



President's Report

by Susan Klarner

As we begin the new year, it is important to first acknowledge the past year and specifically the efforts of Lee Harris, DDS as the former president of this association. Lee spent countless hours representing our interests with plan representatives, regulators, and legislators. We are fortunate to benefit from his years of experience and leadership on the Board, and we certainly look forward to his continued involvement with the CADP Board of Directors through 2003. When you have an opportunity, please join me in recognizing Lee for his many contributions to CADP and the dental plan industry.

As in years past, dental plans in California are faced with some serious challenges as we move into 2003. We must address these issues through the collaborative efforts of our association, CADP Board of Directors, Executive Director, our lobbyist Jo-Linda Thompson and counsel Mary Powers-Antoine, both from Nossaman, Guthner, Knox & Elliott, LLP.

We are staggered by the proposals regarding Medi-Cal program reductions recently recommended by the governor's office to address the \$30 billion dollar deficit in California. Remarkably we have formed a coalition comprised of plan representatives, plan and association lobbyists, the California Dental Association, and practicing dentists to address potential counter proposals to keep the numbers of the uninsured from swelling.

As always, our focus will continue to be on the legislative and regulatory front as we all continue to face the obstacles of running our businesses with the competing pressures

of rising health care costs, legislative implementation, and administrative expense reductions. The upcoming CADP Legislative Conference in Sacramento on January 28-29, 2003, should help frame the issues and provide discussion on the changes.

On behalf of the CADP Board of Directors, we welcome and encourage your continued input and volunteer efforts in promoting our association. The strategic plan defined by the Board of Directors includes some rather aggressive initiatives that will benefit all participating plans, regardless of size.

I look forward to representing your interests this year on behalf of CADP.

by Lee J. Harris, DDS

During the last several years, I have been honored to serve as the President of CADP. I have enjoyed this opportunity, as it has challenged me to grow both personally and professionally. Last month I resigned from my role as president, as the Bylaws require licensed plan affiliation. My current indus-

continued on page 3



What's Inside

Dots and Dashes

Page 2

Legislative Update

Page 3

Regulatory Update

Page 3

Legislative and Regulatory
Conference Update

Page 4

In the News

Page 5

Note New Address!



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

**CALIFORNIA ASSOCIATION OF
DENTAL PLANS**

One Capitol Mall, Suite 320
Sacramento, CA 95814-3229

916/446-3122 • FAX: 916/444-7462

Jackie Miller, Executive Director

email: jmiller@amgroup.us
www.caldentalplans.org

CADP Board of Directors

Susan Klarner
President

Health Net Dental
and Vision, Inc.

Len Matuszak
Secretary-Treasurer
United Concordia
Dental Plans of California

Lee J. Harris, DDS
Past President
Jay Grant & Associates

Jeff Album
Delta Dental Plan
of California

Candee Bolyog
MDC/The Guardian

D.E. FitzGerald, DDS
WellPoint Dental Services
(dental director representative)

John Gaebel, DDS
Pacific Union Dental

Bryan Geremia
Aetna Dental Care
of California Inc.

Sam Gruenbaum
Western Dental Services, Inc.
(staff model representative)

Ronald E. Inge, DDS
Aetna

Dots and Dashes

by D.E. FitzGerald, DDS, Chair, Quality Management Committee

The few months since the last column have been filled with exciting events, many of which provided the mortar to solidify CADP Dental Director membership.

- Four sub-committees: UM Data collection, DMHC liaison for common issues, CDA Health Care Council liaison, and liaison with ADA Specialties reconfigured and pledged to report progress at the January CADP QMC meeting
- The CADP QMC received its first report on the Dental Board of California, including a report on the question of licensure for foreign trained dentists
- The QMC was invited to suggest coding changes to CDT-4 and given a direct line to the ADA Coding Revision Committee
- CADP has been invited to share in a presentation at the April CDA meeting in Anaheim. The topic is the rollout of the consensus site audit tool and represents a true collaborative effort to approach California dentists

Several plans have now gone through the DMHC survey process since the survey team contract changed vendors. General impression is favorable, but CADP has

moved forward to assist member plans in preparing for future surveys.

