



President's Report

Len Matuszak

► It's difficult for a day to pass by when the Country, the State and our Industry are not buffeted by a seemingly endless litany of troubling news. In general, the impact of this news, along with the corresponding daily increase in the cost of gas, energy, food and most other services, can lead some to believe that dental care and dental care insurance is an expendable item. Nothing could be further from the truth. We need to focus on the fact that we represent one of the best values and most valuable services available.

With that value thought in mind, many of you who attended the Annual Conference in May heard us chronicle the many successes achieved by CADP for Plans during the last few years. In this difficult business environment let's recall those successes so that everyone is aware of them. Imagine, if you can, what effects there would have been on your organizations if these activities had taken an opposing tack. CADP:

- Created a white paper and PowerPoint presentation, used as the basis for an educational briefing regarding the dental benefits industry in California, presented to the DMHC leadership team, including Director Cindy Ehnes.

- This analysis is being updated and we plan to meet with DMHC staff to present this information and CADP's educational involvement

- In 2005, in conjunction with the DMHC, developed a flexible dental benefit design process, under which six flexible products have been developed by dental plans and approved by the Department

- Developed a Memorandum of Understanding regarding the Dental Technical Assistance Guide, or TAG, which outlined proposed revisions recommended by a CADP subcommittee which was approved by the Department

- Created an EOC template, accepted by the Department for use by dental plans. This project also included creating what we and the Department call "the roadmap" – a document outlining requirements and the Knox-Keene citations for those requirements

- In cooperation with the Department, developed standards for the block transfer process to ensure that dental plans were not affected

- Along with other specialized plans, successfully lobbied for legislation that changed the formula used to calculate the annual HMO assessment, which reduced it for specialized plans

- In the last few months, completed the establishment of the CADP PAC and initial support for legislative leadership has already taken place

With hundreds of legislative and regulatory proposals potentially affecting every specialized plan license, your Association remains even more invested in the process of working with legislators and regulators to maintain as much as possible the environment that produces one of California's best consumer values – Prepaid and Insured Group Dental Benefits.

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The CADP News is published quarterly. Your suggestions and/or comments are encouraged. Please write or call:

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Dots and Dashes

Charles D. Stewart, DMD
Chair Quality Management Committee

▶ Summertime traditionally is a time for outdoor activities, picnics, camping, vacations and sporting events. In the field of Quality Management there is no such time off. There are never-ending regulatory filings, compliance issues, consumer complaints, etc.

That said, it's important to take time for ourselves and enjoy what summer has to offer, renew friendships and enjoy family. Take a step on the wild side, do something on your bucket list, live life.....I did just that, and actually drove in a 20-lap NASCAR exhibition on a half-mile oval. This was one of those things that allowed me to put work issues out of my mind, if only for a couple of hours. I returned to work on the subsequent Monday, refreshed and invigorated.

I tend to drive myself beyond the point of return, and have found a new way to get back in touch with inner enjoyment. I learned that I must get away, if only for a short period! I also recommend it to you, to enjoy what the season has to offer and get away, if only for a short period of time or small activity.

Back to reality and away from the summertime dreams and activities – the Quality Management Conference held May 30 and 31, 2008, at the Esmeralda Resort was very well attended and received rave reviews regarding the program as well as the format of the course. This was the first real 'test' of the digital course format and the feedback was positive. There were also many positive comments about the content of the general session and the current caries research from Dr. Wenyan Shi (anyone care for a lollipop?).

The Annual Conference started with an inspiring presentation from Mary O'Hara-Devereaux. Mary spoke about the world's financial atmosphere and had up-to-date information. Perhaps the most surprising part of her presentation was the statement that we all can look forward to a second mid-life crisis, as if one was not enough! New to the conference this year was a break-out session on Thursday afternoon. This allowed direct interaction with the DMHC and was very well attended by compliance staff as well as Quality Management staff. A highlight of the Annual Conference was the western-

themed barbecue. It was great fun to see all the hats, bandanas and boots on a bunch of city slickers!

The Shared Assessment Warehouse project was recently reviewed with the DMHC. It is expected that each plan utilizing the warehouse will maintain its own quality management program and review the data from the warehouse based on those established guidelines. In clarifying how the warehouse works, it is recommended that for any assessment that is extracted, the data be reviewed based on the Plan's QM program, scored and a unique corrective action plan developed. It was further suggested that a tracking mechanism for extracted but rejected (by the Plan) assessments be developed. Compliance with the above suggestions will help assure the continued acceptance of the warehouse concept by the DMHC.

