracts with medical HMOs end up costing the state approximately \$10 million each year.

The Audit Bureau should create a complete review of the program; it is my understanding that after the medical HMOs take their "administrative fee" (which may be as much as 35% of the total contract), they pass the responsibility of providing the dental care on to a dental managed care organization that, in turn, takes another cut (because they actually do administer the program). The dental managed care organization then contracts with individual dentists. The payments to individual dentists are drastically reduced because the other two entities have taken out administrative fees without actually providing care in return. By the time the state's payments reach the individual dentist (who is actually absorbing the cost of the dental care treatment), the payments are even lower than what they are in the dental fee-for-service Medicaid program. As such, more and more dentists are dropping out and fewer patients are being seen and the state is still paying the medical HMO as if it is living up to its promise of providing dental care to their enrollees.

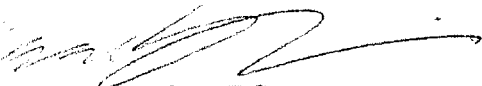
To: Senator Dave Hansen
From: Dr. Edward Y. Lin
Page 2

The HMOs continue to argue that managed care delivery system is working well for dentistry and yet my colleagues in those areas of the state are telling very different stories. While it is clear that the fee-for-service program for dental Medicaid is not perfect, at least under the fee-for-service model, the state doesn't pay a dentist until AFTER the dentist has actually provided the care. There are detailed utilization records available under the state's fee-for-service program. In contrast, under the HMO model, the state is paying the medical HMOs up-front for dental care without expecting any detailed documentation or records to verify what dental services (if any) the HMOs are actually providing in exchange for the payments they are receiving from the state. It has been extremely difficult for organized dentistry (or any other entity) to get the data from either DHFS, or the individual HMOs, regarding the state's financial arrangements with the HMOs. More importantly, requests for the actual types and frequencies of individual dental procedures that are performed under the HMO system have gone unanswered.

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Please look into this and let me know whether or not you plan to pursue this request. Thank you.

Sincerely,



Edward Y. Lin, DDS
3546 Bay Highlands Circle
Green Bay, WI 54311





Mary Hubler

State Representative

February 8, 2005

Senator Carol Roessler
Representative Suzanne Jeskewitz
Co-Chairs
Joint Legislative Audit Committee
Wisconsin State Legislature

Dear Co-Chairs Roessler and Jeskewitz:

I request an audit by the Legislative Audit Bureau of the Wisconsin Department of Health and Family Services dental HMO program.

The reasons for my request are outlined in an accompanying letter from a constituent. He asserts that the state pays the HMOs a monthly fee per enrollee in exchange for a promise of medical treatment. The state spends some \$10 million per year on the program.

I share the concern of my constituent that administrative fees are so substantial that payments to individual dentists are drastically reduced. The dentists actually absorb the cost of providing care. The payments are so low that few dentists participate and few patients are treated.

My constituent argues that data on the program has been difficult to obtain.

The purpose of the program is to provide dental care, not to provide fees to HMOs. If the program is not delivering on the state's commitment, an audit will illustrate that fact.

Sincerely,

MARY HUBLER
State Representative
75th Assembly District

MH/se

Jon M. McKinney, D.D.S.
701 River Street
Spooner, WI 54801
(715) 635-8282



January 17, 2005

Rep. Gary Sherman
PO Box 8953
Madison, WI 53708

Dear Rep. Gary Sherman:

Fist, I'd like to explain my connection to you: I am a constituent dentist who resides in Spooner, WI. I've been a practicing dentist in Spooner for 35 years. It is my understanding that you are among a handful of legislators who currently serve in leadership in the state assembly and, as such, you can have an influence regarding what audits the state will conduct.

The purpose of this letter is to request the Legislative Audit Bureau (LAB) to conduct an audit of the Wisconsin Department of Health and Family Services (DHFS) dental HMO program. Currently, the HMO program only impacts four counties in the state (Racine, Kenosha, Milwaukee, and Waukesha counties). Under the HMO program, the state contracts with medical HMOs in exchange for a "promise" by the HMOs to take care of the dental care needs for their enrollees; the state appears to be paying the medical HMOs somewhere between \$4.50 and \$5.50 per month per enrollee in exchange for this "promise". Given the enrollment numbers of Medicaid recipients in these four counties, the dental-specific costs associated with the state's contracts with medical HMOs end up costing the state approximately \$10 million each year.

