



President's Report

by Lee J. Harris, DDS

In this report, I'd like to bring our CADP membership up to date with 'The State of CADP' – a status report.

As in years past, the legislative and regulatory issues facing our industry are indeed challenging. Those of us who attended the CADP Legislative Conference in January got a taste for what is in store for the balance of 2002. The potential fallout from the State of California's \$17 billion budget shortfall is to date unknown, but is sure to have some adverse effects on dental programs, especially the Denti-Cal program. Governor Davis' proposed budget includes \$14 million in cuts to the program that also shifts costs to Denti-Cal members. More information will be available as the 'May revise' nears.

The CADP Board of Directors and our contracted lobbyists are following bills that have been recently introduced or are carryovers from last year, including bills related to: discount programs, continuity of care, CMA bills regarding fairness of provider contracts and collective bargaining, and plan administrative burden, among others. On the regulatory side, we are working closely with DMHC regarding comments to proposed regulations for the implementation of AB1455 (prompt payment and provider disputes), plan assessments, and limitations and exclusions.

The CADP Quality Management Committee (QMC) has been active in the expansion of relationships with industry organizations, including CDA, to increase collaboration on a variety of issues including adoption of a standardized audit tool.

The Governor recently appointed 10 of the 14 new members to the Dental Board of

California, finally reaching the needed quorum of 8 members. To date, none of the appointees represents a dental plan. Governor Davis has yet to appoint a dental representative to the DMHC Advisory Committee on Managed Health Care.

Clearly, CADP member plans are facing these and numerous other challenges in these ever-changing and turbulent times. Our Annual Conference this year will focus on this theme, 'Managing in Turbulent Times.' Conference Chairman, Jeff Sulitzer, and your Board have put together a packed agenda of thought-provoking speakers who will shed some interesting perspectives regarding our industry today.

Through it all, CADP is enjoying another great year to date, highlighted by:

- A profitable Legislative Conference
- A continually successful QA certification program
- Dues collections on target, and
- The addition of new members, including MetLife and Liberty Dental Plan

CADP's continued success is predicated by the fine work of our executive director, the Board of Directors, the QMC, our lobbyists and you, our members. Help CADP to continue to exceed the expectations of our membership by participating in our election of new directors at the May Annual Conference. Your active participation in CADP's largest function of the year will guarantee our continued success. See you in Indian Wells!

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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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California Mulls New Legislation to Regulate Discount Health Plans

Editor's Note: The following article, written in collaboration with Jeff Album of Delta Dental Plan and other members of the Board of Directors, is one which we invite you to use as part of your communications with others regarding the discount plan issue. If you'd like an electronic copy, please forward your request to Jackie Miller, Executive Director, at westword@cal.net.

▶ They work more like savings coupons than bona fide insurance programs, but whatever they are, discount health, dental and vision programs are cause for concern among some industry and consumer groups, who feel they should be better regulated.

The California Department of Managed Health Care (DMHC) recently lifted a cease and desist order on "discount health plans" following a review of that action by the former California Department of Corporations. Legislation to address the DMHC's stated lack of jurisdiction may soon emerge in the California State Legislature, but in the meantime, discount health companies are active once again in California marketplace.

Simply put, discount health plans market annual memberships for a low monthly or annual fee, claiming to entitle users to reduced prices from participating providers and suppliers. Medical, dental and vision care, as well as chiropractic, cosmetic and even nutritional supplements are among the most common discount plan offerings. Advertisements – often found on the Internet or delivered as "spam" e-mail - boast that consumers can save up to 30 percent or more on the cost for such services.

Some industry observers and consumer advocates, however, warn that it's difficult to know just how much of a real discount members receive over the usual costs charged by participating providers. They are also concerned that discount program subscribers are not adequately informed that they only purchase access to a provider list – not actual coverage or insurance. The providers on these lists collect their payment in full from discount subscribers, receiving no reimburse-

ment for any portion of their services from those who market the discount program.

"We are not convinced discount plans offer real and substantial benefits to consumers," said Earl Lui, senior attorney for Consumers Union. "The lack of adequate regulation only heightens our concerns. We believe the Department of Managed Health Care should regulate the industry and conduct random audits to ensure consumers get true discounts."

