

November 16, 1999  
ILR99-B

Senator Peter C. Knudson  
Utah State Senate  
319 State Capitol Bldg  
Salt Lake City UT 84114

**Subject: Medicaid Dental Claims**

Senator Knudson:

As per your request, we contacted officers at the Utah Dental Association (UDA) and several Utah dentists. They expressed concerns regarding Utah's Medicaid dental program. We have condensed their concerns into the following three issues:

- First, some dentists allege that the state's current Medicaid dental program encourages the formulation of dental clinics to service Medicaid clients in more populated areas—they believe this practice results in poor quality and inefficient services to the Medicaid recipient.
- Second, the dentists claim that the Medicaid procedures for processing claims are not consistent with standard processes used by the American Dental Association. Consequently, some Utah dentists who are unfamiliar with the Medicaid process find it difficult and time consuming to get their claims approved.
- Finally, the dentists allege that Utah's Medicaid dental reimbursement rates are too low and do not cover reasonable dental costs.

Some of these issues are complex and would require that we conduct a full audit. We recommend you seek the approval of the Legislative Audit Subcommittee regarding a future audit. In regard to the third issue of the reimbursement rates, we feel it is a legislative policy

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issue (regarding the amount of funds appropriated) and this is beyond the authority of the state Health Care Finance (HCF) officials. Representatives from UDA believe that Utah's dentists are primarily concerned about the low state reimbursement rates offered by Medicaid. State Health Care Finance (HCF) officials believe that the limited amount of funding available directly contributes to the low reimbursement rates.

HCF officials believe their clinics provide good quality care and their claim process time is expeditious for consistent users of the system. Regarding the reimbursement rates, HCF officials say that representatives from the Governor's Office of Planning and Budget (GOPB) have requested that HCF (among other divisions) turn in a flat budget for fiscal year 2001. HCF officials say that such a request from GOPB could translate into significant cuts in Utah's medicaid dental program. Some officials within HCF believe funding for Medicaid's adult dental program will be reduced to help offset built-in increases in other medicaid programs (such as increases in medical funding). In addition, the flat budget prevents the medicaid dental program from drawing upon additional federal funds that would be available if the state increased the dollar amount budgeted to medicaid's dental program.

We have enclosed three attachments setting forth general medicaid information in Utah. Appendix A compares national medicaid expenditures with Utah's medicaid expenditures and indicates that Utah's medicaid dental expenditures are significantly lower than the national average. Appendix B shows the fiscal year 1997 usual and customary (UCR) medicaid rates for selected states, of which Utah has the lowest UCR. Appendix C shows expenditure information for Utah's medicaid dental program from fiscal year 1994-1997 which indicates Utah has raised medicaid funding for the dental program each year since fiscal year 1994. Please understand that we have not validated the accuracy of this data. However, we hope this information is helpful to you.

If you have any additional questions, you may either contact our office or Don Hawley who oversees the Medicaid Dental Program at the Division of Health Care Finance at 538-6483.

Sincerely,

Wayne L. Welsh  
Auditor General

WLW:JAH/lm

**Appendix A. A Comparison of National and Utah's Dental Expenditures as a Percent of Total Medicaid Expenditures from 1994.** Historically, Utah's total medicaid expenditures are less than the national average.

<b>National Medicaid Expenditures</b>			
<b>Calendar Years</b>	<b>Total Medicaid Expenditures (in billions)</b>	<b>Total Medicaid Dental Expenditures (in billions)</b>	<b>Dental Expenditures as a % of Medicaid</b>
1994	\$81.5	\$1.68	2.1%
1995	86.3	1.78	2.1
1996	92.2	1.83	2.0
1997 <sup>1</sup>	95.4	1.99	2.1

<b>State of Utah Medicaid Expenditures</b>			
<b>Fiscal Years</b>	<b>Total Medicaid Expenditures (in millions)</b>	<b>Total Medicaid Dental Expenditures (in millions)</b>	<b>Dental Expenditures as a % of Medicaid</b>
FY94	\$514	\$6.3	1.23%
FY95	552	6.9	1.26
FY96	604	7.1	1.18
FY97 <sup>2</sup>	637	7.3	1.17

