



CALIFORNIA
ASSOCIATION
OF DENTAL
PLANS

News

PUBLISHED BY THE CALIFORNIA ASSOCIATION OF DENTAL PLANS

SEPTEMBER/OCTOBER 2002

President's Report

by Lee J. Harris, DDS

As CADP's 2001-2002 fiscal year has come to a close, I am pleased to report that the association is financially stable; in fact this is the first year in the last three that we have not had to dip into reserves to sustain CADP activities. This is a result of substantially better performance from our non-dues revenue generating activities, including the Legislative Conference, Annual Conference and Quality Assurance Auditor's Calibration Course Programs, as well as a reduction in the Association's public relations activities. CADP to date has in excess of 35 percent of its annual expenses in reserve. The Board and CADP member plans should be proud of the level of participation in its ongoing programs and achievements.

September 2002 also marks the end of another two-year legislative cycle. CADP has been successful in influencing positive outcomes related to specialty plan assessments, and the defeat of continuity of care legislation that would have negatively impacted all member plans. Several bills did recently become law, and an updated is included in this newsletter. CADP will be working with the Department of Managed Health Care this year to craft regulations regarding provider contracting guidelines and timely access to

care as a result of recently-enacted legislation.

In addition to CADP's regular legislative and regulatory activities, our newly adopted 2002-2003 Strategic Plan has some new objectives. These objectives call for the creation of several working groups to: develop dental plan model EOC language; develop a data collection initiative; develop standard quality and service metrics in the areas of grievances, second opinions, etc.; and develop recommendations regarding the feasibility of quality assurance data sharing and portability among plans.

The Legislative Conference in January will bring us together to discuss election results, new regulation implementation plans, ongoing discussions with the DMHC and other exciting workshops and speakers. Please join us in Sacramento January 28-29.

As always, this work and success cannot continue without the valuable contributions from our members who volunteer a portion of their time to these efforts. Should you wish to volunteer in any capacity to support the activities of CADP, please feel free to contact any board member or Jackie Miller. Thanks for your continued support and best wishes for another successful year.

What's Inside

Dots and Dashes

Page 2

In the News

Page 3

Legislative Update

Page 4



Save the Dates!

January 28-29, 2003

Legislative and Regulatory Conference

Hyatt Regency Sacramento

May 7-10, 2003

14th Annual Conference

Monterey Plaza Hotel & Spa



CALIFORNIA
ASSOCIATION
OF DENTAL PLANS

News

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

**CALIFORNIA ASSOCIATION OF
DENTAL PLANS**

1121 L Street, Suite 210
Sacramento, CA 95814-3970

916/446-3122 • FAX: 916/441-6484

Jackie Miller, Executive Director

email: westword@cal.net
www.caldentalplans.org

CADP Board of Directors

Lee J. Harris, DDS
President

Susan Klarner
Vice President
Health Net Dental
and Vision, Inc.

Len Matuszak
Secretary-Treasurer
United Concordia
Dental Plans
of California

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

Fall has fell and I feel like...it has been a very busy summer:

- The consensus audit tool (between CADP, Delta of California and CDA) has taken on a life of its own. By now you may have read articles in Dental Managed Health, Dental Economics and other trade publications you read that I miss. Thanks are due not only to the timeliness and significance of the event, but also to Jeff Album of Delta who prepared and moved the press release.
- One of the spin-offs (for the fall season) has been increased interest in the CADP Auditor Calibration Course. The most recent course in mid-September attracted more than 40 registrants. A look at the demographics might be interesting: 25 percent were from out-of-state; 40 percent were non-dentists. Representation included CDA and DMHC. DHS expressed interest but was unable to meet the travel expenses because of the protracted budget battle. One of the more interesting attendees was Carol Tekavec, who writes a column for Dental Economics and recently submitted a course to the ADA on charting. Ms. Tekavec seemed very interested in our course and has followed up with questions.
- Several plans recently completed the medical survey process by the DMHC. This round of surveys represents the first without dental input from academia. The general feeling of the dental directors is that the survey is much more "process" driven and allows for a plan to demonstrate oversight functionality rather than micro-management. Most believe that it will improve operations while encouraging some changes in data retrieval and reporting. We are fortunate that the DMHC has been receptive to the plans' needs and concerns.
- We are not so fortunate in that we will feel the unintended consequence of recent proposed regulations aimed at maintaining provider financial solvency. The regulations would prohibit a plan from retro-termination of members and would place a 45-day notice of member termination requirement to providers. In effect this means that plans will be "on the hook" for capitation in many cases where they do not receive premium. CADP has provided comments to the DMHC regarding the regulations' negative impact on dental plans.
- It has been almost a year since the Quality Management Committee took up the subject of addressing the dentist shortage by working with the California schools. Thankfully, Dr. Ivan Berger of Health Net has done something about it. Ivan was asked to present to the USC School of Dentistry senior students a perspective of managed dentistry and how it might affect them. Best reports are that his September 24 presentation was well received. A possible fringe benefit might come from the course director being Jack Conley, who is the CDA Journal editor.
- On 9/24/02 Congress received a briefing on the oral health of the country. Attention focused on oral health problems and unattended care of both the elderly and the young. It was a reminder that the CADP Quality Management Committee is intending to work with the DMHC in addressing meaningful access to dental care and dental preventive measurements in 2003. Get your thinking caps on.