In a recently published opinion, DMHC Director Daniel Zingale determined that without new legislation, his department lacks the legal jurisdiction necessary to exercise any regulatory authority over discount health plans, which the DMHC does not regard as true healthcare service plans because they don't assume any risk or pay claims. Draft guidelines issued by the DMHC do, however, effectively prevent Knox-Keene licensed health plans in California from offering similar discount programs to compete with those from unlicensed companies. These guidelines are currently under review.

Knox-Keene licensed health plans like those that belong to the California Association of Dental Plans (CADP) are required to implement a quality assurance program, audit participating providers, maintain solvency standards and obtain plan design approvals from the DMHC. Licensed health plans must also fully inform and disclose to subscribers the provisions of their plan coverage, all limitations and exclusions, and advise subscribers of their right to complain or challenge a health plan's determination of coverage by calling the DMHC's patient complaint hotline.

The popularity and acceptance of discount programs by consumers remains unproven in California, but regulators in other states where discount plans are offered are taking action to head off trouble. The Kentucky Department of Insurance, for instance, recently put out a consumer alert to make consumers understand that they are not buy-

ing actual insurance with these products, and to require adequate disclosure regarding how advertised discounts are calculated and administered. Another alert will soon be put out by the Georgia Consumer's Insurance Advocate, Cathey Steinberg, who has reportedly fielded a spate of complaints from dissatisfied discount plan customers.

CADP – California's dental plan trade group – has adopted the position that a more level playing field should be established between discount health plans and licensed healthcare service plans in California. And like the Consumers Union, the organization is on record advocating that appropriate regulation of discount plans should be adopted for the protection of California consumers.

The California Association of Health Plans has embraced a similar position, and legislation that puts forward these principles is anticipated sometime during the 2002 legislative session.

Notice of Annual Meeting

The CADP Annual Business Meeting will take place as follows:

Wednesday, May 8, 2002, 3:30 pm
Valencia I-II
Renaissance Esmeralda Resort,
Indian Wells

At that time, in addition to other business, the election of members to the Board of Directors will take place. Please note this date on your calendar and make every effort to ensure that a plan delegate or alternate is present.

Dots and Dashes

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

Charles Dickens begins his *Tale of Two Cities* with the admonition, "It was the best of times. It was the worst of times." It is not too much of a stretch to conclude this might well apply to the present state of our country and our industry. Case in point:

- Organized dentistry has lined up on behalf of non-participating providers against third-party payers for doing what they are supposed to do: controlling rising costs and encouraging member value.
- Special interest groups have forced California dentists to distribute a confusing, restorative material fact sheet under penalty of license jeopardy.
- Regulations being drafted to implement "prompt claims payment" and legislation regarding "discount adjunctive (dental) services" may affect the core operations of dental service delivery.
- Early appointments to the Dental Board of California, while distinguished and above reproach, suggest a subtext to ultimate Board composition that may represent a significant change. Patricia Osuna, RDH, is a self-employed hygienist. Dr. Ariane Terlet has been in inner-city clinical den-

tistry for 12 years. Dr. Chester Yokoyama lists among his associations, the Holistic Dental Association and the International Academy of Oral Medicine and Toxicology. Initial appearances would indicate separate philosophies and compositions between the Dental Board and the California Dental Association in the future.

- The Kelso Report on the advisability and feasibility of DOI/DMHC functionality brought to light as many questions as answers.
- At the same time that we are seeing an unparalleled spirit of cooperation between the CDA, CADP and regulators in efforts to standardize quality assessment of dental plans and dental offices, we are seeing increased pressure to change long-established exclusions and limitations.

Joni Mitchell puts into perspective the likelihood that we will ever find definitive answers or direction when she writes, "It's clouds' illusions I recall. I really don't know clouds at all." Still, when all the above issues will be part of the CADP Annual Conference program, can you afford *NOT* to attend and learn as much as you can? In the vernacular, "I think *NOT*."

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(949) 725-4000



Welcome
New Members!

MetLife
Liberty Dental Plan
Discus Dental

Annual Conference Update

Here's the latest on CADP's 13th Annual Conference. Information is included in the conference brochure, or visit CADP's website at www.caldentalplans.org. Information concerning the Quality Management Conference follows the Annual Conference schedule. See you in the desert!

