



President's Report

Bryan Geremia

First I would like to thank Jeff Alburn of Delta Dental for the outstanding work he did as President and the leadership he will continue to bring to the Association as our Vice President. Thank you, Jeff!

As I enter my term as your President, I don't think we could ask for a more chaotic and confusing time for our state, country or industry. California continues to struggle with budget issues and fiscal pressures that go unresolved. Washington, DC, is engaged in an ongoing struggle to define the terms and direction for healthcare reform, and all of this is sure to have a major impact on our industry and member plans.

The mission of CADP and the support from member companies has never been more important at a time when uninformed decisions by our elected officials could drastically affect the way we all market our products.

In Sacramento, CADP and our lobbyists have been successful in pro-actively working with legislators to defer or defeat issues that would have increased the financial burden on dental plans. We have worked with and continue to work with the California Dental Association regarding the establishment of a work group to resolve items that affect both plans and their membership. This proactive move convinced the CDA to not pursue legislation that would increase late claim payment penalties.

But the work on the state level is not over; we continue to see pressure on dental plans as the State looks for additional sources to

fund state programs. In addition, we still will be working on Discount Dental and Timely Access regulations.

On the national front, healthcare reform/health insurance reform continues to stay in the headlines. Public option? Exchanges? Co-ops? Deficit spending? Mandatory coverage? None of these has been resolved and the five different draft proposals created in Congress each have a different approach to address the problem as defined by President Obama. And what about DENTAL?? As of now, dental is being relegated to a yet undefined group of pediatric dental services embedded in a qualified medical plan's benefits within the proposed exchanges. This would have a devastating impact on our industry, our customers, our dentists and our enrollees.

The CADP's position is that any healthcare reform legislation needs to allow dental to be offered as a separate benefit within the exchange and not as a rider to a medical plan or as a group of services within a medical benefit. We need the opportunity to compete fairly both inside an exchange, and out. For this reason, each of our member plans will be asked to support this position by communicating our concerns to your elected officials. CADP will assist each of you with proposed language. This is critical. We cannot sit on the sidelines and hope everything will work out as these issues move through Congress.

I thank you for your support and look forward to working with you to promote and fulfill our mission and commitment to all plan members.

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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

▶ 2009 has been a very interesting year for the Dental Benefits Industry. The uncertainty of inclusion or exclusion from the National Healthcare Reform proposals to challenges encountered in the compliance arena have been enough to send anxiety deep into the hearts of many Dental Directors and Compliance Managers.

The recent Quality Management Committee Meeting hosted by WellPoint-Golden West was well attended and many items were disclosed that deserve discussion here.

