2021 SENATE HUMAN SERVICES

SB 2343

2021 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Sakakawea Room, State Capitol

SB 2343
2/3/2021

A BILL for an Act to create and enact a new section to chapter 50-24.1 of the North Dakota Century Code, relating to medical assistance dental benefits.

Madam Chair Lee opened the hearing on SB 2343 at 9:00. Senators present: Lee, K. Roers, Hogan, Anderson, Clemens, O. Larsen.

Discussion Topics:

- Dentists buy-in
- Dental program design
- Benefit manager reimbursement and savings
- Review video for additional discussion topics

[9:00] Senator Kristen Roers, District 47. Introduced SB 2343.

[9:01] Darin Gordon, President & CEO, Gordon & Associates, LLC. Provided testimony #5004 in favor.

[9:23] Lisa Feldner, on behalf of William Sherwin, Executive Director, North Dakota Dental Association. Provided neutral testimony #5154 in favor.

[9:25] Eric Elkins, Medical Services Division, Department of Human Services. Provided neutral testimony.

[10:02] William Sherwin, Executive Director, ND Dental Association. Provided neutral testimony #5168.

Additional written testimony: N/A

Madam Chair Lee closed the hearing on SB 2343 at 10:18 a.m.

Justin Velez, Committee Clerk

Testimony SB 2343
Darin Gordon

Good morning. My name is Darin Gordon and I am the President & CEO of Gordon & Associates, LLC, a healthcare consultancy based in Nashville, TN.

Thank you for allowing me to offer testimony today in support of SB 2343.

As background, I have been involved with Medicaid for nearly 25 years. For 20 years, I was fortunate enough to spend time in public service in the state of Tennessee. While in public service, I served in multiple roles related to Medicaid, but my final 10 years was as the Medicaid Director of Tennessee's program – TennCare. During my tenure, I was also elected by my peers from across the country first as Vice-President and later as President of the National Association of Medicaid Directors (NAMD). I have also had the pleasure of working on a variety of National Governors Association healthcare related task forces and with assisting states throughout the country on ways to improve and enhance their Medicaid programs.

In addition to my current role as a consultant, I also currently serve as a Commissioner on the Medicaid and CHIP Payment and Access Commission (MACPAC). MACPAC is a non-partisan legislative branch agency that provides policy and data analysis and makes recommendations to Congress, the Secretary of the U.S. Department of Health and Human Services, and the states on a wide array of issues affecting Medicaid and the State Children's Health Insurance Program (CHIP). I am not speaking today in my role as a MACPAC Commissioner, but in my personal capacity as a Medicaid professional.

Today I want to share with the committee my experience with the Medicaid Dental program in Tennessee in hopes that it will provide the committee with additional information regarding the success of the program in our state as you consider SB 2343.

Testimony SB 2343
Darin Gordon

I do recognize that each state is unique, and it is commonly said that "if you know one Medicaid program, you know one". With that said, I do think there are lessons learned that can be helpful across states.

TennCare's objectives with it's dental contract was threefold:

- deliver high-quality care to enrollees;
- increase the number of enrollees utilizing dental care; and,
- predictable and sustainable program costs.

Now the current risk-based dental contract in place in Tennessee is a departure from any other dental contracts Tennessee had in the past.

From 1994-2002, the dental services were carved into the managed care plans that the state contracted with for multiple Medicaid services. From 2002 – 2013, the dental contracts were administrative services organization (ASO) contracts where the dental benefits manager (DBM) was not at risk financially. TennCare shouldered all the risk relative to dental claims expenditures. Nevertheless, there were good things about the ASO model.

Over an 11-year period we saw an increase in the number of enrollees who received care and dentists who participated in the program.

The biggest negative with the old model for TennCare was its inability to predict annual dental expenditures since the DBM was not at risk and there was the desire to see more innovation than the ASO model produced.

Also, over twenty-two years of managed care experience had taught Tennessee some valuable lessons.

One of those lessons is that "risk bearing" incentivizes vendors to manage better in a couple of ways:

- It brings renewed focus; and,

- It allows the plans to invest in new initiatives if there is the potential for a return on the investment.

Contract Model

It is important to note that our risk-based model that we moved to also included performance expectations around quality and utilization benchmarks (increasing utilization).

At the end of contract year 1, the DBM not only posted significant savings in dental claims expenditures, they exceeded the target enrollee participation ratio in the process. This may sound counter-intuitive, but the model actually achieved better cost efficiencies while increasing dental participation amongst our members.

Internal and external analyses show that the new contracting approach resulted in the vendor:

- Exceeding network adequacy standards outlined in the contract;
- Exceeding the annual participation ratio; and,
- Achieving 100% compliance on 14 of 17 Quality Process Standards and substantial compliance on the remaining 3 standards.

At the end of Contract year 2, the contract continued to show expenditure savings and further increases in enrollee participation.

This trend continued in the years that followed.

