

# Report to the 2017 Oregon Legislative Assembly

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Recommendations for covering the costs of oral health care  
for low-income COFA islanders in Oregon

Sept. 15, 2017



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## Background

Senate Bill 147, signed into law June 6, 2017, requires the Department of Consumer and Business Services (DCBS) to develop recommendations for the creation of a program to reimburse the costs of oral health care for low-income Oregonians from Compact of Free Association (COFA) islands. The law also requires DCBS to form an advisory group of stakeholders, including members of the COFA islander communities, to inform the recommendations.

The Compact of Free Association permits citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau to reside in the United States, but COFA adults are not eligible for full Medicaid (the Oregon Health Plan) under federal law. Previous Oregon legislation – House Bill 4071 (2016) – created a program to pay for the enrollee’s share of premiums for medical insurance purchased through HealthCare.gov. The program also pays the bills for in-network services that count towards maximum out-of-pocket costs. However, those plans do not cover oral health care.

The COFA oral health advisory group met in the summer of 2017 to consider these issues. The group concluded that an oral health coverage program for COFA islander adults should be created, using the managed care dental framework<sup>1</sup> employed by the Oregon Health Authority (OHA) for Oregon Health Plan (OHP) clients. The group anticipated that directly contracting with regional dental care organizations around the state would be the most effective way to operate the program. The group recommends issuing a request for information to gauge the interest of dental care organizations in participating and to gather specific information about how to implement the program

In addition to that recommendation, this report details the issues and potential solutions they considered before drawing their conclusion, and includes other elements required under S.B. 147: recommended eligibility requirements; the amount of any premium assistance to be provided; how premium assistance should be distributed among eligible individuals; and the expected cost and financing of the premium assistance program, including whether federal funds or other sources of funding may be available.

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<sup>1</sup> Oregon health plan managed care dental is currently provided via dental care organizations receiving per member per month payments through contracts with OHA. Managed care dental is offered for a small number of OHA clients who have the option and choose to opt out of enrollment in integrated coordinated care through coordinated care organizations. COFA adults could be incorporated into the existing managed care dental system or the state could select specific contracts for a separate program through a request for proposals process. Incorporating COFA adults into existing dental care organization contracts would require substantial systems and contract changes as COFA adults would be considered a non-Medicaid population.

## Advisory Group Meetings and Membership

The advisory group included the following stakeholders and subject-matter experts:

David Anitok, COFA Alliance National Network  
Theresa Barney, Moda Health  
Sadie Ellwood, Kaiser Permanente  
Loyd Henion, COFA Alliance National Network  
Kathleen Jonathan, COFA community stakeholder  
Bennie Moses-Mesubed, COFA community stakeholder  
Amanda Peden, Health Policy and Analytics Division, OHA  
Eli Schwarz, DDS, Oregon Health and Science University  
Allison Varga, Office of Equity and Inclusion, OHA  
Matt Woodbridge, insurance agent

The group's work was supported by DCBS staff members Anthony Behrens, Katie Button, Elizabeth Cronen, Chiqui Flowers, and Nina Remple.

In-person advisory committee meetings were held July 26 and Aug. 23.

## Issues Addressed by the Advisory Group

Before agreeing on a recommendation, the group considered the following issues:

- Interpretation and translation needs of COFA islanders
- Length of time without oral health access among COFA islanders
- Geographic dispersal of the COFA population in Oregon
- Inclusion of oral health services in OHP benefits

The group agreed that in order to meet the population's needs, the program recommendations would have to:

- Accommodate language needs
- Include benefits rich enough to cover oral health needs that may have been delayed for a long time
- Have in-network dentists in all parts of Oregon
- Have benefits substantially comparable to those offered under OHP

## Program Models Considered by the Advisory Group

DCBS staff members, with assistance from OHA, collected and presented to the advisory group a summary of OHP adult oral health benefits compared to the benefits and out-of-pocket costs in typical dental plans available through HealthCare.gov.