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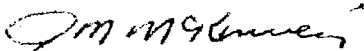
The HMOs continue to argue that the managed care delivery system is working well for dentistry and yet my colleagues in those areas of the state are telling very different stories. While it is clear that the

fee-for-service program for dental Medicaid is not perfect, at least under the fee-for-service model, the state doesn't pay a dentist until AFTER the dentist has actually provided the care. There are detailed utilization records available under the state's fee-for-service program. In contrast, under the HMO model, the state is paying the medical HMOs up-front for dental care without expecting any detailed documentation or records to verify what dental services (if any) the HMOs are actually providing in exchange for the payments they are receiving from the state. It has been extremely difficult for organized dentistry (or any other entity) to get the data from either DHFS, or the individual HMOs, regarding the state's financial arrangements with the HMOs. More importantly, requests for the actual types and frequencies of individual dental procedures that are performed under the HMO system have gone unanswered.

It is my hope that you, as a member of legislative leadership, will see the need to conduct an audit of the state's dental HMO program. At the very least, the state should demand more thorough record keeping of the types and frequencies of dental services that Medicaid recipients are receiving in exchange for the \$10 million the state pays out to the medical HMOs. As a practicing dentist and as a concerned taxpayer, I think the state should only contract with entities that can provide clinical data as to the services they are actually providing in exchange for receiving state-funded contracts.

Please look into this and let me know whether or not you plan to pursue this request.
Thank you.

Sincerely,



Jon M. McKinney, D.D.S.
701 N. River Street
Spooner, WI 54801





WISCONSIN LEGISLATURE

P.O. BOX 8952 • MADISON, WI 53708

February 8, 2005

Senator Carol Roessler, Co-Chair
Joint Committee on Audit
8 South State Capitol
Hand-Delivered

Representative Suzanne Jeskewitz, Co-Chair
Joint Committee on Audit
314 North State Capitol
Hand-Delivered

Dear Senator Roessler and Representative Jeskewitz:

Recently local dentists contacted our offices with some problems they have encountered with the Department of Health and Family Services (DHFS) dental HMO program. Their letters have prompted us to contact you regarding our interest in an audit being conducted on the subject.

We believe that sufficient questions have arisen to warrant further review of the program. In communications with our dentists as well as the Wisconsin Dental Association, we have compiled a list of questions that we would like to see answered through an audit.

- (1) The number of people enrolled for dental care in the entire HMO dental program.
- (2) The number of people enrolled for dental care in each HMO by county (list name of HMO & number of enrollees in each county for each particular HMO).
- (3) The number of "unique" (unduplicated) dental encounters by enrollees in each HMO in each county in a given year (most recent).
- (4) The number of dentists contracted to provide services for each HMO in each county (list name of HMO and number of dentists per county serving that HMO's enrollees).
- (5) How many specialty dentists are signed up in each HMO program? What specialty do those dentists represent? (pediatric dentists, endodontists, orthodontists, periodontists, prosthodontists, oral and maxillofacial surgeons)
- (6) On an annual basis, how much money does that state pay each individual HMO for the guarantee that their enrollees will receive care? How much of that money does the HMO keep for administrative costs?
- (7) How much money does each individual HMO pay each dental managed care organization for administering the dental provider network? How much does each dental managed care organization keep for its administrative costs?
- (8) How much money does each dental managed care organization, in turn, pay dentists for the dental procedures that are provided to the enrollees?
- (9) The audit should provide independent verification that the HMOs are each abiding by their contract with the state to provide a sufficient network of dentists to meet the demand for dental

Ugo
OK
Stallone
Miss!
When will we
deal w/
this?

care by the HMO's enrollees; for example, is the HMO meeting the requirement for 24 hour emergency care? Is the HMO meeting its contractual requirements for routine dental care?

