ACA: Changing dental benefits landscape
A look at the effect of market forces under Affordable Care Act

The “Patient Protection and Affordable Care Act,” shorthanded as the ACA and as this series of reports will refer to it, has the potential to reshape health care in America. Expansion of medical insurance coverage, a move toward more integrated care delivery and significant changes in the financing of health care are among the expectations of ACA legislators and regulators.

The Association’s primary focus has been the law’s potential effects on dentistry and the delivery of dental services to patients.

The first and second ADA News ACA Q-and-As Aug. 5 and 19 are posted online at ADA.org. This report continues an examination of the ACA and dental benefits and looks at an ACA pilot project for accountable care organizations. Member questions on ACA implementation may be directed to the dedicated email address healthreform@ada.org.

Changes in dental benefit programs due to market-related forces are ongoing and well documented. The effect of the ACA on dental benefit programs is speculative, but certain projections can be made. American Dental Association Health Policy Resources Center data suggest that market changes will continue under the Affordable Care Act.

Market forces effect on dental benefits

How has the nature of dental benefits changed in the last decade for nonelderly adults aged 19 through 64?

Nonelderly adults have experienced a significant decline in their retention of private dental benefits, from 62 percent in 2001 to 56 percent in 2010. The percentage with public health benefits or no insurance increased during this period.

How has the nature of dental benefits changed in the last decade for children aged 2 through 18?

In 2001, 57 percent of children with coverage had private dental benefits, 23 percent Medicaid and 20 percent no coverage. By 2010, the private coverage share had fallen to 49 percent, and that decline was offset by a significant increase to 36 percent with Medicaid coverage and a decline to 16 percent in children without dental coverage. States are required to provide Medicaid and Children’s Health Insurance Program benefits for income-eligible children.

Has the decline in private dental benefits been uniform across adults of all ages?

The decline in private dental benefits rates among adults is not uniform by age. By far, the most significant declines over time have been among younger adults (19-34 year olds), who across all years had the lowest levels of private dental coverage. For ages 50-64, there has been very little decline in the percent with private dental benefits. For the elderly, dental benefit levels have remained steady, but very low, over the last decade.

Is this decline in private dental benefits for adults and children due to the recession?

Probably not, as the decline in private dental benefits started before the recession.

ACA effect on health/dental benefits

For states that choose to expand their Medicaid eligibility for nonelderly adults as permitted under the ACA, will this expansion lead to an increase in dental benefits for this group?

Medicaid adult dental benefits increase and decrease to a certain extent over time, usually in response to economic pressures and recent trending has been in the direction of reduced coverage. Over the last decade, however, a majority of states have provided more than a limited array of dental services for adult Medicaid enrollees. Because a majority of states provide limited dental services for Medicaid adults, ACA-expanded eligibility will have very little impact on the low level of dental services provided for the nonelderly adult Medicaid enrollees.

Will large employers continue to offer health insurance in 2014 and beyond?

Several studies and the nonpartisan Congressional Budget Office estimate that firms employing the majority of workers will continue to have an economic incentive to offer health benefits post-ACA. Employer premium contributions remain tax exempt, and large employers that do not offer affordable insurance will pay a financial penalty. As a result, the financial incentive to offer health insurance to employees is strong.

Will small businesses offer health benefits to employees post-ACA implementation?

Only about 60 percent of firms with fewer than 200 employees offered health insurance in 2012. Furthermore, the ACA exempts employers with fewer than 50 full-time workers from the mandate to offer health insurance. While small employers are eligible for tax credits, most experts predict the credit will not significantly impact offers of health insurance. Additionally, it may be more feasible for employers with low-wage workers to pay the penalty and have their employees purchase coverage in an
exchange rather than provide health insurance.

**How might consumers react if employers stopped offering dental benefits?**

A recent survey looked into this issue. When asked whether they would purchase dental benefits if their employer stopped providing them, about half of respondents said they would be “likely” or “very likely” to buy coverage. Most, however, indicated they would purchase a lower-priced, preventive care plan.

### Paying for outcomes, not procedures

The ACA established a pilot program called the Medicare Shared Savings Program which encouraged the formation of accountable care organizations (ACOs).

**What are ACOs?**

In general terms, ACOs are entities comprised of health care providers (e.g. hospitals, physicians, home health agencies and others) who collaborate to provide coordinated care to a defined population for a bundled payment. ACOs are designed to align provider incentives with the provision of quality care (employing evidence-based protocols) rather than the volume of services. ACOs consist of two main features. First, ACOs are designated accountable provider entities that share responsibility for treating a group of patients. Second, ACOs have new payment approaches that are based on performance measures. This could mean that fee-for-service could be supplanted by reimbursement based on patient outcomes and performance.

**What is the status of ACO development, and what is the target population?**

According to an August report by the ADA’s outside consultant, Leavitt Partners, the number of ACOs is increasing. Leavitt Partners is currently tracking 488 accountable care entities, which is double the number they were tracking just one year ago. Medicare ACOs comprise more than half of all ACOs (about 52 percent). But the number of non-Medicare ACOs also has grown as larger hospital system-sponsored ACOs enter the market. The Leavitt report said that the “current trajectory shows that providers and payers are recognizing the need to shift toward accountable care arrangements, or at the very least to shift away from fee-for-service care.”

**What are the different ACO Models?**

According to the Leavitt Partners report, no single model has emerged as the most successful as we continue to see a variety of ACOs with different organizational and execution structures. The models include small physician group-led ACOs, hospital-led ACOs, hospital-physician group ACOs and Medicaid ACOs.

**Are there examples of dental providers participating in ACOs?**

There are a few examples of dental providers providing care within an ACO framework. In Oregon, Coordinated Care Organizations are coordinating physical, mental, behavioral and dental health for people eligible for Medicaid or dually eligible for Medicare and Medicaid. CCOs in Oregon must report on quality metrics, including those for oral health. ACOs in Minnesota and New Jersey plan to also provide dental care.

### ACA consumer checklist available

The Association developed a dental checklist for individuals seeking coverage in the new Affordable Care Act marketplaces scheduled to open Oct. 1. The checklist will be available for use by navigators and others trained to help consumers navigate the new marketplaces. It leads with a message for consumers on the importance of regular dental visits and provides helpful questions to ask when considering dental coverage as well as links to relevant government websites and ADA’s mouthhealthy.org.