*Oregon Health Plan benefits*

The group concluded that the OHP benefits were substantial, in that they include an annual dental exam, X-rays, routine cleanings, fillings, extractions, root canals in certain circumstances, periodic scaling and root planing, and full or partial dentures in certain circumstances. All services under OHP require no out-of-pocket payments from patients.

*Commercial dental insurance plan benefits*

Review of HealthCare.gov's dental plans available in Oregon showed the plans generally cover the same services as OHP, with some additional services covered, such as orthodontia, with limited benefits. The private plans are not standardized, and vary widely in out-of-pocket costs and limitations, such as waiting periods before coverage or between covered treatments. Root canals, for example, carry cost-sharing requirements varying between 20 percent and 50 percent of the cost of the service, or between \$200 and \$400 under each of the seven private plans analyzed. The service is subject to no limitations under three plans and a 12-month waiting period under two others. Another plan limits the benefit to front teeth only, and the seventh plan limits coverage of root canals to one per 36-month period. Provider networks also vary by plan, and no plan requires dental practices to provide language services.

The advisory group agreed that the payments required at the time of service – even if reimbursed later by the program – would prevent the program participants (all low-income according to eligibility) from getting care. Staff anticipated that the variation of benefits across the private plans would make it complicated to review and process reimbursement requests, creating a heavy operational burden.

*Two systems for delivering OHP-level services*

Outside of the coordinated care organizations (CCOs), OHA reimburses providers of oral health services either on a fee-for-service basis to those providers enrolled in the Open Card network (paying provider claims for each service) or through managed dental care via dental care organizations.

Similar to Oregon's coordinated care organizations, dental care organizations are paid per member, per month to manage the oral health care of their members. Dental care organizations have somewhat wider networks than OHP's Open Card fee-for-service program.

*Costs and limits to the estimates*

DCBS staff members have sought to estimate costs of a COFA oral health program for this report, as required by SB 147. **Not all costs of the three program-model options could be estimated.** Service prices and volume of usage by COFA program participants under the private-plan option would significantly affect the costs of the program, and not enough of that data are available. As a result, analyzing the potential costs is not an apples-to-apples comparison. The cost estimate below for the **private carrier option includes only premium costs but no out-of-pocket costs.** (Additionally, a low-premium cost option and a high-premium cost option are included.)

The dental care organization and fee-for-service figures include all care costs under the

program, including prices and use. However, for both the average fee-for-service cost and the DCO contracted rate, expected oral health service costs were calculated using claims data from OHP. The OHP cost data is assumed to be comparable to costs generated by COFA program enrollees, but actual claims may differ. (See *Recommendations* section for more on this.)

All estimates include some administrative costs. Costs could not be estimated, so they are not included, for any computer-system changes at OHA that would be necessary if the COFA oral health program operated under an agreement with OHA.

COFA total cost estimate for dental coverage

	Total through FFS / OHA	Total through DCO	Total through private carrier (low estimate)	Total through private carrier (high estimate)
Costs for 2019 plan year	\$314,385	\$390,050	\$319,966	\$743,186
Costs for 2020 plan year	\$240,318	\$302,945	\$244,937	\$595,232
<b>Total cost</b>	<b>\$554,703</b>	<b>\$692,994</b>	<b>\$564,904</b>	<b>\$1,338,419</b>

Note: Private carrier cost estimates do not include any out-of-pocket costs that may be incurred.

More detail on how the estimates were produced is available in the addendum to this report.

## Recommendations

### *Program model*

DCBS recommends that Oregon offer OHP-level dental coverage to any COFA-islander resident of Oregon with income less than 138 percent of the federal poverty level. This would match the program to Oregon’s COFA medical insurance program, which provides OHP-level coverage to COFA islanders who meet income standards for OHP.

Staff members experienced with administering the COFA medical insurance program and advisory group members familiar with the COFA community cautioned that any private-plan-based program relying on participants paying out-of-pocket costs for later reimbursement would be difficult for low-income COFA islanders. They warned that it is likely the participants would forgo needed care because they do not have enough money to pay at the time of service and wait for reimbursement. For that reason, they recommend operating a program modeled after OHP’s fee-for-service dental coverage or OHP’s oral-health managed care program based on dental care organizations.