- (10) The independent verification should make sure that the "list" of dentists provided to patients of the HMO is a list of dentists who are actively participating and taking new patients. Some dentists are listed but are not taking new patients or are only seeing emergencies or are not even seeing emergencies. Some restrict their practices to just children or just adults. The audit should make define how many dentists are actively seeing new patients and how quickly a patient can obtain a routine preventive service, a service for restorative care and an emergency service.
- (11) List each ADA code that is covered under the dental HMO program and, beside it, list the number of procedures provided for that code by each HMO (sample: _____ HMO provided _____ number of _____ (list procedure name plus ADA Code number) during the previous year --- this should be done for all procedures covered under the HMO dental MA program.
- (12) Provide the total amount billed for each ADA code. This is the total amount billed by dentists to each HMO in each county; then provide the total amount the HMO paid the dentists for the services provided (example: _____ number of dental providers in _____ county provided _____ number of list ADA name and code number procedure here for _____ number of enrollees and billed the HMO a total amount of _____ for the provision of those list ADA name and code number procedure here ; _____ HMO paid the contracted dentists in their network _____ amount for those services. This should be done for each individual procedure code covered under the MA program).
- NOTE: This type of detailed information can be obtained under the state's fee for service system and we'd like the same type of information for the HMO system. We are essentially asking for an equivalent to the fee for service encounter data.
- (13) If the same number and frequency of procedures listed in item #11 were provided under the fee-for-service dental Medicaid program, what would the state have spent?

In addition we have enclosed copies of the correspondence we have received on the subject. Thank you for your consideration of this audit, please do not hesitate to contact any of us with any questions you may have.

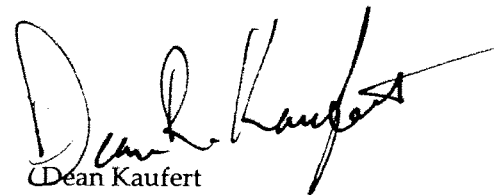
Sincerely,



Samantha Kerkman
State Representative
66th Assembly District



Dan Vrakas
State Representative
33rd Assembly District

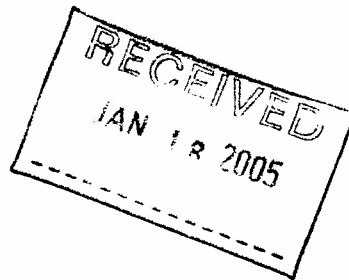


Dean Kaufert
State Representative
55th Assembly District

Enclosures



DENTAL ASSOCIATES, LTD.



January 12, 2005

Representative Samantha Kerkman
109 West, State Capitol
Madison, WI 53708

Dear Representative Kerkman:

Dental Associates, Ltd. has been providing comprehensive dental care to patients throughout southeastern Wisconsin since 1974. During this time, we have extended our dental care services to benefit tens of thousands of Medical Assistance / BadgerCare patients.

Over the last decade, reimbursement rates for service provided to the Medical Assistance/BadgerCare patient population has continued to plummet, making it financially impossible for Dental Associates, Ltd. to continue being one of the only providers willing to serve this population. I regret to inform you that following careful consideration and discussions with key decision makers, we have determined as of January 12, 2005 new Medical Assistance / BadgerCare patients will not be accepted at Dental Associates clinics including our Kenosha, Milwaukee, Fond du Lac, Appleton and Green Bay locations.

We understand the importance of quality dental care and take seriously our responsibility to our patients. We will continue to provide dental care services to our existing Medical Assistance/BadgerCare patients, but will not accept new Medical Assistance/BadgerCare patients.

For additional background information, I have attached a letter sent to Governor Doyle's office on November 8, 2004 for your review. We have an obligation to share this information with our employees, partners and patients and will be doing so over the next few weeks.

In the interim, should you have any questions or desire additional information, please feel free to contact me directly at (414) 771-5000.

Sincerely,

John G. Gonis, D.D.S
Chairman of the Board

11711 West Burleigh Street
Wauwatosa, Wisconsin 53222
771-2345 • FAX 771-7640

1135 S. Cesar E. Chavez Dr.
Milwaukee, Wisconsin 53204
645-4540 • FAX 645-9380

4660 West College Avenue
Appleton, Wisconsin 54913
730-0345 • FAX 954-0155

430 Main Street
Green Bay, Wisconsin 54301
431-0345 • FAX 431-0567

7117 Green Bay Road
Kenosha, Wisconsin 53142
942-7171 • FAX 942-7117

545 E. Johnson St.
Fond du Lac, Wisconsin 54935
924-9900 • FAX 921-0800

Mukwonago
DENTISTRY
FAMILY

Michael F. Connor, D.D.S. • Thomas L. McKeever, D.D.S.
Pamela A. McWilliams, D.D.S. • Byron L. Hawks, D.D.S.