The upcoming January 28-29 Legislative Conference is slated to be a huge success. Since the DMHC has openly admitted that 2003 will be a year for "regulation" rather than legislation, it behooves every plan not only to have a presence at the conference, but also to make sure the right people are allowed to attend.

On the horizon are threats to bring services, including dental, under sales tax law. With California facing as serious a threat as states such as Minnesota and Alaska, CADP is girding our loins for this battle. Recent battles won include a leveling of DMHC assessments and "carving out" of dental from independent medical review. Battles remaining include:

- Access to care for dental
- Financial solvency for specialized plans
- Non-contracting provider payment
- Referral plans
- Prompt payment
- Notice of member termination

And the above list does not include HIPAA and ERISA compliance. Seems a good time to circle the wagons.

STRADLING, YOCCA, CARLSON & RAUTH

Attorneys at Law

- Corporate/Securities
- Litigation
- Labor/Employment Law
- Health Care

*Questions about our firm may be addressed to
Robert J. Kane (Labor) at (949) 725-4127*

Michael Zablocki (Managed Care) at (949) 725-4146

660 Newport Center Drive, Suite 1600, Newport Beach, CA 92660

(949) 725-4000

Legislative Update

Jackie Miller, Executive Director

While Republicans gained two Assembly seats and one Senate seat in November's election, Democrats continue to hold a large majority in both houses of the Legislature. Although Democrats will control 48 of 80 Assembly seats and 25 of 40 Senate seats, Republicans will play a larger role than in 2002, as a result of the huge deficit facing the state and the two-thirds vote necessary to pass tax measures and the budget.

The 2003 Session convened on Monday, December 3, for the ceremonial swearing in of members and to organize the two houses. In addition to the slight Republican increase, there are 31 freshman members, 30 in the Assembly and one in the Senate. Also in the mix are two former legislators who have returned to Sacramento and six who shifted from one house to the other. During brief opening ceremonies, both Assembly Speaker Herb Wesson (D-Culver City) and Senate President pro Tempore John Burton (D-San Francisco) were re-elected to head their respective houses.

Returning to a budget deficit estimated to be between \$27-\$30 billion and the worst in state history, Republicans and Democrats have already drawn battle lines, with Democrats saying that a combination of both spending cuts and increased revenue is necessary, and Republicans reject-

ing tax hikes or fee increases.

As a result of the huge budget gap, Governor Davis called a special session, which began December 9. On December 6, just prior to the special session, the Governor released his \$10-billion plus budget cutting proposal, which included severe cuts in health services, including provider rate cuts and elimination of optional Medi-Cal benefits, including adult dental. The two houses met only briefly on the 9th to take up the Governor's proposal, then adjourned until early January. At that time, legislative leadership indicated that their policy and budget staff would review the Governor's proposals before they did anything further, and would hold committee hearings later in December. However, both Assembly Speaker Wesson and Senate President Pro Tempore Burton have stated that the cuts are too deep and that revenue increases are necessary. They also indicated that they want to see the Governor's budget for the 2003-2004 fiscal year, which will be unveiled on January 10, before they act on his proposed cuts.

The Assembly did conduct several hearings regarding the Governor's mid-year proposal, in Sacramento as well as around the state, to receive input from various interest groups. Action is not expected until late January, at the earliest.

President's Message - continued from page 1

try-consulting role continues to provide a myriad of new opportunities and challenges to serve the dental industry.

CADP continues to be an active and effective legislative and regulatory compliance force in Sacramento. The efforts of the Board of Directors, our lobbyist, Jo Linda Thompson, legal counsel, Mary Antoine, and executive director, Jackie Miller, have demonstrated how the team approach yields significant results.

