

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 105(FIN)
 (H) Publish Date: 4/10/06
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

Title ADULT DENTAL COVERAGE UNDER MEDICAID

RDU Health Care Services

Component Medicaid Services

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester HOUSE (FIN)

Component No. 2077

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	2,633.0	10,292.0	10,133.8			
Miscellaneous						
TOTAL OPERATING	2,633.0	10,292.0	10,133.8	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	1,988.3	7,557.8	7,323.8			
1003 GF Match	219.7	1,309.2	1,385.0			
1004 GF						
1037 GF/Mental Health						
1092 MHTAAR	425.0	1,425.0	1,425.0			
Other(Specify Type-do not abbreviate)						
TOTAL	2,633.0	10,292.0	10,133.8	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

Historically Medicaid Dental Benefits for recipients 21 years or older, have been limited to immediate relief of pain and acute infection. Routine preventive or restorative services have not been covered.

Under this bill, Dental Benefits for Adults would be expanded to include preventive and restorative care up to a cap of \$1,150 per person annually. Examples of services that could be provided at that level are: one exam, 4 bitewing radiographs, cleaning and about 8 restorations or extractions, or; one exam and an upper or lower full denture.

This bill has a sunset clause in FY2009. (cont. on page 2)

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 Agency Department of Health and Social Services

Phone 465-1618
 Date/Time 04/06/2006
 Date 04/06/2006

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ANALYSIS CONTINUATION

It is estimated that approximately 41,000 individuals would be eligible for the expanded Medicaid Dental Benefits, including adults with disabilities and seniors. Not all eligible individuals will seek dental benefits, and those that do will utilize services at varying rates.

Of the 41,000 eligible persons, about 25% are Alaska Native and 28% are Mental Health Trust clients. Fifty percent of the eligible Alaska Natives would utilize the service from the outset as most are already connected with tribal dental programs and have good access to care. About 35% of the Mental Health Trust clients are expected to access dental care initially given that the Trust and grantee programs serving these clients will advocate for them and assist clients in getting appointments. Participation in the program by non-Native, non-Trust adults will ramp up slowly with 15% of eligible persons utilizing the service in the first year, 25% in the second year, and 35% in the third year. Overall there will be an estimated 12,000 participants in the first year (29% of eligible adults), 14,000 in the second year (34%), and 15,800 in the third year (39%).

Based on the assumptions below on utilization of dental benefits, the weighted average benefit for a full fiscal year is about \$730 per recipient. Of adult recipients that access dental care it is estimated that:

- 15% will receive up to \$250 in benefits
- 25% will receive up to \$500 in benefits
- 25% will receive up to \$750 in benefits
- 20% will receive up to \$1,000 in benefits
- 15% will receive the maximum \$1,150 in benefits.

These utilization rates are based on provider capacity (the extent of dental access through tribal and community health center dental programs, and the extent of private dental participation in the Medicaid program) Because of the limited number of dentists and available appointments for new clients, some adults will only be able to get in to see the dentist once or twice in a year. Treatment needs also affect utilization rates (not all eligible individuals will seek dental benefits, and those that do will utilize services at varying rates.)

It is anticipated that the program will be operational the last quarter of FY07 so costs in that year are 25% of the full year's costs and adjusted 20% higher to allow for pent up demand. A 3% growth in utilization is included in FY08 & FY09 to reflect possible increases in eligible adults and/or an increased percentage of adults accessing the dental services in the first few years. Adults on the program for several years would eventually have their major treatment needs met and move to a "maintenance" level of care (e.g., routine exam and cleanings but less restorative needs and less dental emergencies).

It is anticipated that this service expansion will reduce dental emergency services; however there will always be adults who avoid the dentist until there is an acute need. Because the service would not be implemented until the 4th quarter of FY07, claims for emergency dental services will likely remain the same in FY07. In the second year emergency dental services would be reduced 25%, or about \$500.0. In the third year emergency dental services would be 50% of current costs, or about \$1,000.0.

Factoring in those individuals who are eligible for 100% federal reimbursement, the federal contribution (through FY 2009) will cover approximately 72-76% of the costs.