1/19/2004

Rep. Daniel Vrakas
PO Box 8953
Madison, WI 53708

Dear Rep. Daniel Vrakas:

First, I'd like to explain my connection to you: I am a constituent dentist who resides in Mukwonago. I've been a practicing dentist in Mukwonago for 15 years. It is my understanding that you are among a handful of legislators who currently serve in leadership in the state assembly and, as such, you can have an influence regarding what audits the state will conduct.

The purpose of this letter is to request the Legislative Audit Bureau (LAB) to conduct an audit of the Wisconsin Department of Health and Family Services (DHFS) dental HMO program. Currently, the HMO program only impacts four counties in the state (Racine, Kenosha, Milwaukee and Waukesha counties). Under the HMO program, the state contracts with medical HMOs in exchange for a "promise" by the HMOs to take care of the dental care needs for their enrollees; the state appears to be paying the medical HMOs somewhere between \$4.50 and \$5.50 per month per enrollee in exchange for this "promise". Given the enrollment numbers of Medicaid recipients in these four counties, the dental-specific costs associated with the state's contracts with medical HMOs end up costing the state approximately \$10 million each year.

The Audit Bureau should create a complete review of the program; it is my understanding that after the medical HMOs take their "administrative fee" (which may be as much as 35% of the total contract), they pass the responsibility of providing the dental care on to a dental managed care organization that, in turn, takes another cut (because they actually do administer the program). The dental managed care organization then contracts with individual dentists. The payments to individual dentists are drastically reduced because the other two entities have taken out administrative fees without actually providing care in return. By the time the state's payments reach the individual dentist (who is actually absorbing the cost of the dental care treatment), the payments are even lower than what they are in the dental fee-for-service Medicaid program. As such, more and more dentists are dropping out and fewer patients are being seen and the state is still paying the medical HMO as if it is living up to its promise of providing dental care to their enrollees.

Robert L. Wyler, D.D.S.

January 12, 2005

Rep. Daniel Vrakas
P.O. Box 8953
Madison, WI 53708

Dear Rep. Vrakas:

First, I'd like to explain my connection to you: I am a constituent dentist who resides in Oconomowoc. I've been a practicing dentist in Waukesha for 15 years. It is my understanding that you are among a handful of legislators who currently serve in leadership in the state assembly and, as such, you can have an influence regarding what audits the state will conduct.

The purpose of this letter is to request the Legislative Audit Bureau (LAB) to conduct an audit of the Wisconsin Department of Health and Family Services (DHFS) dental HMO program. Currently, the HMO program only impacts four counties in the state (Racine, Kenosha, Milwaukee and Waukesha counties). Under the HMO program, the state contracts with medical HMOs in exchange for a "promise" by the HMOs to take care of the dental care needs for their enrollees; the state appears to be paying the medical HMO's somewhere between \$4.50 and \$5.50 per month per enrollee in exchange for this "promise". Given the enrollment numbers or Medicaid recipients in these four counties, the dental-specific costs associated with the state's contracts with medical HMOs end up costing the state approximately \$10 million each year.

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21005 Watertown Road ♦ Waukesha, WI 53186 ♦ 262-784-5757

Robert L. Wyler, D.D.S.

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Please look into this and let me know whether or not you plan to pursue this request.

Sincerely,



Robert L. Wyler, D.D.S.
W340 N5685 Breezy Point Road
Oconomowoc, WI 53066



TIMOTHY H. SMITH, D.D.S., S.C.

Professional Plaza
190 Gardner Ave., Suite 1
Burlington, WI 53105
Telephone: (262) 763-7121

January 10, 2005

Rep. Samantha Kerkman
Joint Committee on Audit
PO Box 8952
Madison, WI 53708

*Racine
Dental
Group*

Dear Rep. Samantha Kerkman:

First, I'd like to explain my connection to you: I am a constituent dentist who resides in Burlington. I've been a practicing dentist in Burlington for 21 years. It is my understanding that you are among a handful of legislators who currently serve on the Wisconsin Legislative Audit Committee and, as such, you are part of the group of legislators that reviews audit requests and makes decisions on what audits the state will conduct.