In March, the QMC hosted Bete Johnson from CareCredit. As a result of our meeting, she has been working on her follow-up actions. Bete has requested that as an industry we provide her with e-mail communication about specific issues we have with CareCredit. We are requesting that you identify the top five issues you are experiencing (Examples: dentist not making requested refund/credit to account; patients not aware that they were completing a credit application, then receiving a bill from CareCredit; billing all services up-front; etc.). She has requested that you send those issues to me, via e-mail (stewartc@aetna.com). I will compile the issues and forward to her for response. I would appreciate having all of these by August 18, 2008, to allow her adequate time to prepare a response prior to our September meeting.

Speaking of our September meeting, it will be hosted by Aetna, and will be a very full meeting. We will have standard information and in addition, there will be a presentation from Gennius, we'll confirm our strategic plan for 2008-2009, and we'll have representatives from the DMHC in attendance. The meeting will held be in the Conejo Valley, with specifics and date to follow from Executive Director Jackie Miller.

See you in September! Enjoy your Summer!

Legislative and Regulatory Update

Jackie Miller, Executive Director

► **Health Care Reform**—As those who attended our Annual Business Meeting are aware, the Schwarzenegger Administration continues to develop health care reform proposals. During a meeting in late May, the Governor's health policy team stated that reform is still a priority, but that it will be a phased-in approach. As a result, the Governor's policy team has been developing legislative language that comprises Phase I (Cost Containment, Prevention, and Consumer Protection) of comprehensive Health Care Reform.

In mid-July, the Administration released language for the first phase of reform. The proposals relate to 24-hour coverage pilot, balance billing, E-prescribing, Healthy Action Healthy Rewards Program, Medi-Cal managed care surveys, medical loss ratio, nurse practitioner scope of practice, patient safety plan, personal health records, E-transmission, rescission (both Knox-Keene and DOI), non-payment of adverse events, and tiering of individual market products. It remains to be seen if the Administration can find an author to carry the legislation. It should be noted that the current proposal regarding medical loss ratios applies only to full-service plans – specialized plans providing dental, vision, ambulance, behavioral health, chiropractic, and naturopathic services are exempt.

To view the language, please access the website at <http://opr.ca.gov/temp/>.

Medi-Cal Cuts Take Effect—On July 1, the ten percent cuts in Medi-Cal and Denti-Cal reimbursements took effect as part of efforts to help reduce the state's \$15.2 billion budget deficit. The cuts were approved by the Legislature and Governor Schwarzenegger in February but were not scheduled to take effect until the new fiscal year. Health and human services programs are especially vulnerable to cuts because they are a large, and unprotected, portion of state spending – Medi-Cal alone costs more than \$14 billion per year, more than any program except education, and Department of Finance officials say the program cannot avoid reductions. However, the 2008-2009 budget recently approved by the Budget Conference Committee rejected the cuts and retained optional benefits, including adult dental. However, because the budget has not yet been approved (as of this writing), the cuts have gone into effect.

Following the February action by the Legislature and Governor, several groups within the Alliance for Patient Care, which includes CADP, filed a lawsuit to stop the cuts. Plaintiffs include the California Medical Association, California Hospital Association and California Dental Association. Western Dental Services, the largest Denti-Cal provider in the State, has also provided funding for the suit. That suit continues to work its way through the courts.

Timely Access Regulations—As you know, the timely access regulation developed in 2007, which excluded dental plans from its provisions, was rejected by the Office of Administrative Law. Thus, the process for developing regulations begins anew. The Department of Managed Health Care has asked that CADP represent the specialized plans, and Vice President Jeff Album, CADP's regulatory attorney Mary Antoine and I are attending the stakeholder meetings, the first of which took place June 30.

The DMHC is in the process of gathering stakeholder input prior to drafting the next round of regulations and has devised a process that it has not attempted before. It involves the Department's identification of seven issues, then seeking input from the stakeholder groups regarding each of these seven issues. As part of this input, the DMHC is asking each stakeholder to propose three different alternatives for addressing each of the seven issues, along with supporting rationale for each proposal. The Department will then circulate the proposals and rationales from each stakeholder to all the other stakeholders. All stakeholders are to respond to each of the proposals with their positions (e.g., support, oppose, oppose unless amended, etc., similar to how we take positions on proposed legislation). The DMHC will then hold a series of all-day meetings to discuss each of the issues. The Department has established a very aggressive timeline in which to accomplish all this dialogue, draft the regulations, receive comments, and have them approved by the end of the year. At this time, stakeholder workshops are scheduled through September 18.

Thanks to our 19th Annual Conference Sponsors and Exhibitors

— we couldn't do it without your support!

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In the News...

