



November 25, 2014

To: CA Department of Health Care Services

From: LIBERTY Dental Plan of CA, Inc.  
John Carvelli, EVP

**Subject: 1115 Waiver 2015 Renewal Initiative Proposals**

The State of California has the opportunity within the renewal of its 1115 Waiver, to improve the health outcomes of 11.5 million Medi-Cal beneficiaries while controlling costs, by expanding the State's dental managed care system. Doing so is within the Department of Health Care Services' stated goal to "build on the approaches and successes of the existing 2010 Waiver as we move forward with expanding and improving the Medi-Cal Program through delivery and payment system transformation."

California's existing dental delivery system for the poor is fragmented, with over 90% of Medi-Cal beneficiaries in a fee-for-service "Denti-Cal" environment. The Denti-Cal system has not historically had clear measurable quality outcomes other than inconsistent encounter date reporting. Encounter reporting scores or benchmarking in counties such as Los Angeles are non-representative of the balance of the state's counties experiencing dental provider access issues. Additionally, recent reimbursement dollar reductions as well as significant administrative hurdles for dentists to be credentialed and to receive payment, has resulted in reduced Medi-Cal dental provider participation across the State—particularly in the non-heavily populated counties which is to say most of the State.

Extremely low reimbursement rates for dental providers have been a significant barrier for increasing the number of dentists willing to participate, either at all or on a limited basis, in the Denti-Cal Fee-For-Service (FFS) Program. While Denti-Cal is limited to reimbursing providers according to the legislatively approved fee schedule, dental plan organizations have the opportunity and responsibility to pay rates above the approved fee schedule in order to maintain contractual access standards which are not present in the FFS system. **Currently, dental plan organizations are paying upwards of 140% to a percentage of their contracted providers to ensure access standards are met. In 2013, this increased reimbursement was accomplished by the Plans while being paid 10% less than the Denti-Cal per member rate, and simultaneously achieving utilization rates comparable to contiguous and demographically similar FFS counties.**

Consequently, we suggest that access to quality and coordinated oral health care can best be addressed by including the expansion of dental managed care beyond the existing relatively small program it is today in the Counties of Los Angeles (voluntary) and Sacramento (mandatory).

The Center for Health Care Strategies (CHCS) developed a brief, dated October 2014, to help states explore contract based options for improving access to oral health care for children enrolled in Medicaid. It describes how states with managed care delivery systems can use contracting mechanisms and incentives to engage plans and providers in improving children's access to oral health care, advancing better oral health outcomes. The point is that by advancing better outcomes and emphasizing preventive vs episodic care, cost growth will slow with savings realized.

This approach also meets the nationwide "Triple Aim" by:

- Improving the patient experience of care (including quality and satisfaction);
- Improving the health of populations; and
- Reducing the per capita cost of health care.

A stated goal in the July Waiver Renewal Brief under "Federal / State Shared Savings Initiative" is to propose initiatives that "would include cost trend factors intended to incentivize the State to slow the cost trend in California's Medicaid program relative to the cost trend the state would face absent the Waiver." We argue that re-contracting under the Denti-Cal encounter based Fee-For-Service system, **without including the option for dental managed care expansion**, perpetuates a system driven by episodic dental care as opposed to a focus on coordinated, preventive care---**a requirement in Dental Managed Care**. Coordinated care





has contractual and guaranteed access and availability of services that is lacking under FFS programs administered by a dental fiscal intermediary. Episodic care is difficult to measure and mostly unpredictable, as are the costs involved. With the influx of millions of beneficiaries through the ACA expansion into the Medi-Cal program that are outside of the previous standard demographic profile, unexpected increases in spending on the dental program are likely to ensue. These negative cost trends will have an impact on not only the State budget but also the statewide goal to slow costs.

Another stated goal under the “Payment/Delivery Reform incentive Payment Programs” initiative is: “Incentive payment programs for our managed care plans and/or Medi-Cal providers could be developed that would measure the total cost of care and quality for Medi-Cal beneficiaries enrolled in accountable care-like programs or risk-based delegated health home models wherein primary care, **specialty care (dental)**, hospital care, etc., are all coordinated under a single entity.”

**This initiative therefore should either to allow for the expansion of Dental Managed Care, whether as stand-alone dental managed care in all CA counties with a fee-for-service option or carved-in with the medical MCOs, as is the case in the Covered CA Exchange.**

*Absence of a waiver addressing dental costs will drive costs higher as a result of health care reform and increased enrollment due to changes in eligibility. Medi-Cal enrollment has and will continue to increase with costs therefore increasing negating any chance at budget neutrality or potential cost savings.*

**States nationwide including Texas, Florida and Illinois** have moved away from their old FFS, self-funded programs, and transitioned into at-risk arrangements that require the contractors to guarantee access and availability of dental services, while reducing cost. Through the negotiations with bidders during the procurement process, these states were able to gain numerous benefits for beneficiaries above and beyond what was provided through standard FFS at no additional costs to the state, including but not limited to additional covered procedure codes (adult benefits); contractually obligated Quality Improvement and Pay for Performance Programs; contractually required access and availability standards and; increased reporting capabilities. This was all accomplished while simultaneously guaranteeing budget predictability.

As a result of the implementation of the Covered CA Exchange, the statewide dental provider networks currently exist and do and will allow for timely access for beneficiaries. Also, as we well know, medical managed care has thrived in CA for years and more and more programs and becoming embedded or coordinated.

Considering the significant Medi-Cal population increases---1 in 3 Californians---the State may wish to have the option to pass the risk and responsibility of administering to approximately 8 million Denti-Cal patients on to qualified care organizations whose contractual responsibility will be to ensure beneficiary access and coordinate appropriate care. **This solution will achieve the stated goals of delivery and payment system transformation, allowing for a flexible care program that brings increased utilization while controlling costs.**

LIBERTY Dental Plan pledges our full support for the State’s Waiver renewal. Our goal in proposing the expansion of dental managed care is to help improve the health of the one in three Californians eligible for Medi-Cal by providing cost-controlled, timely access to dental care. We look forward to further discussion of this proposal with the appropriate stakeholders.

#### **ABOUT LIBERTY Dental Plan**

LIBERTY Dental Plan is a CA state licensed, home- grown company and one of the State’s contracted partners in serving low-income and high-risk members through the State’s Medi-Cal program. LIBERTY is also proud to offer statewide dental products in Covered CA as well as the full array of dental products to individuals and labor and commercial groups. LIBERTY is licensed and administers to Medicaid beneficiaries in several states across the Country as a direct and / or subcontractor for both embedded and stand-alone dental programs.