TEXAS
Health and Human Services Commission

Presentation to House Public Health Committee on Delivery of Dental Services in Medicaid

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Medicaid Orthodontia: Background

- Concerns raised about high utilization of Texas Medicaid orthodontia services.

- Allegations about Medicaid policies and management of the prior authorization process by Texas Medicaid & Healthcare Partnership (TMHP).

Medicaid Orthodontia: Fee-For-Service Policy

- Medicaid fee-for-service (FFS) policy limits orthodontic services (including braces) to treatment of medically necessary cases:

  - Children ages 13 and older with severe handicapping malocclusion (a misalignment of teeth that causes the upper and lower teeth not to fit together correctly)
  - Children under 21 years of age with cleft palate or other special medically necessary circumstances

- Medicaid policy does not allow orthodontia for cosmetic reasons.

Medicaid Orthodontia: Prior Authorization Management

- HHSC contracts with TMHP for Medicaid claims administration activities (including processing claims and enrolling providers)
- HHSC reviewed TMHP's prior authorization evaluation process and identified areas where improvement was necessary:
  - Review and retention of clinical information
  - Collection of additional clinical information
  - Employment of sufficient and qualified staff
- TMHP staffing changes:
  - TMHP hired a new Dental Director
- HHSC is addressing performance issues though contract requirements.

Medicaid Orthodontia: Fee-For-Service Contract Quality Assurance

- The contract quality assurance process has been revised to include additional factors such as staff qualifications, volume, and accuracy.

- Staff qualification metrics will ensure that: staff with correct knowledge review prior authorization (PA) requests, staff volume is reasonable given the number of PA requests, and a quality component has been added to reviews.

- Each quarter, HHSC will test a random sample of TMHP-approved orthodontia PAs to assess accuracy.

- HHSC hired a full-time Medicaid Dental Director.

Medicaid Orthodontia: Fee-For-Service Policy Review

- HHSC determined that Medicaid policy for orthodontia reimbursement allowed orthodontic service maintenance visits to be billed more than once per month which could provide incentives for more visits than necessary.
  - Average number of visits for a child receiving orthodontia services exceeded 22 per year (typically 12 visits per year is expected)

- HHSC is revising this policy to allow for comprehensive orthodontia payments.
  - Payments will be based on the level of severity and several other changes to strengthen policy weaknesses

Medicaid Orthodontia: Fee-For-Service Policy Changes

- Effective October 1, 2011, dentists must submit full-cast dental models with all orthodontia requests in addition to the radiographs, photos, and other documentation already required.

- Performance of Medicaid orthodontia services are limited to board certified and board-eligible orthodontists.

- HHSC is planning to offer comprehensive rates that includesall services related to the orthodontia service.

Medicaid Orthodontia: Dental Managed Care

- On March 1, 2012, children's Medicaid dental services (including orthodontic services) were transitioned into managed care.
  - Dental plan contracts are at-risk contracts in which the state contracts with managed care organizations that assume financial risks for delivered services
- Dental managed care contracts include quality improvement and utilization review requirements.
  - Quality improvement - continuously examine, monitor, and revise processes and systems to improve administrative and clinical functions
  - Utilization review - retroactive, prospective, or concurrent reviews of the appropriateness of dental services provided

Medicaid Orthodontia: Dental Managed Care

- The state required dental plans to submit their prior authorization policies for review with the goal of ensuring medically necessary orthodontic service delivery.

- Dental plans conduct provider profiling to identify unusual service delivery trends.

- Special investigative units track, trend, and report possible fraud, waste, and abuse.

Medicaid Dental and Orthodontia Status

- Fee-For-Service (FFS):
  - TMHP has received no new requests for orthodontia services since March 1, 2012
  - TMHP continues to process claims for previously approved dental and orthodontic services that did not transfer to or are not part of dental managed care

- Dental Managed Care:
  - Since the implementation of managed care, there has been a significant decrease in the number of orthodontic prior authorization requests and approvals

Medicaid Orthodontia: Next Steps

- Redefine Orthodontic Medical Necessity as "Malocclusion that requires surgery to correct."
- Recruit new orthodontic providers in potential low access-to-care areas.
- Encourage current providers to continue client treatment.
- Encourage new providers to accept transfer cases:
    - Developed payment option (CDT code D8999)
    - Streamline transfer of client care authorizations to ensure care continuation

OIG: Medicaid Orthodontia Claims

- HHSC-OIG data analysis has identified more than 50 probable overutilizers of orthodontia services.

- Analysis by experts indicates orthodontic overutilization rates range from 39 percent to 100 percent with an average error rate of 93 percent.

- HHSC-OIG has completed 27 investigations with $229,083,146 in identified potential overpayments and has placed 26 orthodontic providers on payment hold based upon credible allegations of fraud.

OIG: Medicaid Non-Orthodontia Claims

- HHSC-OIG data analysis has identified 89 probable overutilizers of non-orthodontic dental services.

- Analysis by experts suggests error rates ranging from 25 percent to 99 percent, averaging 55 percent, and resulting in identified potential overpayments of $154,000,000.

OIG: Medicaid Dental Claims

- At the end of September, HHSC-OIG received formal approval from the Centers for Medicare & Medicaid Services (CMS) to purchase and implement a comprehensive revision of HHSC-OIG's analytics and case management system.
    - Approval came with financial support
    - Implementation began October 1, 2012, with the initial deployment phase scheduled for completion in January 2013
- With the most advanced and comprehensive data analysis system in the country, future widespread overpayments within an industry such as those in orthodontics become unlikely.

OIG: TMHP Performance Audit

- TMHP Performance Audit Report was issued August 28, 2008 and significant findings included:
  - An opportunity for improvement exists in the orthodontic prior authorization requests process
  - Prior authorization staff approved prior authorization requests that were not in compliance with the Texas Medicaid Providers Procedures Manual

OIG: Follow-Up Audit

- Follow-up audit of TMHP was conducted in conjunction with the U.S. Department of Health and Human Services' (HHS) review.

- Internal Control Report was issued August 1, 2012, and significant findings included:

  - TMHP is not hiring medically knowledgeable personnel to process dental prior authorization requests as contractually required

  - The dental director is not approving all orthodontic prior authorization requests

  - TMHP's Quality Assurance Review tool does not address medical necessity

  - TMHP is approving multiple prior authorization requests for the same client and the same service

OIG: Next Steps

- Awaiting the sample from the federal OIG:

    - Federal OIG has began to mail letters to providers requesting documentation

    - Orthodontists will contract with HHSC

    - HHSC-OIG will conduct a review of the records

    - Results will be extrapolated to the entire state