Needless to say, we were excited with the results. It confirmed our hypothesis: if done correctly, moving from a fee for service or ASO relationship to an

appropriately designed risk-based arrangement can result in better overall performance, better utilization of services at predictable and sustainable levels.

This concludes my opening comments and am happy to answer any questions the committee may have.

Thank you.

Testimony on SB 2343
William R. Sherwin
North Dakota Dental Association
Senate Human Services Committee
February 3, 2020

Good morning Chairman Lee and members of the Senate Human Services Committee, my name is William Sherwin, Executive Director of the North Dakota Dental Association. We greatly appreciate the opportunity to offer our suggestions about how to assure high quality, cost-effective care, and maintain access to North Dakota Medicaid patients either through traditional fee-for-service administered by the ND Department of Human Services(DHS) or any new Medicaid managed care model that may be considered for dental services.

From the perspective of dental services, many states have made the transition from state-administered fee-for-service (FFS) Medicaid models to managed care with improved outcomes and some have had difficulties. Based on those experiences, we can share some of the key points to consider if transitioning dental to a managed care model. North Dakota has had some limited experience with dental managed care, as the Healthy Steps S-CHIP program has had Delta Dental of Minnesota as its Dental Benefits Manager since inception.

The following is a list of important considerations when considering a transition to dental Medicaid managed care:

1. The dental benefits model should be a "carve-out" from the medical model so that cost-savings and prevention can be better targeted and incentivized and risk can be minimized for the state and providers.

2. A single vendor should be selected which will simplify the list of covered services, fee schedule, and contract for less administrative friction.

3. Require the Managed Care Organization (MCO) or Dental Benefits Manager (DBM) to establish evidenced-based policies that promote prevention, establish a dental home, and adhere to EPSDT periodicity guidelines for children.

4. Maintain fee-for-service (FFS) model (with reimbursement rates no lower than current rates) as opposed to capitation models that create disincentives for providers.

5. The state should compensate the MCO or DBM using actuarially sound per member per month rates.

6. Require adequate reporting metrics so that value-based reimbursement and incentives can be utilized where possible.

7. Use state-of-the art administration of claims, eligibility status access, and support systems that are timely and accurate for providers.

8. Ensuring services sufficient in amount, duration, and scope to meet the purpose of the Medicaid Program.

In regard to SB 2343, we feel these eight considerations are the most important for your committee to consider when reviewing any new Medicaid managed care model that may be selected for dental services. In addition to these eight considerations we are committed to working with any and all entities outlining detailed concerns and detailed recommendations when developing an RFP for dental managed care plans.

In summary, the NDDA has a neutral position on SB 2343. We feel that if a contracted managed care system is built into North Dakota's dental Medicaid program, the best, cost-effective outcomes will only be achieved with the input of dentists in North Dakota throughout the design and implementation process. If the state decides to implement a dental "carve-out," we look forward to working with DHS to improve the oral health of ND Medicaid recipients. Currently, we are very satisfied and happy with our current FFS system as administered by DHS but will always welcome the conversation and direction of the department to further the outcome of ND Medicaid recipients in our state. As we have always stated, the NDDA is committed to working with our ND Department of Human Services to assure high quality, cost-effective care, and maintain access to North Dakota Medicaid patients in whatever system is deemed most appropriate by DHS and the state.

2021 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Sakakawea Room, State Capitol

SB 2343
2/8/2021 AM

A BILL for an Act to create and enact a new section to chapter 50-24.1 of the North Dakota Century Code, relating to medical assistance dental benefits.

Vice Chair K. Roers opened the discussion on SB 2343 at 9:01 a.m. Members present: Lee, K. Roers, Hogan, Anderson, Clemens, O. Larsen.

Discussion Topics:

- Revised fiscal note
- Removing contract length language
- Quality measures
- Dental/Medicaid access
- Appointment only structure
- Bidding process
- Programs for school children

[9:02] Senator Kristin Roers, District 27. Provided committee with fiscal note estimate documents. (testimony #5853)

[9:03] Darin Gordon, Former Medicaid Director, Tennessee. Provided clarification to the committee on the revised fiscal note.

[9:06] Caprice Knapp, Director, Medical Services Division, DHS. Introduced Eric Elkins to the committee.

[9:08] Eric Elkins, Medical Services Division. Provided clarification to the committee on the estimated PMPM budget.

Additional written testimony: N/A

Madam Chair Lee closed the discussion on SB 2343 at 9:36 a.m.