Significant challenges are still ahead,

especially given the financial crisis in California. With the very capable leadership of Susan Klarner, CADP's new president, I believe that the Association will continue to thrive. Volunteerism is the backbone of successful associations. I have gained considerable satisfaction and enjoyment in my participation with CADP over the years and especially as your leader. I will continue to serve the balance of my board term as past president. Thanks for the opportunity to serve you.

Regulatory Update

Jackie Miller, Executive Director

During the past several months, CADP board members have provided testimony at various DMHC meetings, as well as commented on proposed regulatory initiatives. Past President Lee J. Harris, DDS, and Board Members Jeff Album and D.E. FitzGerald, DDS, have testified before the Advisory Committee on Managed Health Care on such issues as discount plan regulation, AB 1455 (prompt payment) regulations, and access and prevention standards. New President Susan Klarner has appeared before the Financial Solvency and Standards Board to comment on proposed TNE regulations, while CADP legal counsel Mary Antoine has prepared written comments on behalf of the Association on such issues as discount plan regulation, prompt payment regulations, assignment of enrollees, and retroactive cancellation of enrollees. In addition, Executive Director Jackie Miller and plan representatives have met with DMHC to discuss such issues as limitations and exclusions, development of common EOC language, and the consensus audit tool. Other dental plan representatives have attended Advisory Committee meetings, provided written comments in response to proposed regulations, and provided information to assist CADP's regulatory initiatives. We appreciate all those efforts. As DMHC regulatory initiatives increase in 2003, we will continue to look to plans for their active participation.

CADP representatives also met during the year with DHS officials to discuss the consensus audit tool. Both DMHC and DHS representatives have been invited to attend CADP's Quality Management Committee meeting in January in Sacramento, held in conjunction with the Legislative and Regulatory Conference.



Legislative and Regulatory Conference Update

With the election behind us, a new two-year legislative session, continuing budget deficits, and increased regulatory activity, what's ahead for 2003? You'll find out if you attend CADP's 13th Annual Legislative and Regulatory Conference! We'll hear from legislators, top plan lobbyists, key DMHC executives and Davis administration officials. Remember: conference registration deadline is January 21,

2003; a registration form is included in the newsletter, while a complete conference brochure can be downloaded from our website, www.caldentalplans.org.

To make hotel reservations, contact the Hyatt Regency Sacramento at Capitol Park; (916) 443-12234. Be sure to ask for CADP's special room rate of \$179.

Tentative Program "Perspectives 2003"

TUESDAY, JANUARY 28, 2003:

- 10:30 am Quality Management Committee meeting/continental breakfast (*Golden State*)
- 12:00 pm Board of Directors' meeting/luncheon (*Capitol Board Room*)
- 3:00 - 5:00 pm Registration (*Mezzanine*)
- 4:00 - 5:00 pm CADP Business meeting (plan members only) (*Golden State*)
- 6:30 pm Reception and Dinner (*Golden State*)
Keynote Speaker: Senator Deborah Ortiz, Chair, Senate Health and Human Services Committee (invited)

WEDNESDAY, JANUARY 29, 2003:

- 7:00 am Registration (*Mezzanine*)
- 7:30 am Continental Breakfast (*Golden State*)
- 8:00 am Legislative Conference convenes (*Golden State*)
- 8:15 - 9:00 am "The Plan Perspective: 2003"
Moderator: Jo-Linda Thompson, Nossaman, Guthner, Knox & Elliott
Bill Wehrle, California Association of Health Plans
Jeff Shelton, Health Net, Health Net Dental & Vision
Bob Scarlett, Blue Cross of California
- 9:00 - 9:45 am "The Provider Perspective: 2003"
Steve Thompson, Vice President, California Medical Association
Elizabeth Snow, Director, Government Relations, California Dental Association
- 9:45 - 10:00 am Break
- 10:00 - 11:30 am DMHC/CADP Roundtable:
"The Regulator's Perspective - The Industry's Response"
Moderator: Mary Powers Antoine, Nossaman, Guthner, Knox & Elliott
DMHC representatives: Jim Tucker, Chief Deputy Director (tentative); Joy Higa, Deputy Director, Plan and Provider Relations
CADP member representatives
- 11:30 am - 12:15 pm "The Budget Perspective: 2003"
Philip Isenberg, Hyde, Miller, Owen & Trost
- 12:30 - 1:45 pm Luncheon (*Carmel*)
Guest Speaker: Assembly Member Keith Richman, MD
The Legislative Perspective: 2003"
- 2:00 - 2:45 pm "The Administration Perspective: 2003"
(*State Capitol Press Room*)
Richard Figueroa, Deputy Legislative Secretary, Office of Governor Gray Davis