### *Operation and management*

If DCBS administers a program with OHA-level oral health benefits for COFA islanders in Oregon – whether fee-for-service or through dental care organizations – it cannot simply bill OHA for the provider services. The alternatives for operating an OHP-like program are for the Legislature to allocate funding for OHA to administer such a program and pay the dental care organizations or providers, or for DCBS to contract directly with managed care entities.

### *Funding*

Unlike Oregon's COFA Premium Assistance Program, which can rely on COFA islanders' individual eligibility for premium tax credits and federal cost-sharing assistance to support their coverage, there is no federal or other outside source of funding for the oral health program. DCBS recommends allocating general fund dollars to support the new oral health program, covering the full costs of services for enrollees.

### *Costs*

Lack of data on service usage and oral health condition among COFA islanders in Oregon is a barrier to accurately predicting the costs of an oral health program for this population. A reliable estimate of costs of care is essential regardless of the model used. DCBS recommends the Legislature fund – at an expected cost of \$25,000 – a thorough demographic study of the eligible COFA population, age, region of residence, and dental need.

DCBS proposes issuing a request for proposals for the demographic study. DCBS also recommends the agency issue a request for information to dental care organizations and carriers. The request for information should be designed to gauge the organizations' interest in participating, and to gather annual member claims and out-of-pocket cost data.

## **Next Steps**

The agency volunteers to produce a second report for the Legislature after receiving and analyzing the results of the request for proposals and request for information, not later than June 30, 2018.



# MEMORANDUM

September 7, 2017

To: Nina Remple, Program Manager, COFA Premium Assistance Program  
Chiqui Flowers, Administrator, Oregon Health Insurance Marketplace

From: Justin Fuller, Fiscal Analyst, Central Services Division

Subject: Cost estimate for reimbursing dental expenditures for COFA enrollees

**Issue:**

You have asked for an estimate of the cost of expanding the COFA Program to cover dental costs of enrollees for the 2019 and 2020 plan years. The following memo provides the estimated costs for the two plan years as well as a discussion of our assumptions.

We estimated costs for three scenarios. One scenario uses rates similar to OHA’s fee-for-service (FFS) model. The second scenario uses rates based on a dental care organization (DCO) model. Finally, a private carrier cost model is included. Please note that the cost estimate for the private carrier option includes only premium costs but no out-of-pocket costs. We were not able to obtain dental service usage and price data that would have allowed us to estimate the out-of-pocket costs for a private carrier option. Additionally a low-premium cost option and a high-premium cost option are included. This memo only discusses the price differences and does not detail differences in covered services between the low-premium and high-premium plans or between the FFS and DCO models.

The following table shows the total cost estimates for providing dental coverage for COFA Program enrollees for plan years 2019 and 2020 under all scenarios. These costs include the cost of dental care as well as administrative costs. Administrative costs are identical in all three models. Details of these estimates are discussed below.

COFA total cost estimate for dental coverage

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**Dental reimbursement costs:**

We base our cost estimates on the assumption that the 2019 and 2020 plan years will each have 500 COFA enrollees. For all scenarios, we assume that enrollees defer some dental care until they gain coverage. We inflate the 2019 plan year rates by 32.9 percent to reflect the pent-up demand for dental services (this is referred to as ‘Additional demand’ in the tables below).

Dental costs for the fee-for-service / OHA scenario are estimated using an average per-member-per-month co-pay cost data across different demographic groups. Applied to the estimated 500 COFA enrollees, we estimate that total dental costs will be approximately \$159,000 in plan year 2019 and \$132,000 in plan year 2020. An additional charge of \$1 per-member-per-month may be incurred if the state engages a third-party care coordination manager, such as KEPRO, which serves the existing OHP FFS population. These costs are not included in the estimates but would add \$6,000 per year to the fee-for-service model.