- ▶ **New Dental Bureau Executive** – Cathleen Poncabare was recently appointed as Executive Officer of the Department of Consumer Affairs' Dental Bureau. She was previously a part-time associate with Golden Bear Associates, a project management and social marketing consulting firm. Her salary is \$104,608.
- ▶ **Dental Board Amends Requirements for RDHAP's**—The Dental Board of California has amended the requirements for licensure as a registered dental hygienist in alternative practice (RDHAP). The amendments clarify the meaning of the term "clinical practice" as it pertains to the requirements that a person must meet to obtain an RDHAP license. The Board has stated that clinical practice is not limited to private practice in dental offices. Registered dental hygienists who provide dental hygiene services in all legally permitted settings, including public health settings and educational programs, may apply the hours that they practice dental hygiene towards the required 2,000 hours of clinical practice required for licensure as an RDHP. Agency contact: Donna Kantner; 916.263.2300.
- ▶ **Massachusetts Study Conclusion: State Mandates Are Costly**—A long-awaited report concludes that 12 cents of every \$1 paid for health insurance in Massachusetts goes toward 26 state-mandated benefits, from maternity and mental healthcare to infertility and diabetes services. Statewide, the cost is \$1.3 billion a year, according to the report, commissioned in 2006 as part of the state's universal health insurance law and released recently by the Division of Health Care Finance and Policy. The report's authors reviewed health studies about the various mandates and estimated that most of them are cost-effective. But they suggested that regulators may consider removing some that are not considered the standard of care, such as bone marrow transplants for treatment of breast cancer. The report also noted that just five of the mandates – maternity, mental health, home health, preventive care for children, and infertility services – account for 80 percent of the total cost of the mandated benefits. The report did not calculate the cost of mandatory prescription drug coverage, which is being phased in this year.
- ▶ **Report Forecasts 12% Hike in HMO Rates for California and Other Western States**—HMO premiums likely will increase by 12% in California and other western states, slightly above the 11.8% jump in HMO premiums anticipated nationwide, according to a report by Hewitt Associates, a human resources consulting firm. The projection is based on information from 160 large companies that buy coverage for about one million people. The analysis comes one month after CalPERS said that its 2009 overall HMO premiums would increase 6.57 percent. CalPERS provides health benefits to about 1.2 million public employees, retirees and their families and is the nation's third largest health insurance purchaser.

Announcing the Merger of Nossaman Guthner Knox & Elliott LLP and O'Connor & Hannan LLP

Mary Powers Antoine, Assistant Managing Partner; Jo-Linda Thompson, Legislative Advocate

To Our Clients, Friends, and Alumni:

▶ We have exciting news to share about some positive changes taking place at the firm. We are very pleased to announce that effective July 1, Nossaman has merged with the Washington, DC firm O'Connor & Hannan, a firm of 23 attorneys and lobbyists located at 1666 K Street, NW.

In tandem with our name change and growth, we are rolling out a fresh look. Our new logo illustrates the firm's forward thinking perspective, a hallmark of Nossaman service. Being at the forefront of evolving legal issues and new business trends gives us valuable insight to help our clients achieve their goals. We invite you to visit our website at www.nossaman.com to see our new look and to learn more about how we can help you succeed.

While these changes are significant, of greater importance is what is not changing. We remain committed to serving our clients as a trusted advisor; to providing valuable legal insight; and to delivering high-quality service and results.

Thank you for your continued support and we look forward to taking our relationship to new and greater heights as Nossaman LLP. Please contact us or any of our attorneys and lobbyists if you should have any questions about this merger and what it means to you. We would also be happy to discuss the additional services our new colleagues can provide and how they can assist you in achieving your goals.



June 12, 2008

California Association of Dental Plans
Board of Directors
One Capitol Mall, Suite 320
Sacramento, CA 95814

Re: CADP Q.A. Consultant Training

Dear Board Members,

I recently completed the CADP Q.A. Consultant training on May 30 and 31 in La Quinta, California. I had had this training on numerous previous occasions.

After the first morning session, I casually mentioned to Chuck Stewart that the tone and approach to learning seemed much more progressive than in prior years.

As the two day Q.A. meeting continued, the "learner focused" and "learner friendly" approach continued and I can say, without any hesitation, that the new format and approach to teaching the principles of structural and procedural dental practice review are far superior to the approach used in the past.

Chuck shared with me that the approach to learning for the two day course had been changed by design to encourage group discussion and sharing and to reduce the stress inherent in any experience that includes an examination or testing. He also mentioned that he had personally sought additional leadership and communication training that dramatically changed his approach to interacting with people in general. I can attest that the changes were apparent and very effective.

Congratulations to Chuck and his team, Drs. Stewart Balikov, Ivan Berger, and Donna Nagata, for their updated and effective educational endeavors. Thank you for your contribution to improving California dental care!

Very best regards,



Dennis Fratt, DDS, MBA
Sr. Vice President
Bright Now! Dental/Newport Dental

cc: Charles Stewart, DMD

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