INTEGRATED LEGAL SERVICES FOR THE HEALTH CARE INDUSTRY

Knox-Keene Health Care Service Plans
Mergers & Acquisitions
Public & Private Securities
Licensing, Regulatory & Administrative Law
Dental IPAs & Medical Groups
Tax Analysis & Planning
Commercial & Civil Litigation
Strategic Planning & Counseling

MILLER & HOLGUIN

Attorneys At Law
Los Angeles, California
(310) 556-1990

For more information, please contact:
Dale S. Miller, Esq., Henry A. Holguin, Esq.
or Michael A. Dowell, Esq.

In the News . . .

► **Governor Davis to Propose Revisions to State's Tax Structure and Realignment of Programs**— In response to the state's massive budget deficit, Governor Davis is proposing a realignment of government programs and revision of the current tax structure. Davis has suggested that shifting some state programs to local government, as well as their funding source, could allow those programs to be managed more efficiently. A similar realignment of mental health and other programs, considered a success, took place during the Wilson administration.

Because state revenue is disproportionately dependent on taxes paid by the top ten percent of Californians, the Governor has indicated that he would propose a restructure to provide more stable, long-term revenue for education, health and social services programs. As an example, he reported that state income tax revenue from capital gains and stock options was \$17 billion in 2000, dropped to \$6 billion in 2001 and will probably be less than \$5 billion in 2002.

► **PMI Hires New VP** – PMI Dental Health Plan has announced the hiring of Douglas Hill, DDS, as its Vice President of Professional Services and Chief Dental Officer. Dr. Hill was most recently Dental Director at United Concordia Dental Plans of California. He replaces Dr. Ron Inge, who is now Chief Dental Officer at Aetna in Connecticut.

► **Legislation to Control Premiums?** – In light of increased financial reserves posted by California's five largest HMOs, the Foundation for Taxpayer and Consumer Rights (FTCR) has called on state legislators to enact legislation that would prohibit premium increases unless regulators deem the increase necessary. The FTCR, a trial-lawyer-backed organization, indicated that if a bill is not enacted, it would attempt to place an initiative on the ballot to regulate HMO premiums, possibly as early as 2004.

► **WellPoint Health Networks Signs Agreement to Acquire Golden West** – WellPoint Health Networks Inc., one of the largest publicly traded health insurance companies, has announced that it has signed

an agreement to acquire Golden West Dental & Vision, a privately held company headquartered in Camarillo. Golden West currently has nearly 300,000 enrollees in California, while WellPoint currently serves 2.7 million dental members. The transaction is expected to close during the second quarter of 2003. Announcing the acquisition were Joan Herman, President of WellPoint's Senior, Specialty and State Sponsored Programs Division, Karl Lehman, Golden West's chairman, and Chris Kamen, DDS, Golden West's CEO.

► **DMHC Denies Petition to Adopt Regulations Governing Reliance on Health Plan Documents**— The Department of Managed Health Care recently received a request asking that it adopt a regulation requiring that any document submitted by a health plan relative to a grievance filed by an enrollee must verify that the document does not contain any untrue statement of material fact or omit to state any material fact required to be stated, such to be verified by a person with firsthand knowledge of the material facts. In a written response to John Metz, Chairman of the California Consumer Health Care Council, the Department declined to adopt the proposed regulation, stating that the proposed rule "would impose broad requirements that are neither readily definable nor enforceable, and they render the health care service plans' filing requirements unduly burdensome without a definable benefit. The proposed regulation would in fact impede consumer protection because the requisite background information would be delayed or would not be forwarded unless someone could be located with the requisite knowledge to issue the verification." The Department also indicated that existing law already permits the Department access to necessary material, factual information and that it cannot identify the necessity for such a regulation that would require the "type of burdensome compliance efforts" that the petition sought.

