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Research Brief

Medicaid Market for Dental Care Poised for Major Growth in Many States

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Key Messages

- *Due to the Affordable Care Act, the Medicaid market for dental care will grow significantly in many states. Even in many states electing not to expand Medicaid eligibility, there will still be a large influx of adults and children into Medicaid.*
- *In an overall stagnant dental care sector, driven by declining dental care use among middle- and high-income adults, Medicaid represents one of the few market segments with expanding demand for dental care.*
- *Translating expanded Medicaid dental benefits coverage to expanded access to dental care and ultimately, improved oral health, will require significant reforms to Medicaid programs. States can draw on a significant body of evidence to guide reforms.*

Introduction

The Affordable Care Act (ACA) is changing the dental benefits landscape. A previous analysis shows that just over one million adults across 36 states enrolled in dental plans through the newly-established health insurance marketplace in 2014.[1] The growth in public coverage will be much larger. Through an early analysis, we estimated that more than 8.3 million adults nationwide could gain dental benefits through Medicaid expansion. Our analysis provided a state-by-state breakdown of the impact of Medicaid expansion on dental benefits coverage.[2]

In this research brief, we measure the growth in the Medicaid market by comparing the potential increase in the number of adults and children with Medicaid dental benefits to pre-Medicaid expansion levels in select states.

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Data & Methods

To determine the size of the Medicaid expansion, we used estimates of the number of adults and children that were uninsured prior to 2014 and eligible for Medicaid post-expansion in 2014 as provided by the Henry J. Kaiser Family Foundation (KFF).[3] These estimates include the population eligible for Medicaid under pre-Medicaid expansion policy but not enrolled, as well as those that have become eligible as a result of the Medicaid expansion.[4]

Due to data constraints, we could not account for individuals that may have shifted from having private dental benefits to Medicaid dental benefits in 2014. However, we expect this to be negligible because the likelihood of having dental benefits but not health insurance is extremely small.[5]

To determine the number of adults and children enrolled in Medicaid pre-expansion, we used fiscal year (FY) 2011 Medicaid enrollment totals from the Medicaid Statistical Information System as reported by the Medicaid and CHIP Payment and Access Commission (MACPAC).[6] These data account for the number of unique Medicaid beneficiaries that were ever-enrolled in a state's Medicaid program in FY 2011, and are the most up-to-date publicly available data on actual Medicaid enrollment by eligibility group.

To calculate the estimated percentage growth in the number of adults and children with Medicaid dental benefits due to the ACA and Medicaid expansion, we divided the number of uninsured adults and children eligible for Medicaid in 2014 (post-expansion) by FY 2011 Medicaid enrollment levels (pre-expansion).

We focused on the 31 states and the District of Columbia that offer dental benefits beyond emergency care for the adult population and on all 50 states and the District of Columbia for the child population, because states are required to provide dental benefits for Medicaid-enrolled children.[7] We also analyzed potential enrollment growth in four states that do not offer adult Medicaid dental benefits: Florida,[8] Georgia,[9] Kansas,[10] and Maryland.[11] In these four states, the majority of the adult Medicaid population is enrolled in managed care plans that offer value-added limited adult dental benefits.

We classified each state's Medicaid adult dental benefit using previous methodology.[2] As states have the flexibility to change benefits throughout the year, our analysis is current as of December 2014.

We assumed that states expanding Medicaid eligibility provide the same level of dental benefits to newly eligible post-expansion adults as they do to the pre-expansion adult Medicaid population. Where we know this not to be that case, we make a note in the text.

