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Research Brief

Are Medicaid and Private Dental Insurance Payment Rates for Pediatric Dental Care Services Keeping up with Inflation?

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Key Messages

- *From 2003 to 2013, Medicaid reimbursement rates for pediatric dental services have not kept up with inflation in most states. In contrast, most states have seen increases in inflation-adjusted private dental insurance charges.*
- *States that have implemented reimbursement increases along with other Medicaid program reforms have seen significant gains in provider participation and access to dental care. The impact of fee changes in the private market has been studied less.*
- *As Medicaid continues to expand, policy makers ought to examine the extent to which key enabling conditions are in place to translate expanded coverage to expanded access to care. Adequate provider reimbursement is one of these enabling conditions.*

Introduction

A number of enabling conditions are important to ensure Medicaid beneficiaries can access dental care. These include provider incentives such as reimbursement levels, patient and provider outreach, streamlined administrative processes, innovative workforce models, and patient navigators. Although Medicaid and the Children's Health Insurance Program (CHIP) must provide dental benefits for children in each state,[1] without sufficient enabling conditions, enrollees may not be able to access dental care.

Provider reimbursement rates are an important driver of dental care utilization and dentist participation in Medicaid.[2,3] For example, a recent study has shown that substantial increases in Medicaid reimbursement in Connecticut, Maryland and Texas, following Medicaid reforms in those states, increased dental care utilization among Medicaid-eligible children.[4] In previous work, we analyzed Medicaid fee-for-service reimbursement rates for pediatric dental care services relative to private dental insurance charges for the period 2003

to 2013.[5] Measured this way, we found that Medicaid reimbursement fell in 39 states and rose in seven states and the District of Columbia (DC). We also found that in 2013, the average pediatric Medicaid fee-for-service reimbursement rate was 48.8 percent of private dental insurance charges.

In this research brief, we extend our previous analysis by examining the extent to which Medicaid fee-for-service reimbursement and private dental insurance charges for children's dental care services have kept up with inflation over the period 2003 through 2013. We analyze data for all states and DC.

Data & Methods

As in previous research,[6] we constructed separate price indices for each state and DC based on fee-for-service (FFS) pediatric Medicaid reimbursement and private dental insurance charges. The price indices were based on data for 2003 and 2013. The full methodology on how these indices were constructed is available elsewhere[7] but, in summary, we constructed a complex weighted average reimbursement rate for a basket of common dental care procedures.

We used the all-items Consumer Price Index (CPI-U)[8] to assess whether reimbursement levels have kept up with overall inflation. We used the Dental Services CPI[9] to assess whether reimbursement levels have kept up with dental services inflation. Hence, we use two different methods to adjust for inflation, one that adjusts for price inflation for all consumer goods (i.e., the general economy) and one that adjust more price inflation for dental care services. Using the overall CPI can be thought of as controlling for the general purchasing power of the reimbursement received. Using the Dental Services CPI can be thought of as controlling for the dental care purchasing power of the reimbursement received (i.e., the amount of dental care that can actually be bought or delivered). We converted 2003 reimbursement levels to 2013 dollars using these two indices.

We focused only on pediatric dental care services.

Our analysis has important limitations that we have outlined in previous work[10] and do not discuss them again here. One main limitation is that our Medicaid reimbursement data are FFS while a significant segment of the Medicaid population in each state may actually receive dental care through managed care programs. For example, in fiscal year 2010, 62 percent of Medicaid-enrolled children were in a comprehensive managed care program.[11] Managed-care providers are not necessarily subject to established Medicaid FFS schedules and, as a result, our data may not necessarily capture typical fees paid to dental care providers.

Another limitation is there may be some inconsistency in the data we use for private dental insurance charges. Our data source, FAIR Health, contains non-discounted fees charged by providers before network discounts are applied. It does not contain data on actual reimbursement to providers. Based on anecdotal information, we feel that providers often submit fees they expect to be paid rather than their true, non-discounted fees. However, we have no basis to evaluate this limitation empirically and simply raise this as a potential limitation.

Results

As shown in Table 1, in all 50 states and DC, private dental insurance charges have kept up with overall inflation. From 2003 to 2013, North Dakota, Wyoming South Dakota and Wisconsin experienced the largest increases in private dental insurance charges. Conversely, Hawaii, Nevada, Washington and Colorado have had the smallest increases.

