

House Public Health Committee

October 15, 2012

Written Testimony of Dr. Greg Lerner, Founding Partner of South Texas Dental Associates

Chairwoman Kolkhorst and members:

My name is Greg Lerner and I am a dentist and one of five partners of South Texas Dental. I appreciate the opportunity to visit with the members of the committee today, specifically about South Texas Dental but more broadly about issues affecting our industry.

My partners and I started STD in 1993 and built it into a successful practice with 24 locations in Houston, Dallas, Fort Worth, and San Antonio.

We employ over 90 general dentists and specialists and roughly 70% of our business is Medicaid. We began seeing Medicaid patients nearly 20 years ago when few dentists were interested in accepting Medicaid – and before the Frew settlement.

Three years ago, my partners and I partnered with a private equity firm to start a Dental Management Company, now what many refer to as a Dental Service Organization or DSO. Today dentists own 40% of our DSO. However, 100% of clinical decisions are made by dentist partners. This partnership works well for all the stakeholders, including the patients. Dentists continue to make all the medical decisions while our partner handles the business aspects of the dental practice.

This arrangement is common both in dentistry and in medicine and will continue to grow in popularity.

Before I get to my specific remarks I would like to take a moment to talk about recent negative news about the industry, particularly with the state's Medicaid orthodontic program. As dentists we are as concerned as anyone when we hear and see news stories about fraud and abuse by dentists and orthodontists. The damage it does to the reputation of our industry angers us. We don't like doctors who cheat the system any more than you do and we want them stopped.

Now, I'd like to discuss three topics with the committee today.

The first has to do with group dental practices and the misconceptions and misrepresentations about the structure of dental practices today. In recent testimony, in this committee, and in other venues we have been dismayed to see an effort to question the quality of work done by group dental practices.

The implication/assertion is that group dental practices are not capable of delivering the same high quality treatment for their patients as solo practitioners.

We disagree strongly with that misrepresentation. We have been a group practice since 1993 and are proud of the work we do for our patients. Our customer satisfaction surveys, which are performed by an independent survey firm, show that 97% of our patients are satisfied with the care they receive.

So, there is no correlation between the quality of dental care a patient receives and the number of dentists a practice employs.

Secondly, we want to call your attention to an ongoing problem that deserves your attention – the illegal use of incentives in marketing – in other words giving potential Medicaid clients something of value to get them into a dental clinic. This practice is illegal and if dentists are willing to do this to get patients are they not likely to abuse the system in other ways?

We see rampant use by competitors of gift cards and other incentives to bring patients in. This drives up costs for the state, tarnishes the image of our profession, and is unfair to law-abiding dental practices. We see little effort to control this by regulatory authorities.

The Texas Dental Board continues to maintain it lacks the jurisdiction and the resources to go after dentists who illegally market their services. While we believe they have the authority they need, if not, we support giving them the needed laws and resources to enforce these regulations.

As some of you may be aware there is a new proposed rule pending approval at the dental board concerning solicitation of patients. We strongly support the general theme of this proposed rule designed to prevent the payment of incentives to obtain new patients but strongly oppose part (b) of this proposed rule, which seems to state that it is acceptable to provide cash and other incentives to existing patients. This is inconsistent with federal laws governing Medicaid, Medicare and other government health programs, which prohibit inducement / incentives for any patients

Finally, as you are aware, earlier this year the state transitioned to a dental managed care program for Medicaid. As with any change of this magnitude there have been challenges for South Texas Dental Associates and other dentists, but generally we have adjusted to the new system.

There is one aspect of the program that is a major problem for dental offices as well as patients that needs to be changed -- patients are assigned to an individual Main Dentist instead of to their preferred dental office. If an associate dentist leaves our practice, the system is set up for those patients to be reassigned from South Texas Dental to the associate's new location – which, because of non-compete agreements with the dentist is almost always too far away to make sense for the patients. This situation creates problems for the patients, the managed care companies, and us:

- The patients get confused because they get a new ID card for a Main Dentist that is not convenient to where they live and then must contact the managed care companies to switch back
- The managed care companies must reissue id cards at least once and probably twice when they switch back at a cost of roughly \$1 per card
- For South Texas Dental, we have to spend money sending mail and making phone calls if we want to encourage those patients to come back

Patients should just be assigned to their preferred dental office, which is what is done in most other Dental Home programs - and these problems would be eliminated.

In conclusion, we believe we have a successful dental practice that serves its patients well and does it in an effective, cost - efficient manner. We will continue to be a voice for the industry and work with the legislature and state agencies to continue to deliver these critical services to the citizens of Texas.

I appreciate the opportunity to submit this testimony to the committee.