Results

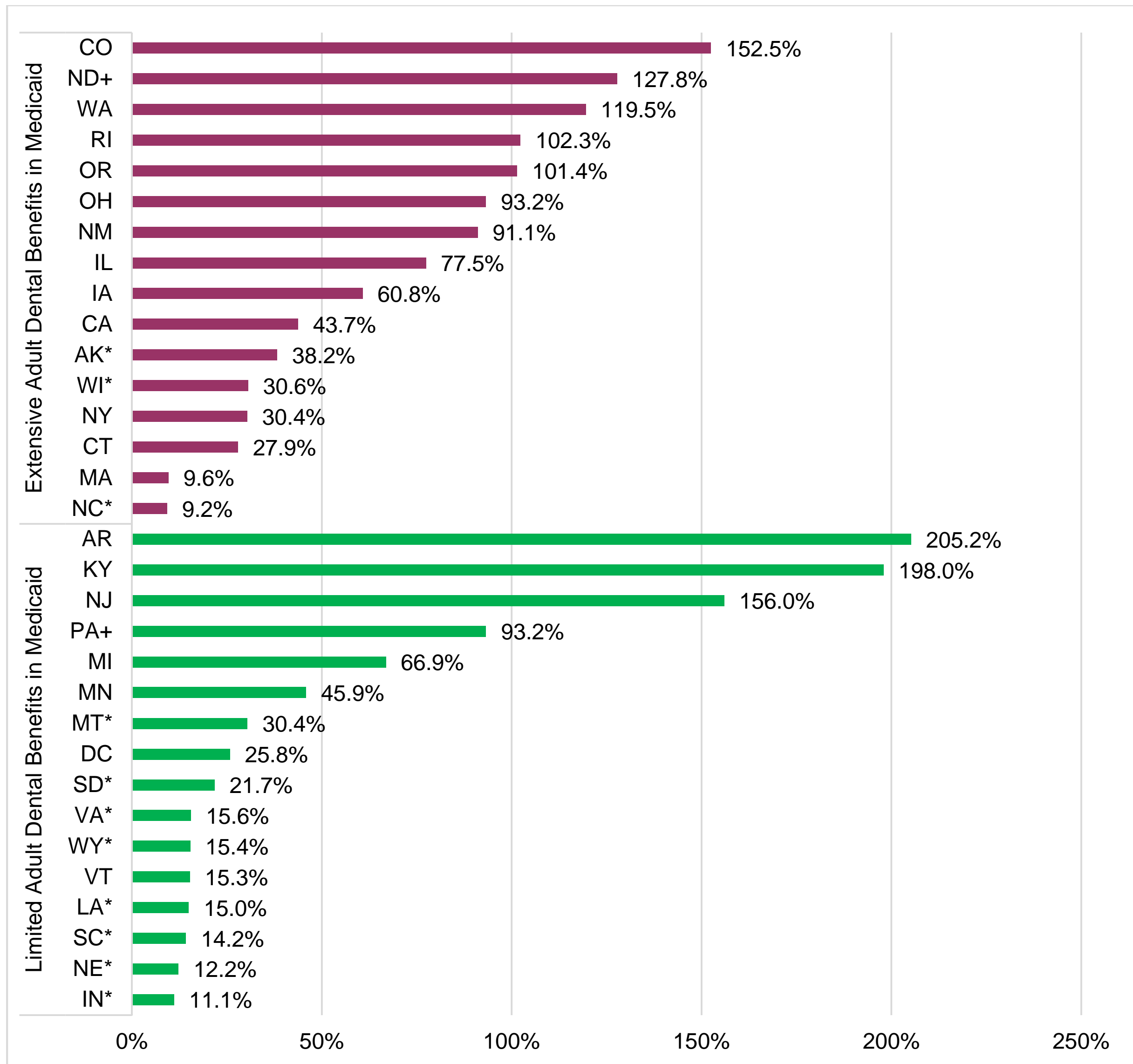
Across the 31 states and the District of Columbia that provide at least limited adult dental benefits, the average increase in the number of adults that could gain dental benefits through Medicaid post-expansion is 51.9 percent. This varies from 9.2 percent in North Carolina to 205.2 percent in Arkansas (see Figure 1). It is important to understand that not all of the states in Figure 1 are expanding Medicaid eligibility under the ACA. Even in the 11 non-expanding states that provide at least limited adult dental benefits, there is still expected to be an increase in the number of adults in Medicaid due to enhanced enrollment activities (i.e. "woodwork effect"). In some non-expansion states, the woodwork effect is large. For example, Alaska is not expanding Medicaid under the ACA but could still see

up to a 38.2 percent increase in the number of adults on Medicaid.