► **LAO Releases Report on State's Health Insurance Program for Employees, Retirees** – The Legislative Analyst's Office (LAO) has released a report that examines

California's health insurance program for state employees and retirees. LAO found that the state cost for the program is approaching \$2 billion annually. It also identified legislative options to limit costs, including developing lower-cost HMO options and changing the way state contributions are determined. A copy of the report is available at the LAO's website, www.lao.ca.gov.

► **Dentists Required to Post Warning Signs**— The California Dental Association and As You Sow, an environmental group, have signed an agreement requiring dentists to post warning signs in their offices. The settlement calls for all CDA members to post signs saying that amalgam fillings contain mercury. It will also advise patients that chloroform and methylene chloride, which are used in root canals, fillings and bridges, are known to cause cancer. The settlement came as a result of a suit filed by the organization against CDA.

► **DBC to Conduct Hearing re RDHAPs**— The Dental Board of California is holding a hearing on January 31, 2003, in Sacramento to hear comments regarding a proposed regulatory change that would eliminate the requirement that an educational program for registered dental hygienists in alternative practice be affiliated with a dental school. According to the DBC, two recent studies both concluded that the regulatory requirement unnecessarily restricts access to this license category. The hearing will take place at the Red Lion Inn, 1401 Arden Way, Sacramento, at 1:30 pm. For further information, contact Errol Chisom; telephone (916) 263-2300, ext. 2327; e-mail: errol_chisom@dca.ca.gov.

 **Save the Date!**
May 7-10, 2003
14th Annual Conference
Monterey Plaza Hotel & Spa
(conference brochure will be available in mid-February)

IN DENTISTRY TIME IS MONEY



Trojan Professional Services, Inc. offers your providers a one-stop solution for benefits and eligibility information through our growing network of payers.

For over 25 years Trojan has been the industry leader in providing dental benefit information. We are committed to reducing costs and offering enhanced value to your provider offices.

Practice Management Vendors and Payers partnering with us to offer this complete solution can provide dental offices the ability to automate and improve administrative processes through the use of Trojan's technology.



Trojan

Professional Services, Inc.

800.451.9723

Visit us on the web at...www.trojanonline.com



**CALIFORNIA
ASSOCIATION
OF DENTAL
PLANS**

**One Capitol Mall
Suite 320**

**Sacramento, CA
95814-3229**





CALIFORNIA ASSOCIATION OF DENTAL PLANS
13th Annual Legislative and Regulatory Conference
January 28-29, 2003 ◀ Sacramento, CA

Advance Registration Form

Please complete one form for each participant.

Name _____

Title _____

Organization _____

Address _____

City/State/Zip _____

Phone _____ FAX _____

REGISTRATION FEES

- CADP member registrant \$315
- CADP member - additional registrant(s) same company \$215
- AMCD member registrant \$315
- Non-CADP member registrant \$415

Total amount enclosed \$_____

For office use only	
Amt. paid	_____
Amt. due	_____
Fwd date	_____
Reg date	_____
Update	_____

REGISTRATION DEADLINE

Early registration must be made by January 21, 2003. A \$50 surcharge will be added for registrations received after that date.

PAYMENT INFORMATION

Make check payable to CADP and mail with registration form to:
California Association of Dental Plans
One Capitol Mall, Suite 320, Sacramento, CA 95814-3229

CANCELLATION POLICY

Only written cancellations received by January 21, 2003, will receive refunds (less a \$50 processing fee). No refunds will be made after January 21, 2003.

QUESTIONS?? CALL CADP 916/446-3122, or FAX 916/444-7462