The purpose of this letter is to request the Legislative Audit Bureau (LAB) to conduct an audit of the Wisconsin Department of Health and Family Services (DHFS) dental HMO program. Currently, the HMO program only impacts four counties in the state (Racine, Kenosha, Milwaukee and Waukesha counties). Under the HMO program, the state contracts with medical HMOs in exchange for a "promise" by the HMOs to take care of the dental care needs for their enrollees; the state appears to be paying the medical HMOs somewhere between \$4.50 and \$5.50 per month per enrollee in exchange for the "promise." Given the enrollment numbers of Medicaid recipients in these four counties, the dental-specific costs associated with the state's contracts with medical HMOs end up costing the state approximately \$10 million each year.

The Audit Bureau should create a complete review of the program; it is my understanding that after the medical HMOs take their "administrative fee" (which may be as much as 35% of the total contract), they pass the responsibility of providing the dental care on to a dental managed care organization that, in turn, takes another cut (because they actually do administer the program). The dental managed care organization then contracts with individual dentists. The payments to individual dentists are drastically reduced because the other two entities have taken out administrative fees without actually providing care in return. By the time the state's payments reach the individual dentist (who is actually absorbing the cost of the dental care treatment), the payments are even lower than what they are in the dental fee-for-service Medicaid program. As such, more and more dentists are dropping out and fewer patients are being seen and the state is still paying the medical HMO as if it is living up to its promise of providing dental care to their enrollees.



TIMOTHY H. SMITH, D.D.S., S.C.

Professional Plaza
190 Gardner Ave., Suite 1
Burlington, WI 53105
Telephone: (262) 763-7121

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It is my hope that you, as a member of the state legislature's Joint Audit Committee, will see the need to conduct an audit of the state's dental HMO program. At the very least, the state should demand more thorough record keeping of the types and frequencies of dental services that Medicaid recipients are receiving in exchange for the \$10 million the state pays out to the medical HMOs. ~~As a practicing dentist and as a concerned taxpayer,~~ I think the state should only contract with entities that can provide clinical data as to the services they are actually providing in exchange for receiving state-funded contracts.

Please look into this and let me know what you and your fellow members of the Audit Committee plan to do with this request. Thank you.

Sincerely,

Dr. Timothy H. Smith, DDS
190 Gardner Ave, Suite 1
Burlington, WI 53105

James L Cook D.D.S. S. C.
10202 W. Hayes
West Allis, WI 53227
414-327-4100

01/10/05

Rep. Daniel Vrakas
PO Box 8953
Madison, WI 53708

Dear Rep. Daniel Vrakas:

First, I'd like to explain my connection to you: I am a constituent dentist who resides in Waukesha WI I've been a practicing dentist in West Allis, WI for 30 years. It is my understanding that you are among a handful of legislators who currently serve in leadership in the state assembly and, as such, you can have an influence regarding what audits the state will conduct.

The purpose of this letter is to request the Legislative Audit Bureau (LAB) to conduct an audit of the Wisconsin Department of Health and Family Services (DHFS) dental HMO program. Currently, the HMO program only impacts four counties in the state (Racine, Kenosha, Milwaukee and Waukesha counties). Under the HMO program, the state contracts with medical HMOs in exchange for a "promise" by the HMOs to take care of the dental care needs for their enrollees; the state appears to be paying the medical HMOs somewhere between \$4.50 and \$5.50 per month per enrollee in exchange for this "promise". Given the enrollment numbers of Medicaid recipients in these four counties, the dental-specific costs associated with the state's contracts with medical HMOs end up costing the state approximately \$10 million each year.

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The HMOs continue to argue that managed care delivery system is working well for dentistry and yet my colleagues in those areas of the state are telling very different stories. While it is clear that the fee-for-service program for dental Medicaid is not perfect, at least under the fee-for-service model, the state doesn't pay a dentist until AFTER the dentist has actually provided the care. There are detailed utilization records available under the state's fee-for-service program. In contrast, under the HMO model, the state is paying the medical HMOs up-front for dental care without expecting any detailed documentation or records to verify what dental services (if any) the HMOs are actually providing in exchange for the payments they are receiving from the state. It has been extremely difficult for organized dentistry (or any other entity) to get the data from either DHFS, or the individual HMOs, regarding the state's financial arrangements with the HMOs. More importantly, requests for the actual types and frequencies of individual dental procedures that are performed under the HMO system have gone unanswered.