Justin Velez, Committee Clerk

North Dakota SB 2343

			Source
PMPM from FN	$	20.37	Fiscal Note
Members from FN		83,233	Fiscal Note
Estimated Annual Exp from FN	$	20,345,475	Fiscal Note
Current Biennium Appropriation fr	$	14,309,744	Fiscal Note
Members from FN		83,233	Fiscal Note
Est PMPM budgeted	$	14.33	Computed from Fiscal Note (14,309,744/83,233/12)
Est PMPM budgeted	$	14.33	Computed from Fiscal Note from above
Agency's 10% DBM admin	$	1.43	Computed based on Fiscal Note's 10% est.
Agency's 1% DBM profit	$	0.14	Computed based on Fiscal Note's 1% est.
Total PMPM w/admin & profit	$	15.90	Computation
Total PMPM w/admin & profit	$	15.90	Computation from above
Members from FN		83,233	Fiscal Note
Total Estimated Annual Exp	$	15,883,816	Computation ($15.90 * 83,233 * 12)
Current Biennium Appropriation fr	$	14,309,744	Fiscal Note
Total Estimated Annual Exp	$	15,883,816	(assuming current spend +10% admin +1% profit)
Variance	$	(1,574,072)	
State	$	(749,258)	
Federal (52.40% FMAP)	$	(824,814)	

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SB 2343
2/8/2021 PM

A BILL for an Act to create and enact a new section to chapter 50-24.1 of the North Dakota Century Code, relating to medical assistance dental benefits.

Madam Chair Lee opened the discussion on SB 2343 at 4:04 p.m. Members present: Lee, K. Roers, Hogan, Anderson, Clemens, O. Larsen.

Discussion Topics:

- Proposed amendment
- Managed care plans

[4:04] Jonathan Alm, Attorney, DHS. Provided the committee with an overview of proposed amendments (testimony #6837).

Senator K. Roers moves to **ADOPT AMENDMENT** 21.0784.01001.
Senator Hogan seconded.

Voice Vote – motion passed

[4:11] Erik Elkins, Medical Services Division, DHS. Provided the committee with the fiscal impact associated.

Senator K. Roers moves **DO PASS, AS AMENDED, REREFFER TO APPROPRIATIONS.**
Senator Hogan seconded.

Senators	Vote
Senator Judy Lee	Y
Senator Kristin Roers	Y
Senator Howard C. Anderson, Jr.	N
Senator David A. Clemens	N
Senator Kathy Hogan	Y
Senator Oley Larsen	N

The motion failed 3-3-0

Senator Anderson moves **DO NOT PASS, AS AMENDED.**
Senator Hogan seconded.

Senators	Vote
Senator Judy Lee	N
Senator Kristin Roers	N
Senator Howard C. Anderson, Jr.	Y
Senator David A. Clemens	Y
Senator Kathy Hogan	Y
Senator Oley Larsen	Y

The motion passed 4-2-0

Senator Anderson will carry SB 2343.

Additional written testimony: N/A

Madam Chair Lee closed the discussion on SB at 4:23 p.m.

Justin Velez, Committee Clerk

CJ 218 1 of 1

21.0784.01001
Title.02000

Adopted by the Human Services Committee

February 8, 2021

PROPOSED AMENDMENTS TO SENATE BILL NO. 2343

Page 1, line 2, after "benefits" insert "; to provide a statement of legislative intent; to provide for a report; and to provide a contingent effective date"

Page 1, line 7, remove "1."

Page 1, line 7, replace "a" with "one or more"

Page 1, line 10, after the underscored period insert "If the department is unable to award a contract under this section or determines the department must terminate a contract that has been awarded under this section, the department shall continue to offer medical dental services as fee-for-service."

Page 1, replace lines 11 through 17 with:

"**SECTION 2. LEGISLATIVE INTENT - ACCESS AND OUTCOMES.** It is the intent of the sixty-seventh legislative assembly that access to dental services and dental health outcomes under a managed care contract resulting from section 1 of this Act must be greater than access to dental services and that dental health outcomes must be improved for Medicaid members under the current fee-for-service arrangement. It is also the intent that expenditures decrease under a managed care contract as compared to the current fee-for-service arrangement. The managed care contractor shall provide evidence to the department of human services that the contractor has decreased expenditures, improved dental outcomes, and maintained or improved access relative to the current fee-for-service arrangement.

SECTION 3. REPORT TO LEGISLATIVE MANAGEMENT - DENTAL MANAGED CARE. The department of human services shall provide reports to the legislative management during the 2021-22 interim regarding the progress to implement the managed care contract required under section 1 of this Act.

SECTION 4. CONTINGENT EFFECTIVE DATE. Section 1 of this Act becomes effective on the date, which may not be earlier than July 1, 2022, that the department of human services certifies to the legislative council that the department has entered a contract with a dental health plan and has secured the necessary approvals from the centers for Medicare and Medicaid services for ensuring federal Medicaid funding for services provided under a dental managed care contract."

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2343: Human Services Committee (Sen. Lee, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2343 was placed on the Sixth order on the calendar.

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SECTION 4. CONTINGENT EFECTIVE DATE. This Act becomes effective no sooner than July 1, 2022, and only after the department of human services enters a contract with a dental health plan and has secured the necessary approvals from the centers for Medicare and Medicaid services for ensuring federal Medicaid funding for services provided under a dental managed care contract. The department of human services shall certify to the legislative council the effective date."

Renumber accordingly