- The acceptance of the Shared Assessment program as **the standard** for quality evaluation has been confirmed in recent Medical Surveys conducted by the DMHC.
- The CADP Quality Assurance Consultant (Auditor) Course has also been recognized in recent Medical Surveys by the DMHC as **the standard** to demonstrate that a Plan's QA consultants are appropriately calibrated.
- The Shared Assessment Warehouse has been very busy this year. There has been a higher percentage of extracted assessments as compared to deposits, thus creating a 'freshness deficit'. To help keep the warehouse information up-to-date, Plans are encouraged to perform assessments in proportion to the number of those extracted. There are a total of 6,868 assessments currently in the warehouse (many have more current assessments available). Thus far in 2009, only 1,315 have been deposited; extrapolating this to a full year, it appears only 1,905 will be deposited in 2009, compared to the expected 2,300.
- The CADP Board of Directors is in the process of reviewing and negotiating the contract for the continuance of the Shared Assessment Warehouse program.
- There will be three scheduled QA Consultant Courses in 2010. The first is February 17-18, at the LAX Marriott, the second in conjunction with the CADP Annual Meeting, May 21-22, and the third hosted by Western Dental in the fall (Date TBA).
- A Task Force has been established between representatives of the California Dental Association (CDA) and CADP to address common issues as well as situations that may influence legislative and regulatory functions. The first meeting of this group will take place in the fall.
- CADP members have been very active in outreach projects which directly support our strategic plan initiatives. Current examples of some of these projects include: OHAC, Give Kids a Smile, Remote Area Medical, National Children's Dental Health Month and the ADA Access to Care Summit, as well as the newly established Orange County Agents of Access Subcommittee. These activities demonstrate that CADP members are striving to be part of the solution in providing a means to serve the underserved and underinsured populations.
- Registration for the 2010 Give Kids a Smile Program opens on October 1, 2009, at the ADA website www.ada.org. All dental Plans were encouraged to register and participate in the 2010 program, scheduled for February 5, 2010.
- The current California Budget situation has had an impact on several of the CADP plans, especially those that provided Adult Denti-Cal Benefits. Discussion about possible scenarios and funding sources was held, with minimal resolution to the situation at present. The benefit picture was uncertain, due to the current federal proposals for Healthcare Reform being reviewed and analyzed. Most Plans are taking a proactive approach to have some role in the Healthcare Reform solutions.
- The Dental Directors discussed the financial burdens being experienced by many dental providers, and how the current economic situation can directly affect creativity when it comes to plan benefits and treatment plans.
- The Language Assistance regulations were effective January 1, 2009, and a handout was distributed detailing the requirements for filings of both the DMHC and the DOI. This handout was intended to clarify the specific requirements of each of the regulatory agencies.

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Legislative Update

Jo-Linda Thompson, Nossaman LLP

▶ I am drafting this report during the final week of the first year of the 2009-2010 two-year legislative session. To date our legislators have repeatedly tried to balance the State budget, resolve the water wars, address the exploding prison population, maintain the Healthy Families Program and preserve parks and schools. Only Healthy Families has been resolved after a big battle; however, many other problems remain. Failure to manage these major issues has resulted in a legislative approval rating at almost a record low of 21%. The Governor has threatened to veto all legislation that reaches his desk until the water and prison problems are resolved. He is doing better with this approach; the general public has given him an approval rating of around 30% in a fairly recent poll.

The inability of State legislators to work through important public policy issues is serious for the future of the state and very apparent to the public, resulting in a call for somewhat radical government reform proposals. A Bay Area business group is working toward calling a Constitutional Convention to change the entire system; other groups filed an initiative petition in August seeking signatures for an initiative to make the legislature a part time institution, meeting only 90 days each year. Various think tanks such as California Forward, headed by former Speaker Bob Hertzberg, are proposing that a number of incremental changes be enacted to address the current governance shortcomings. It is reasonably foreseeable and widely discussed that without big changes in Sacramento, the untenable status quo could actually collapse, taking us into a political and policy environment where no man has gone before...

Turning from the Political to the Fiscal situation in our State, things actually get worse. We note that in 2008 California spent \$102.9 billion for State services and activities, up from \$38.9 billion in 1993. About 20 months ago the recession hit the United States and revenue collections around the country crashed, and they really crashed in California.

In our State, already spending beyond its means, this steep decline in tax receipts resulted in deep cuts in spending across all state services AND we still have a deficit, estimated currently at \$8 billion and growing to \$16 billion in the 2010-2011 fiscal year. The state's per capita spending is now \$2,301, about what it was eleven years ago, and revenues continue to decline.

This general political and policy malaise has already had a direct impact in the Dental Plan context when all of the optional benefits, including the Adult Dental Program, were cut, beginning July 1st. The pain continues as the tax increases enacted in February begin to show up in November for CADP businesses and their employees, as well as for the recipients of Medi-Cal services and participants in the Healthy Families Program. In spite of the negative fiscal situation, legislative staff, CADP, CDA and others continue to look for ways to bring Adult Dental back and retain the existing Healthy Families program benefits.

The possibility of sustaining State spending at even the reduced current levels for the next two years is found in the federal money the President is pumping into the State for Education, Transportation and Healthcare. When those funds are spent, the hope is that the California economy will have recovered sufficiently to produce growing tax receipts once more so that no further cuts in at least the current level of spending are required in 2011 – 2012.