Dental costs in the DCO scenario are estimated using 2018 DCO proposed rates applied to the COFA population. For 500 COFA enrollees, we estimate that the total dental costs will be about \$235,000 in plan year 2019 and will be approximately \$194,000 in plan year 2020.

Dental costs in the private pay scenarios are based on proposed 2018 dental rates. At the low range, the dental costs for the 2019 plan year in this scenario are approximately \$164,000 and \$136,000 for the 2020 plan year. At the high range, we estimate that the 2019 plan year dental costs for the private plan option will be about \$588,000. For the following plan year, we estimate that the cost will be about \$486,000.

The dental rates for the FFS / OHA scenario are from calendar year 2016. The rates for the DCO and private pay scenarios are from 2018 rates. In all cases, we inflated the rates by 10 percent per year through the 2019 and 2020 plan years to reflect increases in the cost of dental care. This inflation rate is consistent with our initial model of the medical costs for COFA medical reimbursements. Please note that this inflation rate is not an estimate of dental service price appreciation. Instead, the rate is an attempt to mitigate the risk of uncertainty surrounding the number of program participants and dental service utilization.

Summary tables for these estimates are shown below:



**ADDENDUM to SB 147 (2017) Report to the 2017 Oregon Legislative Assembly**

COFA dental care cost estimate through FFS

	Plan year 2019	Plan year 2020
COFA enrollees	500	500
PMPM FFS rate	\$19.93	\$21.92
Additional demand	1.329	1.000
Yearly total per member	\$318	\$263
<b>Total dental care cost</b>	<b>\$158,883</b>	<b>\$131,505</b>

COFA dental care cost estimate through DCO

	Plan year 2019	Plan year 2020
COFA enrollees	500	500
Average DCO rate	\$29.41	\$32.36
Additional demand	1.329	1.000
Yearly total per member	\$469	\$388
<b>Total dental care cost</b>	<b>\$234,547</b>	<b>\$194,132</b>

COFA dental care cost estimate through private carrier (low estimate)

	Plan year 2019	Plan year 2020
COFA enrollees	500	500
Premium	\$20.63	\$22.69
Additional demand	1.329	1.000
Yearly total per member	\$329	\$272
	\$164,464	\$136,125

COFA dental care cost estimate through private carrier (high estimate)

	Plan year 2019	Plan year 2020
COFA enrollees	500	500
Premium	\$73.70	\$81.07
Additional demand	1.329	1.000
Yearly total per member	\$1,175	\$973
	\$587,684	\$486,420

Note: Private carrier cost estimates do not include any out-of-pocket costs that may be incurred.

**Staff costs:**

One additional Program Analyst 2 will be needed to meet the additional workload of providing dental reimbursements to COFA Program participants. We assume that they will be hired by July 1, 2018, in time to help implement the program, assist COFA participants during open enrollment, and manage dental reimbursements during the plan year. For plan year 2019, this position is expected to cost approximately \$122,000. For the 2020 plan year, we expect this staff to cost about \$85,000. These costs include salary and fringe benefits. The table below summarizes these costs:

**Personal Service costs for 2019 plan year**

Item	Class Title	Start	End	# of Months	Position Count	Total PS Costs
1	PROGRAM ANALYST 2	7/1/2018	12/31/2019	18	1	\$121,965

**Personal service costs for 2020 plan year**

Item	Class Title	Start	End	# of Months	Position Count	Total PS Costs
1	PROGRAM ANALYST 2	1/1/2020	12/31/2020	12	1	\$85,147

**Service and supply costs:**

For the 2019 plan year, we expect that services and supplies will cost approximately \$33,500. This amount includes \$10,000 for additional publicity and \$5,000 for the translation of dental materials into other languages. The remainder consists of office supplies, rent, telephone services, employee training, and other such costs. The 2019 plan year includes service and supply costs beginning July 1, 2018 through December 31, 2019.

For the 2020 plan year, we expect that service and supply costs will be about \$24,000. The 2020

plan year service and supply costs are lower than the prior year because costs cover 12 months of program activity.

Service and supply costs are inflated 3 percent per year.