

**California Department of Health Care Services
Proposed Trailer Bill Legislation**

Restoration of Dental Fee-For-Service in Sacramento and Los Angeles Counties

FACT SHEET

Issue Title: Restoration of Dental Fee-For-Service in Sacramento and Los Angeles Counties. This proposal would transition the delivery of Medi-Cal dental services from managed care to fee-for-service (FFS) in Sacramento and Los Angeles counties, no sooner than January 1, 2021.

Background: The Department of Health Care Services (DHCS) is responsible for providing dental services to eligible Medi-Cal beneficiaries, and offers services through two delivery systems, FFS and Dental Managed Care (DMC). FFS was the exclusive and original delivery system offered in California's 58 counties. In 1995, DHCS implemented DMC in Sacramento and Los Angeles Counties to explore the effectiveness of DMC as a delivery system of dental services. DHCS maintains six DMC contracts with three separate contractors. In Sacramento, enrollment is mandatory, with few exceptions. In Los Angeles, a beneficiary must opt-in to participate in DMC. As of September 2019, there are approximately 791,651 Medi-Cal beneficiaries enrolled in DMC between the two counties.

Dental utilization measures have been and continue to be an effective tool for DHCS to compare and monitor dental utilization of Medi-Cal beneficiaries enrolled in the two delivery systems. DMC plans are contractually required to send encounter data to DHCS, which is analyzed to determine statewide annual dental visits and preventive services. The Dental FFS delivery system continues to maintain higher utilization than DMC for both children and adults. For example, based on Calendar Year (CY) 2018 Encounter Data, dental FFS utilization for annual dental visits (ADV) for children ages zero to 20 was 6.19 percentage points higher than DMC utilization. Similarly, dental FFS utilization for preventive services for children ages zero to 20 was 8.46 percentage points higher than DMC utilization. The utilization lag is larger in Sacramento County where DMC enrollment is mandatory, with FFS utilization 8.25 percentage points and 10.83 percentage points higher for ADV and preventive services utilization for children ages zero to 20, respectively. The table below depicts data comparison of ADV and preventive services utilization in dental FFS and DMC.

Dental FFS and DMC Utilization Comparison – CY 2018

Delivery System	Annual Dental Visit		Preventive Services	
	Children (0-20)	Adults (21+)	Children (0-20)	Adults (21+)
FFS	48.05%	23.46%	44.60%	14.03%
Sacramento	39.80%	20.38%	33.77%	8.27%
Los Angeles	44.42%	21.14%	39.09%	9.53%
DMC (Combined)	41.86%	20.78%	36.14%	8.93%
DMC Combined Utilization Lag	-6.19%	-2.68%	-8.46%	-5.10%

Since the beneficiary utilization rates in DMC continually lag behind dental FFS, DHCS seeks to restore the delivery of Medi-Cal dental services in both Sacramento and Los Angeles counties to a FFS system. DHCS believes that this restoration will result in increased beneficiary utilization.

Justification for the Change: DHCS is committed to increasing Medi-Cal beneficiary utilization of dental services statewide. Transitioning DMC to a purely FFS environment will allow DHCS to implement more effective and uniform provider and beneficiary outreach plans on a statewide basis with the anticipated outcome of increasing the dental service utilization.

Specifically, this proposal would:

- Commencing no sooner than January 1, 2021, as specified, require Sacramento and Los Angeles counties to transition and exclusively offer Medi-Cal dental services through a FFS delivery system (proposed Welfare and Institutions (W&I) Code Sections 14087.46(k)(1) and 14149.81(a)).
- Require the existing sections governing dental managed care plans to become inoperative upon the effective date specified by the Director's Certification and be subsequently repealed six months after the date of such certification (proposed W&I Code Sections 14087.46(k)(2) and 14459.6(j)).
- Require DHCS to undertake all activities it deems necessary to transition the delivery of Medi-Cal dental services from managed care to FFS, including, but not limited to, the termination of the dental managed care contracts and any other related contracts (proposed W&I Code Section 14149.81(b)).
- Require DHCS to develop a transition plan for transferring enrollees from managed care to FFS and provide the transition plan to the applicable fiscal and policy committees of the Legislature no later than 90 days prior to the start date of the transition as identified by DHCS. DHCS would be prohibited from transitioning enrollees until at least 90 days after the transition plan has been provided to the Legislature (proposed W&I Code Section 14149.81(c) and (e)).
- Require DHCS to consult with interested stakeholders, including, but not limited to, beneficiaries, providers, Medi-Cal dental FFS contractors and dental managed care plans, in the development of the transition plan (proposed W&I Code Section 14149.81(d)).
- Require, effective July 1, 2020, and until the Director certifies that the transition of enrollees are complete, FFS and managed care dental contractors, as specified, to report to DHCS, within 30 days of any request by DHCS, any information identified as applicable to implement this section. DHCS would be required to specify the required form, manner and frequency of information reported by the dental contractors (W&I Code Section 14149.81(f)).
- Require DHCS to implement the transition consistent with the Medi-Cal dental enrollment process to the extent those provisions remain applicable (proposed W&I Code Section 14149.81(g)).
- Require DHCS to seek any federal approvals it deems necessary and to implement only to the extent any necessary federal approvals have been obtained, and federal financial participation is available and not otherwise jeopardized (proposed W&I Code Section 14149.81(h)).

- Require DHCS Director to certify in writing when the transition of enrollees is complete. The certification is required to be posted on DHCS' internet website and a copy of the certification provided to the Secretary of State, Secretary of the Senate, Chief Clerk of the Assembly, and Legislative Counsel (W&I Code Section 14149.81 (i)).
- Authorize DHCS to implement, interpret or make specific the transition by means of information notices, plan letters, or other similar instructions, without taking regulatory action (proposed W&I Code section 14149.81 (j)).

Summary of Argument in Support:

- DHCS anticipates both the utilization of dental services by Medi-Cal beneficiaries and the number of enrolled providers will increase in Sacramento and Los Angeles counties.
- The proposed change will streamline and enhance DHCS' administrative oversight.

Estimate # and Title:

Regular PC 217: Restoration of Dental FFS in Sacramento and L.A. Counties

Other Admin PC 94: Restoration of Dental FFS in Sacramento and L.A. Counties Admin