In spite of politics, a difficult economy and a general lack of money, legislators continued to do what they do, introducing about 2,000 bills. Healthcare in general was especially active and it was clearly the busiest legislative year the dental plans have had as we worked on bills that inadvertently affected them as well as several that were specifically directed at specialized plans. The following bills required the most time and attention from the CADP team:

▶ **AB 2 – De La Torre** – This bill was introduced by the author to address the problems of post claims underwriting by health plans recently in the news. The terms and conditions of this bill would have also covered dental plans. It established standard health information and health history questions to be used by plans and insurers for their individual health care coverage application forms with review and approval by the director or the commissioner before use. All of the current applications for these products would no longer be valid. Other provisions of this bill would require implementing regulations. Even though dental plans do not do medical or post claims underwriting, dental plans would have had to participate in this costly regulatory process.

It was obvious for many months that we did not belong in this bill, but the sponsors of the bill were unwilling to let us out (trial lawyers). After testifying at three hearings and many letters later, as well as the development and submission of several versions of appropriate amendments to take us out, lobbying visits and multiple conversations, we finally were exempted from the bill. It took six months; our amendment was finally adopted at one of the last hearings prior to the bill moving to the Senate floor where it passed.

▶ **AB 684 – Ma** – This bill was sponsored by the California Dental Association to increase the penalties for the filing of late dental claims. CDA had received complaints from several members of their Association, dentists that had allegedly experienced a large volume of late payments. CADP members, staff and lobbyists met with CDA's members, staff and lobbyists to create a joint committee to work on this late payment issue, as well as other issues that concern members of both Associations that might be solved with better communication rather than legislation. In light of this mutual effort, we were able to convince the author and the sponsors to delay further work on AB 684 until next year, making it a 2 year bill. If CADP and CDA can work out this problem informally, the bill will be dropped.

▶ **AB 1218 - Jones** – This was the health care coverage rate approval bill. It has been introduced several times and failed each time. It would require governmental approval of premiums, copayments, and coinsurance obligations, deductibles, etc. It will likely be re-introduced early next year.

▶ **AB 1422 – Speaker Bass** – This bill was put together at the last moment to try and fund the shortfall in the Healthy Families Program. In the effort to raise fees on managed care plans to increase the rates to certain of these plans while drawing down additional federal funding, dental plans were pulled in.

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Regulatory Update

Mary Powers Antoine, Nossaman LLP

Below is a chart updating the latest information on the Department of Managed Health Care's currently pending regulations and regulations under consideration. There has been very little regulatory activity since my last report in May 2009.

CURRENTLY PENDING REGULATIONS		
Regulation	Status	Remarks
AB 2179 – Timely Access to Health Care Services (Adds Rule 1300.67.2.2)	<p>The most recent comment period ended on August 7, 2009. CADP did not submit any comments because the provisions relating to dental plans had not changed since the prior version.</p> <p>It is possible that the DMHC will be issuing yet another draft for one more round of comments.</p>	Marie Eppler, Department counsel, will be leading an implementation work group to develop a form-based filing to facilitate compliance with the requirements of the regulation. Plans will be required to describe how they will monitor and oversee compliance. CADP will participate in this work group.
REGULATIONS CURRENTLY IN DRAFTING PROCESS		
Regulation	Status	Remarks
Independent Dispute Resolution Process – Proposed Revisions to Rules 1300.71.38 and 1300.71: Criteria for Determining Reasonable and Customary Payment for Non-Contracted Providers	These regulations had been coupled with the balance billing regulations, but were withdrawn early in 2008. They were not re-issued when the balance billing regulations were issued. The balance billing regulations have since been enacted, but we have not heard anything further on resurrecting any IDRPs regulations.	CADP will review the new regulations when they are released to evaluate their impact on dental plans.
Discount Plan Regulations – Addition of Rule 1300.49.1, et seq.	The Department informally circulated a draft of the discount plan regulations. CADP submitted extensive comments on December 12, 2008.	During her presentation at the CADP Annual Conference in May, Director Cindy Ehnes reported that the regulations were forthcoming.
Licensing Applications – Revisions to Rules 1300.51 and 1300.52	This project has been underway in fits and starts for several years now. Marie Eppler, Department counsel, will now be spearheading the efforts to streamline the exhibit review and filing process, and to clarify what types of filings are material modifications versus amendments. The Department would like to streamline the exhibits and create a structure that readily links the exhibits to various other regulations.	The Department will convene a work group of plans to address the practical problems created by the current exhibit structure. CADP will participate in this process.