Between 2003 and 2013 Medicaid FFS reimbursement failed to keep up with overall inflation in 30 states. Only 14 states and DC have seen increases in "real" or overall-inflation-adjusted reimbursement. We do not have data over time for the remaining six states. DC, Connecticut, Texas and Louisiana have had the largest increases in "real" Medicaid FFS reimbursement levels. Minnesota, Tennessee, Alabama and New York have had the largest declines.

From 2003 to 2013, private dental insurance charges have kept up with dental services inflation in 31 states and DC while 19 states saw declines in dental-service-inflation-adjusted charges (Table 2). In other words, the purchasing power with respect to dental services of reimbursement within the private dental insurance market has eroded in 19 states. North Dakota, Wyoming, South Dakota and Wisconsin have had the largest increases in "real" or dental-service-inflation-adjusted charges from 2003 to 2013. Conversely, Hawaii, Nevada, Washington and Colorado have seen the largest declines.

From 2003 to 2013, FFS Medicaid reimbursement has failed to keep up with dental services inflation in 37 states. Only 7 states and DC have seen an increase in "real" dental-service-inflation-adjusted Medicaid FFS reimbursement.

Table 1: Weighted Average Medicaid Fee-for-Service Reimbursement and Private Dental Insurance Charges for Pediatric Dental Services, Adjusted for Overall Inflation

	Private Dental Insurance Charges			Medicaid FFS Reimbursement		
State	2003	2013	% change	2003	2013	% change
Alabama	$74.02	$82.11	10.9%	$58.28	$44.00	-24.5%
Alaska	$131.08	$152.12	16.0%	$77.64	$93.51	20.4%
Arizona	$92.46	$101.20	9.5%	$67.37	$55.33	-17.9%
Arkansas	$76.24	$84.92	11.4%	$47.09	$57.08	21.2%
California	$105.55	$117.24	11.1%	$42.61	$34.00	-20.2%
Colorado	$97.85	$105.95	8.3%	$49.82	$47.81	-4.0%
Connecticut	$112.03	$127.71	14.0%	$43.39	$85.27	96.5%
Delaware	$108.46	$126.84	16.9%	$92.19	$102.83	11.5%
District of Columbia*	$115.85	$141.04	21.7%	$38.72	$82.31	112.6%
Florida*	$89.40	$105.24	17.7%	$32.85	$38.56	17.4%
Georgia*	$91.37	$103.00	12.7%	$70.13	$55.60	-20.7%
Hawaii	$95.50	$96.63	1.2%	$54.98	$45.48	-17.3%
Idaho*	$80.28	$91.78	14.3%	$47.22	$41.12	-12.9%
Illinois	$90.45	$109.62	21.2%	$36.75	$35.63	-3.1%
Indiana	$81.95	$98.29	19.9%	$67.67	$54.73	-19.1%
Iowa	$74.47	$94.35	26.7%	$47.74	$39.39	-17.5%
Kansas	$82.76	$96.70	16.8%	$56.42	$45.61	-19.1%
Kentucky*	$72.56	$89.06	22.7%	$33.98	$39.18	15.3%
Louisiana *	$76.80	$91.42	19.0%	$39.41	$55.74	41.4%
Maine	$93.42	$111.39	19.2%	NA	$48.53	NA
Maryland	$96.32	$116.13	20.6%	$44.04	$55.45	25.9%
Massachusetts	$107.42	$128.30	19.4%	$65.62	$74.28	13.2%
Michigan*	$90.62	$102.40	13.0%	$42.37	$33.30	-21.4%
Minnesota*	$91.60	$110.89	21.1%	$43.32	$29.66	-31.5%
Mississippi	$75.86	$90.76	19.6%	$41.40	$43.19	4.3%
Missouri	$80.49	$98.53	22.4%	$40.67	$39.57	-2.7%
Montana	$81.24	$96.88	19.3%	$51.53	$51.27	-0.5%
Nebraska	$72.24	$89.50	23.9%	$43.50	$38.48	-11.5%
Nevada*	$97.74	$101.29	3.6%	$57.35	$49.01	-14.6%
New Hampshire	$99.48	$121.09	21.7%	$54.40	$47.88	-12.0%
New Jersey*	$102.86	$119.01	15.7%	NA	$81.89	NA
New Mexico*	$84.70	$100.41	18.5%	$56.60	$49.53	-12.5%
New York*	$99.55	$122.27	22.8%	$58.85	$45.36	-22.9%
North Carolina	$90.29	$107.24	18.8%	$56.97	$51.72	-9.2%
North Dakota	$76.76	$101.66	32.4%	NA	$63.76	NA
Ohio*	$84.86	$98.04	15.5%	$50.23	$39.67	-21.0%
Oklahoma	$78.14	$95.72	22.5%	$54.76	$52.20	-4.7%
Oregon*	$96.12	$111.66	16.2%	$43.18	$36.36	-15.8%
Pennsylvania	$82.33	$97.57	18.5%	$44.38	$41.77	-5.9%
Rhode Island*	$95.51	$104.26	9.2%	$36.85	$29.11	-21.0%
South Carolina	$81.41	$96.96	19.1%	$60.30	$50.91	-15.6%
South Dakota	$77.07	$99.44	29.0%	NA	$51.01	NA
Tennessee*	$79.70	$94.73	18.9%	$70.11	$51.08	-27.1%
Texas*	$85.76	$98.93	15.4%	$37.74	$58.88	56.0%
Utah	$73.26	$81.91	11.8%	$31.36	$34.79	10.9%
Vermont*	$88.93	$109.83	23.5%	NA	$54.55	NA
Virginia	$89.71	$113.55	26.6%	$48.95	$53.80	9.9%
Washington	$107.08	$114.67	7.1%	$52.81	$46.95	-11.1%
West Virginia*	$70.80	$87.22	23.2%	$52.55	$61.00	16.1%
Wisconsin	$84.30	$108.13	28.3%	$42.86	$34.11	-20.4%
Wyoming	$74.59	$97.86	31.2%	NA	$59.89	NA

