

**EXECUTIVE AGENCY**  
**FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: April 11, 2023

Agency Submitting: Department of Health and Human Services, Health Care Financing and Policy

<b>Items of Revenue or Expense, or Both</b>	<b>Fiscal Year 2022-23</b>	<b>Fiscal Year 2023-24</b>	<b>Fiscal Year 2024-25</b>	<b>Effect on Future Biennia</b>
Medical Services (Adult Dental) (Expense)		\$6,321,976	\$7,277,884	\$19,407,688
System Costs (MMIS) (Expense)		\$7,840		
Actuarial (Expense)		\$30,000		
Total	0	\$6,359,816	\$7,277,884	\$19,407,688

Explanation

(Use Additional Sheets of Attachments, if required)

The Division reviewed this bill and determined it would have a fiscal impact. This bill would add coverage of additional dental services for adults, including filling of cavities and fabrication, preparation, and placement of temporary and permanent crowns. These services are already covered for children under the age of 21. Pregnant women also receive dental coverage, and some adult emergency-related services are covered.

To estimate medical costs, the Division looked at utilization of affected codes by children. The percentage of children receiving any of the services was compared to all children enrolled in Medicaid. The resulting percentage was applied to all adults (excluding pregnant women and adults already receiving services as described above) to estimate how many adults would receive services. The number of children and adults receiving services were compared to create a multiplier; this multiplier was applied to expenses incurred by children to estimate adult utilization.

The Division assumes some savings in medical spending on dental-related emergency services provided to adults in an outpatient hospital setting. A ramp up of 12 months was applied to expenditures along with a 25% provider shortage adjustment. These adjustments account for time needed to expand coverage as well as the shortage of dentists available to Medicaid recipients. Creating a rural dental network will be very challenging as current reimbursement, high demand, distance/quality of life, and enrollment are all barriers.

The total computable impact for medical services in FY 24-25 biennium is \$13,599,860 (\$2,558,969 in State Funds). The majority of the adult population covered would include adults without children for which the state receives a 90% federal share. System costs to amend rules in MMIS to allow adult services to be billed are estimated at a total cost of \$7,840. Actuarial costs are also included to capture costs to recalculate CY23 capitation rates.

Name Stacie Weeks

Title Administrator

**GOVERNOR'S OFFICE OF FINANCE COMMENTS**

The agency's response appears reasonable.

Date Monday, April 10, 2023

Name Amy Stephenson

Title Director

## Fiscal Impact Analysis

**Division of Health Care Financing and Policy  
SB 385 - Adult Dental Restorative Services  
Analysis Summary**

### Estimated Fiscal Impact FY22-FY23 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY22	\$0	\$0	\$0	\$0
FY23	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**% Savings on dental-related hospital visits**

**50%**

### Estimated Fiscal Impact FY24-FY25 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY24	\$6,321,976	\$5,160,361	\$1,148,161	\$13,454
FY25	\$7,277,884	\$5,841,897	\$1,410,808	\$25,179
<b>Total</b>	<b>\$13,599,860</b>	<b>\$11,002,258</b>	<b>\$2,558,969</b>	<b>\$38,633</b>

### Description of Budget Concept

This analysis estimates the cost of covering restorative dental services for adults.

### Methodology

- 1) Fee-For-Service (FFS) utilization and managed care encounter were captured by running a report out of the MMIS using the following parameters for this provider type/service:  
*SFY22 (07/01/2021 - 06/30/2022) Incurred with Runoff, Net Allowed Amount, dental codes for fillings, crowns, etc. Utilization for children under 21.*
- 2) Patient by Category counts were captured by running a report out of the MMIS to include FFS patients and Managed Care (MCO) patients.
- 3) Utilization of these services for children was determined and used to project utilization for adults. The percentage of children receiving services compared to all children on Medicaid was determined. That percentage was applied to the adult population to estimate how many adults would receive services. A ratio of adults expected to receive services and children receiving services was used to create a multiplier (for example, if 200 adults are expected to receive services and 100 children receive services, the multiplier would be 2). The multiplier was applied to current expenditures to estimate additional spending for adults.
- 4) Total computable expenditures are grown forward based on the DHHS Office of Analytics caseload projections.
- 5) Savings were applied for dental-related outpatient hospital visits identified via diagnosis codes for dental concerns.
- 5) FMAP rates were applied to determine the federal share of estimated costs. Note that the COVID-19 enhanced FMAP (+6.2%) for Medicaid is used through March 31, 2023. Enhanced COVID FMAP amounts are tiered down across CY 2023 to align with the 2023 Federal FY Omnibus Appropriations Bill, which allows the following enhanced FMAP amounts: 6.2% (CY23 Q1); 5.0% (CY23 Q2); 2.5% (CY23 Q3); 1.5% (CY23 Q4).