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Please look into this and let me know whether or not you plan to pursue this request. Thank you.

Sincerely,

James L Cook, DDS
108C East Sutton Place
Waukesha, WI 53188

R. R. CHABALOWSKI, D.D.S.

58 RACINE

BOX 515

MENASHA, WISCONSIN 54952

TELEPHONE (414) 725-8213

10 January 2005

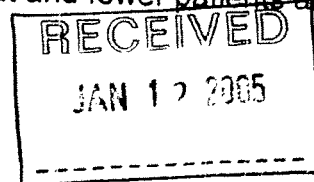
Rep. Dean Kaufert
Joint Committee on Audit
PO Box 8952
Madison, WI 53708

Dear Rep. Dean Kaufert:

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The purpose of this letter is to request the Legislative Audit Bureau (LAB) to conduct an audit of the Wisconsin Department of Health and Family Services (DHFS) dental HMO program. Currently, the HMO program only impacts four counties in the state (Racine, Kenosha, Milwaukee and Waukesha counties). Under the HMO program, the state contracts with medical HMOs in exchange for a "promise" by the HMOs to take care of the dental care needs for their enrollees; the state appears to be paying the medical HMOs somewhere between \$4.50 and \$5.50 per month per enrollee in exchange for this "promise". Given the enrollment numbers of Medicaid recipients in these four counties, the dental-specific costs associated with the state's contracts with medical HMOs end up costing the state approximately \$10 million each year.

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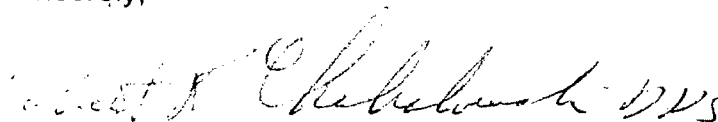
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Please look into this and let me know what you and your fellow members of the Audit Committee plan to do with this request. Thank you.

Sincerely,



Robert R. Chabalowski, DDS

858 River Lea Ct.

Menasha Wi 54952

Steven J. Stoll, D.D.S.

"RELAX - WE CARE"

January 10, 2005

Rep. Dean Kaufert
Joint Committee on Audit
P. O. Box 8952
Madison, WI 53708

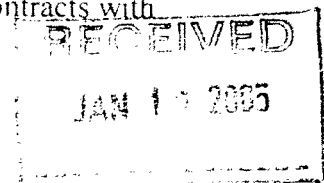
Dear Rep. Kaufert:

As you know, I am a constituent dentist who resides in Menasha. I've been a practicing dentist in Neenah for nearly 25 years. It is my understanding that you currently serve on the Wisconsin Legislative Audit Committee and, as such, you are part of the group of legislators that reviews audit requests and makes decisions on what audits the state will conduct.

I have served on the Wisconsin Dental Association's Legislative Committee for several years and more recently on the Board of Trustees. I know the Association and the Legislature as a whole have struggled to find common ground on the Medicaid issue for years. We'd like to see (and believe there must be) more dollars for dental Medicaid and you'd like to find ways to reduce spending somewhere. One thing I think we can agree on is that, at the very least, every dollar spent for dental should be spent wisely and efficiently.

The purpose of this letter is to request the Legislative Audit Bureau (LAB) to conduct an audit of the Wisconsin Department of Health and Family Services (DHFS) dental HMO program. Currently, the HMO program only impacts four counties in the state (Racine, Kenosha, Milwaukee and Waukesha counties). Under the HMO program, the state contracts with medical HMOs in exchange for a "promise" by the HMOs to take care of the dental care needs for their enrollees; the state appears to be paying the medical HMOs somewhere between \$4.50 and \$5.50 per month per enrollee in exchange for this "promise". Given the enrollment numbers of Medicaid recipients in these four counties, the dental-specific costs associated with the state's contracts with medical HMOs end up costing the state approximately \$10 million each year.