Source: Medicaid FFS reimbursement data collected from state Medicaid agencies. Private dental insurance charges data collected from FAIR Health. **Notes:** Values represent a weighted average of reimbursement rates and charges for a basket of common dental care procedures. Medicaid FFS data for pediatric dental care services for 2003 were not available for ME, ND, NJ SD, VT and WY. FFS Medicaid reimbursement and private dental insurance charges for 2003 are inflated to 2013 dollars using the all-items CPI. States indicated with an * enroll the majority of their Medicaid beneficiaries in managed care programs for dental services; for these states, the data shown in this table may not be representative of typical dentist reimbursement in Medicaid.

Table 2: Weighted Average Medicaid Fee-for-Service Reimbursement and Private Dental Insurance Charges for Pediatric Dental Services, Adjusted for Dental Services Inflation

	Private Dental Insurance Charges			Medicaid FFS Reimbursement		
State	2003	2013	% change	2003	2013	% change
Alabama	$86.30	$82.11	-4.9%	$67.95	$44.00	-35.2%
Alaska	$152.82	$152.12	-0.5%	$90.52	$93.51	3.3%
Arizona	$107.80	$101.20	-6.1%	$78.54	$55.33	-29.6%
Arkansas	$88.88	$84.92	-4.5%	$54.90	$57.08	4.0%
California	$123.05	$117.24	-4.7%	$49.68	$34.00	-31.6%
Colorado	$114.08	$105.95	-7.1%	$58.08	$47.81	-17.7%
Connecticut	$130.61	$127.71	-2.2%	$50.59	$85.27	68.6%
Delaware	$126.45	$126.84	0.3%	$107.49	$102.83	-4.3%
District of Columbia*	$135.07	$141.04	4.4%	$45.14	$82.31	82.4%
Florida*	$104.23	$105.24	1.0%	$38.30	$38.56	0.7%
Georgia*	$106.53	$103.00	-3.3%	$81.77	$55.60	-32.0%
Hawaii	$111.34	$96.63	-13.2%	$64.10	$45.48	-29.1%
Idaho*	$93.60	$91.78	-1.9%	$55.05	$41.12	-25.3%
Illinois	$105.45	$109.62	4.0%	$42.85	$35.63	-16.8%
Indiana	$95.54	$98.29	2.9%	$78.89	$54.73	-30.6%
Iowa	$86.82	$94.35	8.7%	$55.66	$39.39	-29.2%
Kansas	$96.49	$96.70	0.2%	$65.77	$45.61	-30.7%
Kentucky*	$84.60	$89.06	5.3%	$39.62	$39.18	-1.1%
Louisiana*	$89.54	$91.42	2.1%	$45.95	$55.74	21.3%
Maine	$108.92	$111.39	2.3%	NA	$48.53	NA
Maryland	$112.30	$116.13	3.4%	$51.35	$55.45	8.0%
Massachusetts	$125.24	$128.30	2.4%	$76.51	$74.28	-2.9%
Michigan*	$105.66	$102.40	-3.1%	$49.40	$33.30	-32.6%
Minnesota*	$106.80	$110.89	3.8%	$50.50	$29.66	-41.3%
Mississippi	$88.44	$90.76	2.6%	$48.27	$43.19	-10.5%
Missouri	$93.84	$98.53	5.0%	$47.42	$39.57	-16.6%
Montana	$94.71	$96.88	2.3%	$60.08	$51.27	-14.7%
Nebraska	$84.22	$89.50	6.3%	$50.71	$38.48	-24.1%
Nevada*	$113.96	$101.29	-11.1%	$66.87	$49.01	-26.7%
New Hampshire	$115.98	$121.09	4.4%	$63.42	$47.88	-24.5%
New Jersey*	$119.92	$119.01	-0.8%	NA	$81.89	NA
New Mexico*	$98.74	$100.41	1.7%	$65.98	$49.53	-24.9%
New York*	$116.06	$122.27	5.4%	$68.61	$45.36	-33.9%
North Carolina	$105.26	$107.24	1.9%	$66.42	$51.72	-22.1%
North Dakota	$89.49	$101.66	13.6%	NA	$63.76	NA
Ohio*	$98.93	$98.04	-0.9%	$58.56	$39.67	-32.3%
Oklahoma	$91.10	$95.72	5.1%	$63.85	$52.20	-18.2%
Oregon*	$112.06	$111.66	-0.4%	$50.34	$36.36	-27.8%
Pennsylvania	$95.99	$97.57	1.6%	$51.74	$41.77	-19.3%
Rhode Island*	$111.36	$104.26	-6.4%	$42.96	$29.11	-32.3%
South Carolina	$94.91	$96.96	2.2%	$70.30	$50.91	-27.6%
South Dakota	$89.86	$99.44	10.7%	NA	$51.01	NA