The Institute for Oral Health 4th Annual Conference Announcement:

Defining Quality in Oral Health Care

October 15th and 16th, 2009

Hotel Valencia - San Jose, California

► The Institute for Oral Health will host its 4th annual national conference: **Defining Quality in Oral Health Care** at the beautiful Hotel Valencia on Santana Row in San Jose, California on October 15th and 16th, 2009. The conference brings together nationally recognized experts in oral health care from academia, private and public health disciplines to policy makers and purchasers, featuring presentations and discussions on how the dental profession defines and determines quality in oral health care. Topics will include use of Evidence-based Dentistry; development of metrics and best practices; and quality improvement systems already in practice in Minnesota and the Veterans Administration.

The Institute for Oral Health is a recognized ADA CERP provider --9 CE Credits will be available-- and the National Association of Dental Plans (NADP) supports the IOH conference.

Featured Guest Speakers Include:

Richard Carmona, MD, MPH, FACS

17th Surgeon General of the United States (2002-2006); Vice Chairman, Canyon Ranch; President, Canyon Ranch Health Institute; Distinguished Professor, Zuckerman College of Public Health, University of Arizona

Jason Leitch, BDS, GBSRCS, DDS, MPH

National Clinical Lead for Patient Safety and Improvement, Scotland Government

Glen Hiemstra *Internationally Recognized Futurist, Consultant, Author and Speaker*

James Bader, DDS, MPH *Research Professor, Operative Dentistry, University of North Carolina*

Robert Compton, DDS *Chief Dental Officer, Delta Dental of Massachusetts*

David Gesko, DDS *Dental Director and Senior Vice President HealthPartners, Inc.*

Judith Jones, DDS, MPH, DScD *Professor and Chair, Dept of General Dentistry, Boston University*

Timothy Ward, DDS *Assistant Under Secretary for Health in Dentistry for the Veterans Administration*

For more information, visit the Institute for Oral Health website: www.iohwa.org.

Dots and Dashes... *continued from page 2*

- Third party financing options was an issue that was addressed in the first quarter 2009. The committee was polled, and I am pleased to report there are no current unresolved issues; thus, the intervention by CADP in negotiating a resolution to this situation appears to have been successful.
- The Medical Survey process was discussed at length. Many Plans related their experience in recent interactions during this process. This information was presented to the Board of Directors and, at this time, we will continue to monitor the situation before determining if there is an action needed by CADP on behalf of the industry.
- In this time of uncertainty and legislative upheaval, it is more important than ever to become active in the process. Contact your local representatives, to express your opinion, or the position advocated in the President's message of this newsletter. Contact to both Federal (Congress and Senate), as well as State legislators (Assembly and Senate) is encouraged. Just sitting and waiting for change, though comfortable, may render undesirable outcomes!
- Finally, the Continuing Education topic was very timely, with the topic: H1N1 Flu-Swine Flu Information for Dental Practices. This course was intended to provide information to help protect people in the face of this projected pandemic. The information was also presented to the CADP Board of Directors.
- Our November QMC meeting is scheduled for November 17, 2009, at UnitedHealthcare Dental in Santa Ana. I hope to see you there!

In the News . . .