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.

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

In the News . . .

- ▶ "Dental Works!" Program Updated— CADP's Dental Works! Power Point presentation has been updated with current legislative and regulatory information. Developed for use by CADP members to familiarize legislators with the industry, the program is available to all members on CADP's website, www.caldentalplans.org.
- ▶ HMO Report Card Released— The Office of the Patient Advocate (OPA) has released its second annual report card, which ranks health plans on quality and service. The 2002/03 report also rated 80 medical groups participating voluntarily in the study. The HMO report card is available online, at www.opa.ca.gov. The Office of the Patient Advocate was established in July 2000 for the purpose of educating California HMO enrollees about their rights under California law.
- ▶ State Loses \$700 Million in Healthy Families Funding— Due to its budgetary situation, the State of California has forfeited \$700 million in federal funds earmarked for increased health coverage under the Healthy Families Program. Under the program, the state is required to pay \$1 for every \$2 the federal government provides. Grantland Johnson, Secretary of the Health and Human Services Agency, indicated that the three-year timeframe for allocation of the funds, set by federal guidelines, was too short for states to comply, and that only 12 states had done so. The unspent money will be distributed to those states which have used up their allotments.
- ▶ Legislative, Regulatory Hearings Scheduled— The Assembly Business and Professions Committee, chaired by Assembly Member Lou Correa (D-Santa Ana), is conducting an interim hearing on the current scope of practice of dentistry. The hearing is scheduled to take place on Wednesday, October 16, in Room 447, State Capitol. For further information, contact the committee, at (916) 319-3301.
Additionally, the Department of Consumer Affairs is scheduling public hearings on the joint legislative sunset review process. In addition to other agenda items, the Department will hear comments on reports relative to dentistry during hearings scheduled for Tuesday, October 29, in Sacramento, and Wednesday, November 6, in Los Angeles. Limited comments will be received on the following: Dental Board of California Enforcement Program Monitor Initial Report; and Review of the Regulatory Structure and Scope of Practice for California's Dental Auxiliaries. For further information, contact Dorothy Sanders, Department of Consumer Affairs, at (916) 445-1598. The reports are also available online, at www.dca.ca.gov.
- ▶ Health Net's Dr. Berger Offers Career Advice to USC Dentistry Students— Dr. Ivan Berger, Vice President, Quality Management, and Chief Dental Officer, Health Net Dental & Vision, made a presentation on September 24 to the senior class at the USC School of Dentistry on the topic, "Employment in Large Dental Clinics or Corporate Staff Models." Invited by Dr. Jack Conley, Associate Professor and Course Director, Contemporary Dental Practice Program, Dr. Berger indicated that the presentation was the first that the students had heard from a plan representative. He has been invited back to speak next year.

Legislative Update

By Jo-Linda Thompson, Nossaman, Guthner, Knox & Elliott, LLP; Jackie Miller, Executive Director

CADP has had a remarkable and successful legislative session. Successful because: we were instrumental in moving a fee reduction bill for specialty plans to the Governor's desk; we removed dental plans from several bills that were not focused on specialty plans but would have imposed substantial new costs on our plans; we avoided additional costs for administrative activities related to mandates; and again avoided creation of an unfair competitive environment for plans that compete with "discount" organizations. It was a remarkable session for a number of reasons: the Board strongly supported our efforts, the membership responded when we needed advice, facts and information; we increased the effectiveness of the specialty plan lobbying coalition and continued to work with individual plan lobbyists; and we communicated with the California Dental Association to build our relationship around issues of mutual concern. We know all of these challenges, and more, will present themselves again in future legislative sessions, but hopefully we can build on these strengths to achieve greater presence and continued success in Sacramento.