<sup>1</sup> National Data for 1998 and 1999 is not available

<sup>2</sup> For FY 98 there was \$675 million spent on medicaid expenditures for FY 99 (est.) \$722 million. Total dental expenditures were FY 98 \$10.2 million and FY 99 (est.) \$12.2 million. Dental Expenditures as a % of medicaid for FY 98 was 1.41% and FY 99 (est.) 1.70%

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**Appendix B. 1997 Usual and Customary Medicaid Rates For Selected States.**

Utah has the lowest percentage of UCR rate compared to other selected states.

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State	% UCR
California	60%
Colorado	65
Delaware	85
Georgia	80
Idaho	75
Iowa	54
Kansas	50
Michigan	70
Nebraska	80
North Dakota	87
Utah	45*

\* Based on 1997 ADA Mountain Mean Fee

**Appendix C. Utah's Medicaid Dental Program and Expenditures From Fiscal Years 1994-1999.** Historically, Utah's dental providers have decreased while dental expenditures and procedures have increased.

	<b>FY94</b>	<b>FY95</b>	<b>FY96</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>
<b>Number of Provider Dentists</b>	<b>718</b>	<b>721</b>	<b>744</b>	<b>735</b>	<b>695</b>	<b>687</b>
<b>Dental Procedures</b>	<b>291,850</b>	<b>297,486</b>	<b>312,573</b>	<b>334,048</b>	<b>359,351</b>	<b>407,408</b>
<b>Dental Recipients (unduplicated)</b>	<b>45,360</b>	<b>46,188</b>	<b>46,459</b>	<b>45,628</b>	<b>48,661</b>	<b>54,893</b>
<b>Expenditures Children (20 and under)</b>	<b>\$3,072,232</b>	<b>\$3,697,243</b>	<b>\$3,727,926</b>	<b>\$4,018,697</b>	<b>\$ 5,699,836</b>	<b>\$ 6,830,290</b>
<b>Children as % of Total Dental Expenditures</b>	<b>48.4%</b>	<b>53.2%</b>	<b>52.4%</b>	<b>54.3%</b>	<b>55.8%</b>	<b>55.8%</b>
<b>Expenditures Adults (21 and Over)</b>	<b>\$3,269,457</b>	<b>\$3,248,373</b>	<b>\$3,382,079</b>	<b>\$3,385,511</b>	<b>\$4,670,086</b>	<b>\$5,411,176</b>
<b>Adults as % of Total Dental Expenditures</b>	<b>51.6%</b>	<b>46.8%</b>	<b>47.6%</b>	<b>45.7%</b>	<b>45.7%</b>	<b>44.2%</b>
<b>Procedures/Recipient</b>	<b>6.4</b>	<b>6.4</b>	<b>6.7</b>	<b>7.3</b>	<b>7.4</b>	<b>7.4</b>
<b>Expenditures/Recipient</b>	<b>\$140</b>	<b>\$150</b>	<b>\$153</b>	<b>\$162</b>	<b>\$210</b>	<b>\$223</b>
<b>Recipients/Provider</b>	<b>63</b>	<b>64</b>	<b>62</b>	<b>62</b>	<b>70</b>	<b>80</b>
<b>Orthodontic Expenditures</b>	<b>\$95,710</b>	<b>\$82,686</b>	<b>\$85,750</b>	<b>\$114,707</b>	<b>\$151,087</b>	<b>\$180,483</b>
<b>Dental Expenditures:</b>	<b>\$6,341,689</b>	<b>\$6,945,616</b>	<b>\$7,110,005</b>	<b>\$7,404,208</b>	<b>\$10,217,680</b>	<b>\$12,241,466</b>
<b>Total Medicaid Eligibles (unduplicated)</b>	<b>217,680</b>	<b>226,817</b>	<b>225,684</b>	<b>225,793</b>	<b>217,775</b>	<b>224,162</b>

\* Dental Incentive Program Initiated: Dentists willing to treatment 100 Medicaid patients per year receive a 20% fee increase