Additionally, some state Medicaid programs rely heavily on managed care plans that may provide a broader set of dental benefits than the state's Medicaid plan. Specifically, the Medicaid programs in Florida, Georgia, and Kansas provide emergency adult dental benefits, and the Medicaid program in Maryland does not provide adult dental benefits. However, the majority of Medicaid-insured adults in these four states are enrolled in managed care plans that provide value-added limited adult dental benefits. The potential increase in the number of adults with Medicaid managed care dental benefits in these states ranges from 11.1 percent in Florida to 62.4 percent in Maryland (see Figure 2).

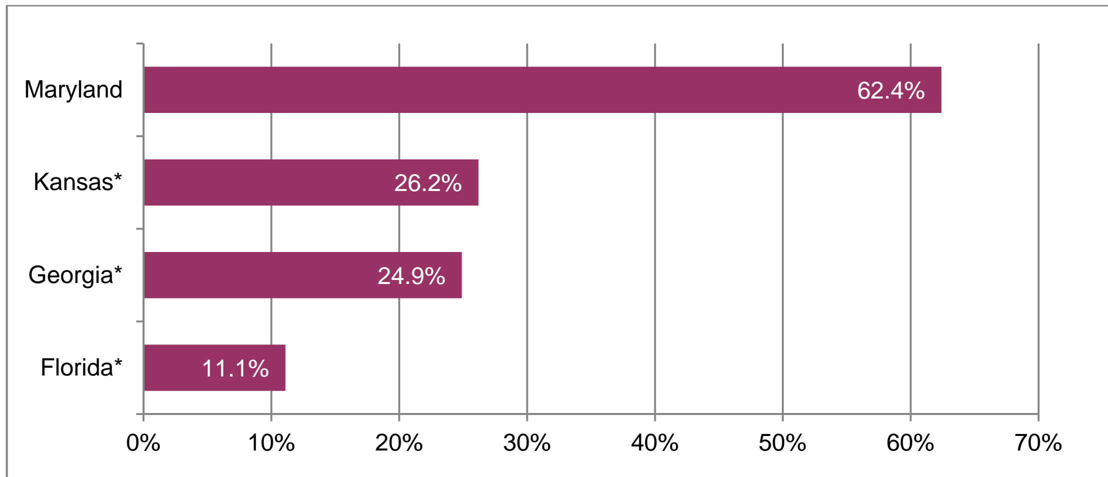
Finally, the average increase in the potential number of children gaining dental benefits through Medicaid across all 50 states and the District of Columbia is 15.9 percent. This ranges from 3.7 percent in the District of Columbia to 40.6 percent in Nevada (see Table 1).

Figure 1: Potential Increase Due to the ACA in the Number of Adults with Medicaid Dental Benefits, by State



Source: ADA Health Policy Institute analysis of KFF and MACPAC data. **Notes:** * Indicates state is not moving forward with Medicaid expansion as of December 2014. + Pennsylvania has limited adult dental benefits for their pre-expansion Medicaid population. Dental benefits for post-expansion Medicaid adults are not covered by the state, but may be offered as value-added benefits by the beneficiary's Medicaid insurer.[12] Similarly, North Dakota has extensive adult dental benefits for their pre-expansion Medicaid population. However, they are only extending dental benefits to 19 and 20-year old enrollees in the post-expansion Medicaid population.[13]

Figure 2: Potential Increase Due to the ACA in the Number of Adults with Medicaid Dental Benefits in States Where Dental Benefits are Offered as a "Value-Add" in Managed Care Programs



Source: ADA Health Policy Institute analysis of KFF and MACPAC data. **Notes:** * Indicates state is not moving forward with Medicaid expansion as of December 2014. In these four states, the Medicaid program does not provide adult dental benefits. However, the majority of the adult Medicaid population is enrolled in managed care plans that offer value-added limited adult dental benefits.