In addition to our legislative activities, we also worked hard on budgetary issues right up to the last day of the 2002 Legislative Session. Because of the budget deficit, Medi-Cal provider reimbursement rates and adult dental were targeted for cutbacks or elimination by both the Administration and some legislators. CADP worked with other specialized plan lobbyists and CDA to retain adult dental, although some services have been reduced; children's dental services, however, will remain at their current level. In addition, provider reimbursement rates were retained at their current level (see AB 3006, below).

The following is a rundown of legislative measures of interest to members:

▶ AB 3006 (Committee on Budget) - Medi-Cal Provider Rates - Update: Passed by the Assembly late on the last night of the Session and signed by the Governor on September 30, this measure rescinds the Medi-

Cal provider reimbursement rate cuts proposed in AB 442, the omnibus health budget trailer bill. The bill was sponsored by the California Medical Association (which had a lawsuit prepared should the bill be vetoed) and supported by many provider organizations and plans, including CADP.

▶ SB 686 (Ortiz) - Equitable DMHC Fee Assessments. Update: Signed by the Governor. CADP's highest-priority legislation during the 2001-2002 Legislative Session, SB 686 was sponsored by Vision Service Plan and supported by specialized plans. The measure corrects the inequitable fee assessments levied by the DMHC. After two years of work and a great deal of compromise from all parties, fees of most specialized plans will be reduced substantially. When the bill goes into effect in July 2003, specialized plans will pay 35percent of the Department's budget rather than the current 48percent, with the flat fee all plans pay increasing from \$7,500 to \$10,00 annually. If the past is prologue to the future, we can expect the Department's budget to continue to grow. The savings for specialized plans in this bill will become even more significant.

▶ AB 1600 (Keeley) - Private Right of Action. Update: Dead. Another high-priority measure for CADP was AB 1600, the infamous "anybody can sue a plan" bill. Its primary focus was the authorization of a private right of action for alleged violations or "imminent" violations of the Knox-Keene Act, and the continuation of health service contracts that expire during contract renegotiations to make sure that enrollees remain covered. A conference committee that was scheduled to hear the bill during the final days of the Session was never convened

▶ AB 1522/ SB 103 (Thomson/Speier) - Continuity of Care. Update: Dead. Another CADP priority, these two hotly contested continuity of care measures also died. We worked hard to get the dental plans excluded and had again submitted language that would have taken us out of the bill. Although these bills were sent to conference and a hearing

was held at which we testified, no global agreement was ever reached, and time simply ran out. Continuity of care will be an issue during the 2003-2004 Legislative Session.

▶ SB 1461 (Speier) - Discount Plans. Update: Dead. Yet another priority for CADP, SB 1461 was another attempt to regulate discount plans. The legislation went through substantial amendment and many meetings and negotiations, but in the end there was no resolution to the problems presented by proliferation of these new "plans." It was made clear to all of the stakeholders that we will be dealing with this problem again almost immediately. An interim hearing is tentatively scheduled for January; we are planning to meet with the consumer representatives and lobbyists for the plans during the fall recess. It would be very helpful if each plan would document the process, the timing and the cost of working through their material modification experience with the Department when a plan wants to introduce a discount product. We will need much better information about member plans' real life experiences with that process in order to explain what a "level playing field" really means. We cannot avoid a statutory and regulatory scheme that puts the Knox-Keene plans at a competitive disadvantage if we cannot point to the cost, timeframe and potential exposure to penalties that our members encounter in the material modification process.

Senator Alpert's companion measure, SB 2010, would have required a study by the Senate Office of Research as well as a survey of "discount plans" currently operating in the State. During the last weeks of the session, it was amended to deal with an entirely different subject.

▶ AB 1996 (Thomson) - Health Care Mandates Study. Update: Signed by the Governor.

Early in the year several bills were introduced that would have imposed mandates on health care plans. At about the same time consumers were experiencing substantial premium cost increases, partially driven by mandates imposed on the plans by past legisla-

tive action. The increase in costs was so substantial that the full-service plans formed an alliance with organized labor and worked to prevent further mandates that would result in more cost pressure on premiums. Various solutions were explored, resulting in AB 1996. This bill will request that the University of California assess legislation that would impose a mandated benefit upon health care plans. As a result of our discussions with the author, specialized plans were exempted from this legislation. This is important because the cost of the analyses will be paid for from fees assessed upon full-service plans.

▶ AB 2907 (Cohn) - Health Care Providers' Bill of Rights. Update: Signed by the Governor. Sponsored by the California Medical Association (CMA), the Governor originally announced AB 2907 as the "Doctors' Bill of Rights" when he addressed the CMA last spring. We wished that the bill had remained limited to physicians, but in June it was amended to cover the universe of providers, and we had to go to work to try and limit the damage. The good news is that the bill does not relate to setting rates; however, it does require the plan to notify a provider if a material change is made in the contract and the provider must agree to the change. Plans are no longer permitted to make unilateral changes to "material" provisions. Notice and provider negotiation/agreement are also required if changes are made by amending a manual, policy or procedure document referenced in the contract, with a provider's right to terminate the contract prior to implementation of the change. In a PPO arrangement, the contract can have provisions permitting material changes with a 45-day notice to the provider and the provider has the right to terminate the contract before the change is made.