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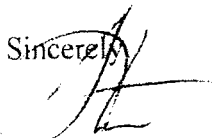


individual dentists. The payments to individual dentists are drastically reduced because the other two entities have taken out administrative fees without actually providing care in return. By the time the state's payments reach the individual dentist (who is actually absorbing the cost of the dental care treatment), the payments are even lower than what they are in the dental fee-for-service Medicaid program. As such, more and more dentists are dropping out and fewer patients are being seen and the state is still paying the medical HMO as if it is living up to its promise of providing dental care to their enrollees.

The HMOs continue to argue that managed care delivery system is working well for dentistry and yet my colleagues in those areas of the state are telling very different stories. While it is clear that the fee-for-service program for dental Medicaid is not perfect, at least under the fee-for-service model, the state doesn't pay a dentist until AFTER the dentist has actually provided the care. There are detailed utilization records available under the state's fee-for-service program. In contrast, under the HMO model, the state is paying the medical HMOs up-front for dental care without expecting any detailed documentation or records to verify what dental services (if any) the HMOs are actually providing in exchange for the payments they are receiving from the state. It has been extremely difficult for organized dentistry (or any other entity) to get the data from either DHFS, or the individual HMOs, regarding the state's financial arrangements with the HMOs. More importantly, requests for the actual types and frequencies of individual dental procedures that are performed under the HMO system have gone unanswered.

It is my hope that you, as a member of the state legislature's Joint Audit Committee, will see the need to conduct an audit of the state's dental HMO program. At the very least, the state should demand more thorough recordkeeping of the types and frequencies of dental services that Medicaid recipients are receiving in exchange for the \$10 million the state pays out to the medical HMOs. As a practicing dentist and as a concerned taxpayer, I think the state should only contract with entities that can provide clinical data as to the services they are actually providing in exchange for receiving state-funded contracts.

Please look into this and let me know what you and your fellow members of the Audit Committee plan to do with this request. Thank you.

Sincerely,


Steven J. Stoll, DDS
1525 Rue Reynard
Menasha, WI 54952

RONALD C. POSSELL, D.D.S.

1159 WITTMANN DR
MENASHA WI 54952
920-730-9780

January 8, 2005

Rep. Dean Kaufert
Joint Committee on Audit
PO Box 8952
Madison, WI 53708

Dear Rep. Dean Kaufert:

First, I'd like to explain my connection to you: I am a constituent dentist who resides in City of Menasha. I've been a practicing dentist in City of Menasha for 32 years. It is my understanding that you are among a handful of legislators who currently serve on the Wisconsin Legislative Audit Committee and, as such, you are part of the group of legislators that reviews audit requests and makes decisions on what audits the state will conduct.

The purpose of this letter is to request the Legislative Audit Bureau (LAB) to conduct an audit of the Wisconsin Department of Health and Family Services (DHFS) dental HMO program. Currently, the HMO program only impacts four counties in the state (Racine, Kenosha, Milwaukee and Waukesha counties). Under the HMO program, the state contracts with medical HMOs in exchange for a "promise" by the HMOs to take care of the dental care needs for their enrollees; the state appears to be paying the medical HMOs somewhere between \$4.50 and \$5.50 per month per enrollee in exchange for this "promise". Given the enrollment numbers of Medicaid recipients in these four counties, the dental-specific costs associated with the state's contracts with medical HMOs end up costing the state approximately \$10 million each year.

The Audit Bureau should create a complete review of the program; it is my understanding that after the medical HMOs take their "administrative fee" (which may be as much as 35% of the total contract), they pass the responsibility of providing the dental care on to a dental managed care organization that, in turn, takes another cut (because they actually do administer the program). The dental managed care organization then contracts with individual dentists. The payments to individual dentists are drastically reduced because the other two entities have taken out administrative fees without actually providing care in return. By the time the state's payments reach the individual dentist (who is actually absorbing the cost of the dental care treatment), the payments are even lower than what they are in the dental fee-for-service Medicaid program. As such, more and more dentists are dropping out and fewer patients are

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Please look into this and let me know what you and your fellow members of the Audit Committee plan to do with this request. Thank you.

Sincerely,



Ronald C Possell, DDS

1205 Greendale St