► **National Enrollment in Dental Benefits Increases 1.3 Percent in 2008**—The dental benefits market grew 1.3 percent from 2007 to 2008 according to the 2009 *NADP/DDPA Joint Dental Benefits Report: Enrollment*, published this summer by the National Association of Dental Plans and Delta Dental Plan Association. Approximately 176 million Americans, 57 percent of the population, have some form of dental coverage through employer-sponsored group, individual or government sponsored plans. For the first time ever, enrollment in Dental PPO plans topped 100 million. DPPO plans continue to increase among commercial carriers, representing 66 percent of that market. However, the report notes that the DPPO milestone comes at the expense of Dental Health Maintenance Organizations (DHMO) and traditional Dental Indemnity plans as enrollment in both plan types declined in 2008. DHMO enrollment had been flat in prior years. To provide current information about the prevalence of dental benefits in the U.S. population, NADP and DDPA analyzed data from 117 companies to conduct this annual survey. The report contains specific information on Dental HMO, Dental PPO, Dental Indemnity, and Discount Dental enrollment at the national and state levels.

► **2.2 Million-Plus California Adults Incur Medical Debt**—According to a report released on August 31 by the UCLA Center for Health Policy Research, more than 2.2 million California adults report having medical debt, and two-thirds of those incurred the debt while insured. According to the report, nearly one in seven non-elderly adults in California (13 percent) have some kind of medical debt, and more than 800,000 Californians have medical debt greater than \$2,000. The state's Northern and Sierra counties are the most affected, with nearly 25 percent of the population having medical debt of some kind. Central Coast counties also had high percentages of debt. The report is based on the latest data from the California Health Interview Survey (CHIS), the nation's largest state health survey. Specifically, the SHIC report found:

Medical debt results in delays in care

Californians with medical debt were much more likely than those without debt to delay getting the care they needed.

- Those with debt were twice as likely to report delays in care: 32.3 percent reported delays in getting needed care, compared with 16.1 percent of those without medical debt.
- Delays were higher as the amount of debt increased: Among those with more than \$8,000 of medical debt, 43 percent reported delays in getting care.
- Debt can lead to loans and bankruptcy: Among those with medical debt, more than half (55.4 percent) reported financial consequences ranging from an inability to pay for basic necessities to credit card debt to a declaration of bankruptcy.
- High-deductible plans may contribute to medical debt: Nearly 40 percent of individuals with privately purchased insurance coverage chose plans with deductibles of \$1,000 or more or, for a family plan, \$2,000 or more.

Health insurance coverage is stagnating

In 2007, at the height of an economic expansion, 6.4 million Californians were uninsured for all or part of the year, a number that has changed little since 2001. Specifically:

- There has been little change in employment-based insurance: job-based insurance covered 56.4 percent of the total non-elderly population in 2001; in 2007, coverage was at 55.6 percent.
- Employment-based children's coverage has declined: Slightly more than half (52.2 percent) of children in California were covered by their parent's employer's policy in 2007, a rate nearly three percentage points lower than in 2001 (55.1 percent).
- Public coverage is flat: Coverage of children and non-elderly adults by Medi-Cal and Healthy Families remained flat between 2005 and 2007, at 15.3 percent.

► **Health Net Continues Adult Dental Benefits in Sacramento County**—Health Net of California has announced that it will continue to provide dental services to its Medi-Cal enrollees in Sacramento County. According to plan officials, Health Net will continue to provide full benefits in the county as an investment in the overall health of its Medi-Cal enrollees. Health Net currently provides Medi-Cal benefits to almost 650,000 people in ten California counties. It provides dental coverage in Sacramento and Los Angeles counties, but is offering the optional benefits only in Sacramento.

► **Census Data Show More Relying on Public Health Care**—A growing number of U.S. residents turned to the government for health insurance last year, as job losses and other factors of the recession contributed to an increase in the number of uninsured, according to data released by the Census Bureau on September 11. According to the figures, the number of uninsured U.S. residents of all ages increased from 45.7 million in 2007 to 46.2 million in 2008. The percentage of uninsured residents stayed statistically the same from 2007 to 2008 at 15.4%.