▶ AB 2052 (Goldberg) - Health Plan Group Contract Changes. Update: Signed by the Governor. This measure prohibits a plan, after the start of open an enrollment period or after receipt of the premium payment for the first month of coverage, from changing its premium rates or applicable co-payments or coinsurances or deductibles for group health care service plans or group health insurance after the group contract-holder or group policyholder has delivered written acceptance of the contract or policy. It also provides for exemptions from the prohibition where the

change is authorized or required in the group contract or policy, is agreed to under a preliminary agreement or is mutually agreed to in writing, as specified. *Note: this measure applies both to Knox-Keene licensed plans and insurers regulated by the Department of Insurance.*

▶ AB 2085 (Corbett) - Health Care Grievances. Update: Signed by the Governor. This bill requires a health care service plan to provide written acknowledgment of the receipt of a grievance within five calendar days of receipt unless the grievance is received by telephone, fax, e-mail or online and meets specified requirements or unless the grievance is subject to expedited review. It also has provisions that require a plan's website to be utilized for online grievances; however, there is an exemption until January 1, 2006, for those health plans that utilize a hardware system that does not have the minimum system requirements to support software necessary to meet those requirements.

▶ SB 283 (Speier) - Healthy Families Program. Update: Signed by the Governor. This bill authorizes plans participating in the Healthy Families Program to provide application assistance directly to an applicant who is acting on behalf of an eligible person, subject to specified conditions. Sunsets January 1, 2006.

▶ AB 2179 (Cohn) - Access to Care Standards. Update: Signed by the Governor. This bill requires the DMHC to develop regulations, by January 1, 2004, to ensure that enrollees have access to needed health care services in a timely manner, such as waiting times for an appointment, telephone waiting times, etc.

▶ AB 2739 (Chan) - Multilingual Information and Services - Healthy Families/Medical. Update: Vetoed. This bill would have codified language requiring managed care plans contracting with the State for the Medical and Healthy Families Programs to take specific actions to provide culturally and linguistically appropriate services to recipients of services.

▶ SB 1913 (Committee on Insurance) - DMHC/DOI Working Group. Update: Signed by the Governor. This measure requires the DMHC and DOI to maintain a joint senior level working group to ensure clarity in enforcement and consistency in regulations. It also requires that the working

group review/examine procedures in both departments and report findings to the Insurance Commissioner and DMHC Director, with the report to be submitted to the Legislature each January 1 for five years.

▶ SB 398 (Chesbro) - Health Plan Bankruptcy. Update: Signed by the Governor.

This measure requires a health plan to meet and confer with the DMHC Director at least ten business days prior to filing a petition for bankruptcy.

▶ SB 1092 (Sher) - Intervenor Fees. Update: Signed by the Governor. This bill establishes the Consumer Participation Program within the DMHC, which will allow the Director to award reasonable advocacy and witness fees to a person or organization representing consumers for substantial contributions to the adoption of any regulation, order, or decision, with such fees considered to be costs and expenses of the department borne by plans.

▶ SB 1955 (Figueroa) - Professions and Vocations. Update: Signed by the Governor. This bill, among other provisions, revises certain provisions relative to the Dental Board of California fact sheet provided to patients. It specifies that fact sheet requirements do not apply to surgical, endodontic, periodontic, or orthodontic dental procedures in which dental restorative materials are used, and excludes from that term those "synthesized structures or devices intended to wholly replace an extracted tooth or teeth, such as implants." It also includes legislative intent to codify the scope of practice of dental hygienists, whose provisions are outlined in SB 2022 (Figueroa) (see below).

▶ SB 2022 (Figueroa) - Healing Arts. Update: Signed by the Governor. Among other provisions, this bill defines the practice of dental hygiene, deletes the authorization that the Dental Board of California determine authorized functions for dental hygienists and sets forth procedures that a properly trained dental hygienist is authorized to perform under direct supervision and under general supervision. It also authorizes a dental hygienist to provide educational services, oral health training programs, and oral health screenings without supervision. It also requires the board to adopt regulations necessary to define the functions that may be performed, the supervisory requirements, and the settings in which a registered dental hygienist may work.

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**

**1121 L Street
Suite 210**

**Sacramento, CA
95814-3970**