13th Annual Conference • May 8-11, 2002
Renaissance Esmeralda Resort • Indian Wells, California
"Managing in Turbulent Times" • Jeffrey A. Sulitzer, DMD, Program Chair
Tentative Program

WEDNESDAY, MAY 8:		10:30 am	Break - Visit Exhibits
3:00-5:00 pm	Registration	11:00 am	"The Next Generation: What Plans Need to Know About Their Future Providers"
3:00-6:00 pm	Exhibit set-up		Harold Slavkin, DDS, Dean, School of Dentistry, University of Southern California
3:30 pm	Annual Meeting		
5:00-6:00 pm	Welcome Reception		
6:30 pm	Board of Directors' Meeting	12:00 pm	Luncheon
THURSDAY, MAY 9:		2:00 pm – 3:30 pm	"Trends in Plan Design: Is It Time to Revisit What We Do?" (interactive session)
7:00 am-5:00 pm	Registration		Moderator: Chris Kamen, DDS, CEO, Golden West Dental and & Vision
8:00-8:45 am	Continental Breakfast		Jerry Michels, DDS, MBA, Partner, Gholdoian Consulting Group
8:00 am-5:00 pm	Exhibits		Ron Inge, DDS, Vice President & Chief Dental Officer, PMI
9:00 am-5:00 pm	Annual Conference		David Duker, Vice President, Marketing and Development, Word & Brown
12:00-1:00 pm	Luncheon		
3:30-4:30 pm	Dessert with Exhibitors		
7:00 pm	Fun Night		
Program:			
8:45 am	Keynote Presentation: "Managing in Turbulent Times"	FRIDAY, MAY 10:	
	Kenneth A. Tannenbaum, Senior Director, National Business Development, Ingenix Healthcare Solutions, Inc.	7:00 am-5:00 pm	Registration
		7:30-8:45 am	Continental Breakfast
9:45 am	"Prepare for the Next Wave"	7:30 am-3:00 pm	Exhibits
	Bill Jackson, DDS, Senior Vice President, Connectivity, dentalxchange.com	9:00 am-4:00 pm	Annual Conference
		8:00 am-12:00 pm	Quality Management Conference
		11:45 am-1:00 pm	Luncheon
		1:00-2:00 pm	Dessert with Exhibitors

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2:00-4:00 pm Annual Conference/QM Conference
Joint Symposium

6:00 pm Reception

Program:

9:00 am Regulatory Perspective
Daniel Zingale, Director, Department
of Managed Health Care (invited)

9:45 am "Dental Fraud: Its Impact and Implica-
tions"
William J. Mahon, Executive Direc-
tor, National Health Care Anti-Fraud
Association

10:30 am Break - Visit Exhibits

11:00 am "Evaluating Your Business in a
Changed Environment"
Robert Glaser, Vice President, Corpo-
rate Development, WellPoint
Dan Bentley, Director, Investment
Banking, A.G. Edwards & Sons, Inc.

11:45 am Luncheon
Guest Speaker: The Honorable Helen
Thomson, Chair, Assembly Health
Committee (invited)

2:00 pm - 4:00 pm Annual Conference/Quality Manage-
ment Conference Joint Symposium

2:00-3:00 pm "Barriers to Evidence-Based Dentistry:
Why Isn't It Happening?"
Antonio Legorreta, MD, CEO,
Health Benchmarks, Inc.
Michael del Aguila, Ph.D., President,
Delta Dental Data and Analysis
Center

3:00-4:00 pm Legal Roundtable: "Coping with
California's Regulatory Atmosphere"
Mary Antoine, Nossaman, Guthner,
Knox & Elliott, Moderator
Michael Polis, Wilke, Fleury, Hoffelt,
Gould & Birney
Judy Vaccaro, Miller & Holguin
Michael Zablocki, Stradling, Yocca,
Carlson & Rauth

4:00 pm Conference concludes

SATURDAY, MAY 11:

7:30-10:00 am Registration

7:30-8:00 am Continental Breakfast

8:30 am Board of Directors' meeting/continen-
tal breakfast

8:00 am-5:00 pm Quality Management Conference

12:00 pm Luncheon

5:00 pm Quality Management Conference
adjourns

**Quality Management Conference
May 10-11, 2002**

**Renaissance Esmeralda Resort
Indian Wells, California**

**D.E. FitzGerald, DDS, Program Chair
Tentative Program**

FRIDAY, MAY 10:

8:00 am Introduction and History
Ivan Berger, DDS, Vice President &
Chief Dental Officer, Health Net
Dental & Vision
Charles Stewart, DMD, Manager,
Quality Assurance, WellPoint Dental
Services

9:45 am Facility Lecture

10:30 am Break - Visit Exhibits

11:00 am Facility Case Study – Case #1

11:45 am Luncheon
Guest Speaker: The Honorable
Helen Thomson, Member, Califor-
nia State Assembly (invited)

2:00 pm - 4:00 pm Annual Conference/Quality Man-
agement Conference Joint Sympo-
sium

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- 2:00-3:00 pm "Barriers to Evidence-Based Dentistry: Why Isn't It Happening?"
Antonio Legorreta, MD, CEO, Health Benchmarks, Inc.
Michael del Aguila, Ph.D., President, Delta Dental Data and Analysis Center
- 3:00-4:00 pm Legal Roundtable: "Coping with California's Regulatory Atmosphere"
Mary Antoine, Nossaman, Guthner, Knox & Elliott, Moderator
Michael Polis, Wilke, Fleury, Hoffelt, Gould & Birney, LLP
Judy Vaccaro, Miller & Holguin
Michael Zablocki, Stradling, Yocca, Carlson & Rauth
- 6:00-7:00 pm Reception

SATURDAY, MAY 11:

- 8:00 am – 8:45 am "The Janus Issue: The Complexities of Regulators and Plans Seen from Two Different Faces"
Debra Burgess, Senior Health Plan Analyst, Department of Managed Health Care
Aileen Bruno, Director, Regulatory Compliance, WellPoint
- 8:45 am – 11:45 am Facility Case Studies 2, 3 and 4; Study Time; Computer Entry
- 12:00 pm Luncheon
- 1:00 pm – 3:00 pm Review of Cases
- 3:30 pm Case 5
- 4:30 pm Credentialing Examination
- 5:00 pm Conference concludes

Exhibits & Sponsorships

A limited amount of space is available for exhibits. If you are interested in exhibiting, advertising in the conference program, or sponsoring a conference event, please contact the CADP administrative office, 916/446-3122; FAX 916/441-6484; e-mail: westword@cal.net.

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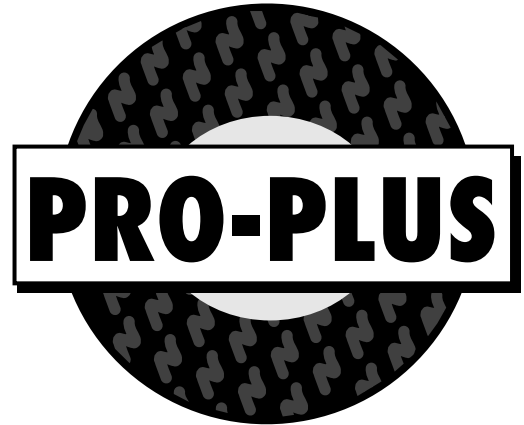
Sam Gruenbaum
Western Dental Services

Report of Nominating Committee

▶ As reported to member plans on March 6, 2002, the Board of Directors has approved a slate of nominees for election to the Board of Directors. Those nominated for four, three-year terms (terms to expire in 2005) are:

Jeff Album, Delta Dental Plan (incumbent)
Stan Andrakowicz, Western Dental Services
Steve Bilt, Newport Dental Plan
John Gaebel, DDS, Pacific Union Dental
Jim Hager, Blue Shield of California
Lee J. Harris, DDS (incumbent)
Mary-Ellen Hardin, SmileCare
Ron Inge, DDS, PMI
Jim Perkins, WellPoint Dental Services
Allen West, CIGNA Dental

The Bylaws also provide for at-large nominations. If you wish to nominate a candidate(s) via this process, please submit a nominating petition for each, signed by representatives of at least two member plans, to Len Matuszak, Secretary-Treasurer, CADP, 1121 L Street, Suite 210, Sacramento, CA 95814, by Monday, April 8, 2002.



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Make Plans to Attend!

May 8-11, 2002

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CADP's 13th Annual Conference

Renaissance Esmeralda Resort, Indian Wells, CA

"Managing in Turbulent Times"

See you at the conference!



CALIFORNIA
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OF DENTAL
PLANS

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