Tennessee*	$92.92	$94.73	2.0%	$81.74	$51.08	-37.5%
Texas*	$99.99	$98.93	-1.1%	$44.00	$58.88	33.8%
Utah	$85.41	$81.91	-4.1%	$36.56	$34.79	-4.8%
Vermont*	$103.69	$109.83	5.9%	NA	$54.55	NA
Virginia	$104.59	$113.55	8.6%	$57.07	$53.80	-5.7%
Washington	$124.84	$114.67	-8.1%	$61.57	$46.95	-23.7%
West Virginia*	$82.55	$87.22	5.7%	$61.27	$61.00	-0.4%
Wisconsin	$98.28	$108.13	10.0%	$49.97	$34.11	-31.7%
Wyoming	$86.96	$97.86	12.5%	NA	$59.89	NA

Source: Medicaid FFS reimbursement data collected from state Medicaid agencies. Private dental insurance charges data collected from FAIR Health. **Notes:** Values represent a weighted average of reimbursement rates and charges for a basket of common dental care procedures. Medicaid FFS data for pediatric dental care services for 2003 were not available for ME, ND, NJ SD, VT and WY. FFS Medicaid reimbursement and private dental insurance charges for 2003 are inflated to 2013 dollars using the Dental Services CPI. States indicated with an * enroll the majority of their Medicaid beneficiaries in managed care programs for dental services; for these states, the data shown in this table may not be representative of typical dentist reimbursement in Medicaid.

Discussion

From 2003 to 2013, FFS Medicaid reimbursement for pediatric dental care services did not keep up with inflation in the majority of states. In contrast, private dental insurance reimbursement has kept up with inflation in most states. Understanding the trends in dental care reimbursement is important since financial incentives are a key factor in driving dentist participation in dental benefits plans – public and private – and, ultimately, dental care utilization. The evidence base is quite strong in this area. For example, Connecticut, Maryland and Texas enacted major Medicaid reforms that increased FFS Medicaid reimbursement and streamlined administrative procedures. A recent analysis found that these reforms led to increases in preventive dental care utilization and declines in unmet dental need among Medicaid-eligible children.[12] Other research based on national and state data suggests strongly that increases in Medicaid FFS reimbursement have a significant impact on dentist participation and access to care.[13,14]

Over the past decade, children have made tremendous progress in their ability to access dental care. Children face the lowest levels of financial barriers to dental care[15] and dental care utilization is at its highest level ever.[16] Through 2018, more than three million children could gain dental benefits through Medicaid expansion under the ACA[17], significantly increasing demand for dental care. Provider reimbursement levels are one of many enabling conditions that incentivize more dentists to treat Medicaid patients. The impact of streamlined administrative procedures, community dental coordinators, patient navigators and other program innovations are also important but have not been as closely examined in the research. This remains an important area for future analysis for the ADA Health Policy Institute.

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