Table 1: Potential Increase Due to the ACA in the Number of Children with Medicaid

State	Potential Percentage Change	State	Potential Percentage Change
Nevada	40.6%	Louisiana	13.8%
Montana	27.6%	Kentucky	13.1%
Missouri	25.8%	Ohio	13.1%
Utah	23.9%	North Carolina	12.9%
Texas	23.1%	Oregon	12.8%
Arizona	22.8%	Arkansas	12.6%
South Carolina	21.2%	Delaware	12.4%
Nebraska	20.9%	Virginia	12.4%
Georgia	20.8%	Wisconsin	12.1%
Maryland	20.5%	Washington	12.1%
New Jersey	20.5%	Wyoming	12.1%
Alaska	20.3%	New York	11.6%
Colorado	19.7%	Illinois	11.2%
Idaho	18.8%	North Dakota	11.1%
Florida	18.0%	Iowa	10.9%
Kansas	17.8%	Oklahoma	10.8%
Indiana	17.1%	Rhode Island	10.0%
California	16.9%	Hawaii	9.6%
Pennsylvania	16.4%	Tennessee	9.2%
Minnesota	15.7%	Connecticut	8.8%
South Dakota	15.6%	Massachusetts	7.3%
Alabama	14.7%	Michigan	6.4%
West Virginia	14.4%	Vermont	5.9%
New Hampshire	14.0%	Maine	5.4%
New Mexico	13.9%	District of Columbia	3.7%
Mississippi	13.8%		

Source: ADA Health Policy Institute analysis of KFF and MACPAC data. **Notes:** The minimum income eligibility level for children across all states is at least 133 percent of the federal poverty level.[14]

Discussion

Our analysis shows clearly that the growth in the Medicaid market in many states is significant – more a tsunami and less a trickle. In eight states that provide limited or extensive adult dental benefits, the number of adults in Medicaid is expected to more than double. Even in many states that are not expanding Medicaid under the ACA but provide adult dental benefits, there will be significant growth in the Medicaid market.

The Medicaid dental benefits expansion needs to be viewed in the context of the overall dental economy. Dental care utilization has been declining steadily among adults for several years, a trend that has little to do with the recent economic downturn.[15] The decline in dental care use among adults is extremely widespread. Adults with private dental benefits, as well as middle- and high-income adults are all visiting the dentist less and less.[16] This has led to a slowdown in dental spending[17] and stagnant dentist earnings.[18] The trends in dental care use among middle- and high-income adults are not expected to reverse in the near term and dental spending is projected to remain flat for several years.[17] In an overall stagnant dental sector, Medicaid represents a market segment that will potentially see significant growth.

The Medicaid expansion also has the potential to reverse important access to care trends. Low-income adults – the exact group the Medicaid expansion provision of the ACA targets – are precisely the group that has experienced the most significant erosion in access to dental care over the past decade. Low-income adults are the most likely group to report avoiding or delaying needed dental care[19] and to face cost barriers to dental care.[20] They have experienced, by far, the most significant increase in the rate of emergency room visits for dental conditions.[21]

However, it is vital to understand that expanded coverage does not equal expanded access. Therefore, the central question for the policy community is, are the right conditions in place to meet the dental care needs of a significantly expanded Medicaid population?

In our view, the best available data suggest strongly that, in general, Medicaid programs are not prepared for a spike in demand for dental care among adult beneficiaries. Research shows that a combination of patient education and outreach, streamlined administrative procedures, and enhanced provider incentives[22,23] are critical "enabling conditions" that make Medicaid programs successful.[24] This evidence base is built largely on the remarkable success this past decade in improving access to dental care among Medicaid children through major Medicaid reforms.[16] When it comes to adults, however, the available evidence suggests these enabling conditions are much less likely to be in place. For example, regarding financial incentives, a recent analysis found that Medicaid reimburses adult dental care services at much lower rates than child dental care services.[25] In addition, dental care services are reimbursed much less generously than primary medical services in

Medicaid, where mandatory reimbursement increases were introduced as part of the ACA.[26]

Looking forward, there is a significant opportunity to apply lessons learned from the decade of success in improving access to dental care among Medicaid children to the adult Medicaid population. The supply of dentists is expected to increase in the coming years[27] and there is already unused capacity in the dental care system.[18] New research suggests that if enabling conditions are in place, the dental care system can, in fact, absorb influxes of Medicaid adults with newly-gained dental benefits.[28,29,30]

Through Medicaid expansion, the ACA provides an opportunity to address important access to dental care issues for low-income adults. In our view, however, translating expanded dental benefits coverage to expanded access to dental care and ultimately, improved oral health, will require significant reforms to Medicaid programs. There is a sufficient evidence base on "good practices" that can be used to guide policy reforms. Bold action is the next step.

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