The data show that 58.5% of U.S. residents received employer-provided health insurance in 2008, down from 64% in 2000. Meanwhile, about 34% of people with insurance receive it through the government, and last year saw the biggest one-year increase in Medicaid and Medicare use in more than 20 years. In addition, the data show that about 20% of adults ages 18 to 64 were uninsured in 2008 and that the number of people who received employer-sponsored coverage decreased by about one million. The Census figures also show that the number of uninsured children decreased from 8.1 million to 7.3 million. The figure marks the lowest rate of uninsured children since 1987.

Save the Date

20th Annual Legislative & Regulatory Conference

January 12-13, 2010

Sheraton Grand, Sacramento

It's earlier this year, so make plans now for this informational program

In the News... continued from previous page

The survey also showed that Texas had the highest rate of uninsured residents at 25.1%; Hispanic children had the highest rate of uninsurance at 17.2%; nearly one-third of all Hispanics did not have insurance, the lowest rate of any ethnicity; and 29% of the population was insured by the federal government in 2008, up from 27.8% in 2007.

► **Census Data Find Wide Gaps in Insurance Coverage in California**—Health insurance coverage rates vary widely among different areas of California, according to the same report released by the Census Bureau noted above. Only about one in 10 people lack health insurance in more affluent areas such as Santa Clara County, which has one of the lowest uninsured rates statewide. In Placer County, less than 10% of the population lacks health insurance. In contrast, up to one-quarter of the population lacks health insurance coverage in parts of the Central Valley and Southern California regions, which have some of the highest uninsured rates in the nation. In Tulare County, about 24% of the population lacks health insurance. The report also found that East Los Angeles, Santa Ana and South Gate rank among the 13 U.S. cities with the highest rates of uninsured residents.

The data also show that among U.S. cities with the highest rates of health insurance coverage, Orange County's Mission Viejo ranked 17th. Cities in Massachusetts, which recently adopted a universal health care program, had some of the highest insurance coverage rates in the nation. Overall, about 17.8% of California's population lacks insurance coverage, compared with a national average of 15%.

Legislative Update... continued from page 3

The mistake was quickly identified and fixed, thanks to the fast response of the lobbying team. CADP and CDA, at the request of the Senate leadership, then went to work and helped to pass this bill. (Update: Signed by the Governor)

► **SB 316 – Alquist** – This bill requires full service health plans and health insurers to spend on average at least 85 percent of premiums on health care benefits, a requirement known as a "medical loss ratio" or "minimum loss ratio," beginning January 1, 2013. This bill also requires reporting of "minimum loss ratio" information by plan contract or policy to regulators and specified individuals and small groups by January 1, 2013. CADP was concerned that specialized plans would be included in the bill at some point, but this did not happen. This bill failed and is currently on the inactive file, although the concept has been around for some time; it is likely to be resurrected in some form next year.

As the session went along, several other issues that would have been costly for dental plans were informally raised with us by legislators. These efforts generally revolved around trying to find additional money to support medical and dental services.

We have met with potential proponents of taxing plans or adding fees and have been able to convince them that there would be unintended consequences flowing from these proposals that would likely limit access to dental services rather than increase them. However, BE ALERT because the need for money is likely to grow and dental, vision and health plans in general are often perceived as sources of additional funding for State programs losing general fund dollars.

CADP staff and lobbyists have been pro-actively trying to invent a way to fund these programs that does not involve CADP dental plans funding them. We will be asking CADP members for help and input designing an alternative funding mechanism that we may need to put forward or sign off on at some point.

Stay tuned for the special legislative sessions on taxes beginning soon, the inevitable special budget session, the continuation of the special water session and the whole next year of campaigning for the General Election in November. Never a dull moment in the Capitol City. Do you think Jerry Brown will make it for Governor again? We should start a pool...