

# Understanding the Impacts of Florida's Medicaid Pre-Paid Dental Pilot

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## Background

The Surgeon General's Report of 2000 identified dental caries (tooth decay) as the single most common chronic disease of childhood, occurring five to eight times as frequently as asthma. The Surgeon General states that "a complex set of factors underlies access to care and includes the need to have an informed public and policymakers, integrated and culturally competent programs, and resources to pay and reimburse the care. Among other factors, the availability of insurance increases access to care."

Since Medicaid is an individual entitlement, policymakers are always uncertain how much Medicaid will cost. This uncertainty makes it impossible to accurately predict and budget for Medicaid unless program costs can be fixed by passing financial risk to a vendor. During the past decade, most states have shifted risk to vendors and changed their own roles from being "payers" of Medicaid healthcare to being "purchasers."

In 2004, the Florida legislature approved a two-year managed care pilot for oral health services provided under Medicaid. The *Medicaid Pre-Paid Dental Pilot*, limited to Miami-Dade County, ended in August of 2006. This Pilot is an example of the State shifting risk to a vendor. The vendor, in turn, has passed financial risk on to dental providers through capitation. The University of Florida (UF) was contracted to evaluate the Pilot and its report was made public in July 2006. The stated purpose was to "to design and implement an evaluation model to examine providers' and families' satisfaction with the Medicaid prepaid dental health program in Miami-Dade County."

Using data from the UF report and additional information obtained from the Agency for Health Care Administration (AHCA), **this issue brief answers the following questions:**

- **How was access to dental care affected by the Medicaid Pre-Paid Dental Pilot in Miami-Dade?**
- **How was the value of Florida's Medicaid dollars affected in terms of quality of care for Medicaid dollars spent?**

**Overall, the State paid about the same for the Pilot but utilization of services decreased so the overall value of State dollars decreased.**

## What is the Medicaid Pre-Paid Dental Pilot?

- Previously, Florida contracted directly with dentists and paid them based a fixed fee for each service (FFS) they provided to children. Under the Pilot, Atlantic Dental, Inc. (ADI) developed a network of dentists and compensated them primarily through capitation, an approach well established in medicine but relatively rare in dentistry.
- Under capitation, dentists agree to be responsible for a panel of patients and their dental care needs (such as exams, x-rays, cleanings, fluoride and sealants) and are paid a fixed dollar amount each month for each patient, whether or not the patient receives treatment.
- The average amount dentists receive under the Pilot per patient per month is \$4.28 or \$51.36 per year.
- While a general lack of public data makes state to state comparisons difficult, Rhode Island, by way of example, pays providers \$7.82 per member per month for children under 6.

## Analyzing the Medicaid Pre-Paid Dental Pilot

The Collins Center for Public Policy commissioned an analysis from the College of Dental Medicine at Columbia University. The purpose was to provide policymakers with the best available evidence regarding the Pilot's successes and failures compared with the pre-existing, State-managed dental Medicaid program for children. Because of lag times in reporting data, this analysis utilized data from 2003 for the pre-pilot period and 2005 from the pilot period whenever possible. *Columbia University's analysis reports on value, the benefit to the state in terms of quality of care for Medicaid dollars expended.*

## Medicaid Pre-Paid Dental Pilot Outcomes

**Analysis of best available data from the State and its managed care vendor, ADI, suggest that this alternative method of purchasing dental care has resulted *no cost savings and lower quality of care.***

**While the available data may somewhat understate program performance, *it is unlikely that the measurable declines in quality are due solely to poor reporting.***

**Costs stayed about the same (increased by 1%) while almost all measures of quality declined so Florida lost value by paying the same amount for less care and less quality.**

#### **Children obtained less care**

- The percent of children “continuously” enrolled in the program who received at least one dental visit declined by 42% (from 37% to 22%)
- The average number of dental visits for “continuously” enrolled children decreased by 54% (from 1.02 visit to 0.47 visits)

#### **Fewer dentists were available to children**

- The number of dentists who provided services to at least one child declined 59% (from 669 to 276 dentists)

#### **Fewer children had a dental prevention visit**

Dental prophylaxis (tooth cleaning) is a sentinel marker for dental care of children because it is a routine procedure typically provided to all children at a recommended frequency of twice annually.

- The number of dental cleanings provided to children declined by an estimated 59% (from 75,911 “prophylaxes” in 2003 to an annualized 31,106 in 2005)
- The percentage of children who had their teeth cleaned declined by an estimated 62% (from 24% to 9%)

#### **The majority of dentists reported seeing few of the children they contracted to care for**

- During the first half of 2005, only 18 of 191 dentists in the Pilot reported caring for a greater percentage of children than were cared for in the year prior
- Taken together, these 18 practitioners provided a dental prophylaxis to 36% of their child patients while the remaining 173 dentists provided a cleaning to only 7% of their patients

#### **Expenditures per child who obtained care decreased.**

- The dollar value of services decreased 39% from \$156 for each child who obtained care in the year prior to the Pilot to \$95 for each child who obtained care in the first year of the Pilot based on Florida’s Medicaid fee schedule
- Because Florida Medicaid fees are 42% lower than regional dental fees, the commercial market value of services provided before and after the Pilot declined from roughly \$372 per utilizer to \$226 per utilizer

#### **Consumer Satisfaction**

- Although the UF evaluation found that consumers reported satisfaction with the Pilot program, the data suggests services were less available as utilization declined 42%

## **Explanation of the Findings**

- Understanding these findings requires an awareness that data collection during the Pilot may have been poor because the State did not require rigorous reporting by its dental vendor.
- Dentists may not have reported all of the care that they provided. Responsible purchasing of healthcare by the State demands that it hold its vendors accountable for full and accurate reporting of all services provided to covered children.
- When providers assumed the financial risk for delivering care to this population of pediatric Medicaid beneficiaries, the economic incentives to “under treat” appear to have led to poorer quality of care.
- “Risk” may explain changes in quality that occurred between the preexisting fee-for-service dental program and the Medicaid Pre-Paid Dental Pilot.

## **Recommendations**

**Although the Medicaid Pre-Paid Dental Pilot resulted in less value for State dollars and should therefore not be continued, Florida is well positioned to continue its efforts to improve the Medicaid program through other options.**

Some options that hold strong promise and have been initiated in other states include:

- Targeting primary preventive care to very young children and their families in order to limit overall disease burden;
- Paying dental providers at “market rates” by contracting with commercial dental plans or managed care vendors;
- Expanding engagement of the dental community through outreach and expanded case management;
- Stimulating expansion of preventive efforts by primary medical providers.

With recent changes in federal law and regulations, the time is ripe for further experimentation that will lead to improved oral health of Florida’s children at less cost to the State.

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#### **Data Sources:**

Institute for Child Health Policy, University of Florida, *Evaluation of the Miami-Dade County Prepaid Dental Health Plan*, June 27, 2006

College of Dental Medicine, Columbia University, *Miami-Dade County Prepaid Dental Health Plan Demonstration: Less Value for State Dollars*, August 2006.