



## President's Report

Bryan Geremia

▶ As we approach the end of 2009 and the prospects for the New Year, the issues that have dominated the news all year continue to percolate.

Although we see some signs that the recession is fading, there is still a great deal of uncertainty regarding the economy at state and national levels. In addition, the specter of healthcare reform continues to muddy the dental industry waters.

On the healthcare reform front, the House has passed its version of a bill. There is nothing in this bill that would allow dental to be offered as a stand alone benefit in the proposed exchanges. The Senate is currently debating its version of reform, which still includes the Stabenow-Lincoln amendment allowing separate children's dental to be offered in the exchange. Of course, this amendment will need to survive the Senate and then the merged House/Senate bill. Only time will tell.....

The Board recently met to develop our Strategic Plan for 2010. The importance of our proactive work with state legislators will continue to dominate our activity. Our work with the CDA will move forward to improve relationships between the

provider community and the dental plans. The Board is also committed to managing our finances and your membership dues to provide the most value to you during these challenging times. We will review the Strategic Plan during our all-plan meeting taking place at the January Legislative and Regulatory Conference.

This leads me to the importance of making plans now to attend the Legislative and Regulatory Conference being held in Sacramento on January 12-13, 2010. This is always an extremely informative meeting. With what is happening within the state and nationally, this meeting should be on everyone's calendar. Register early!!

As the year wraps up, the Board and I would like to wish you all the best during the Holidays and into the New Year. Be assured that we are prepared to meet the challenges that lie ahead for all of us! See you in January at the Sheraton Grand!

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CALIFORNIA  
ASSOCIATION  
OF DENTAL PLANS



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

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*(dental director representative)*

# Dots and Dashes

Charles D. Stewart, DMD  
Chair, Quality Management Committee

▶ 2009 has been a year the like of which has never been seen before. The economic meltdown of 2008 and 2009 has not been kind to the Great State of California. The dental insurance industry has seen changes to government-sponsored programs as well as the challenge of shrinking client and enrollee pools. Unfortunately, there have been adjustments to business models and staffing levels.

In spite of economic indicators that the recession is over, the dental insurance industry continues to feel the effects of this downturn. Dentists are finding that they have more empty chair time. This has led to an interesting phenomenon: many dentists who previously would never participate on a Plan are applying to become providers. This is a good thing for our industry, but it does dilute the number of patients available in each provider's office. So in a nutshell, the trickle-down of the recession is just starting to affect previously immune dentists themselves.

Where will this all lead? Once the recovery makes its way down Main Street all the way into dental offices, will these new providers drop Plans as fast as they can? Will they find the governing rules and regulations too restrictive, and refuse to comply? Will they charge patients fees differently than what is specified in their contract? Will they pass a Quality Assurance Assessment?

Each of the above deserves some exploration.

Provider retention is a challenge even in the best of times. Dentists feel they are entitled to their full fees for procedures and many are viewed for compensation on an individual basis, and very rarely is the total compensation package taken into consideration. Many Plans pay an amount up-front for patients (monthly compensation or capitation). In addition to this model, some plans will pay a supplement for specific procedures rendered. This is in addition to the co-payment collected directly from the patients. And, oh, don't forget that many Plans offer incentives to providers for participating; they can be on items such as services (from sterilizer monitoring to the on-hold music for phones) or supplies (dental or office) or even laboratory discounts. The above programs can actually result in a lucrative arrangement for providers, if they take advantage of all the Plan offerings. It's important to note that the fees specified in a provider's contract are those that can be charged, based on Plan guidelines. A provider is not permitted to arbitrarily ignore these fees and charge his/her usual, customary and reasonable fees, or simply, those desired.

But this does not address providers' feelings that they're pushing 'real' dental patients out of the office. The concept of a real patient, one who pays cash, is almost as passé as a full service gas station. The true 'cash' patient remains elusive, similar to those economic indicators mentioned above.

Now, let's talk regulations: Dental Practice Act, Business and Professions Code, Blood-Borne Pathogens—these are all required of a dentist regardless of his/her dental plan participation status. The Language Assistance Regulations, Access Regulations, Knox-Keene Act and various other items are often referenced as examples of overregulation by a participating dentist. These latter issues have a minimal impact on dentists themselves, but they do affect the daily operations and administration of a dental insurance plan in California. Let's look at the new Timely Access regulation in more detail. Every plan in California currently has filed its own access standards with the DMHC. This new regulation establishes a minimal standard for appointment availability and after-hours access. Speculation is that the Office of Administrative Law will approve these, and they will be effective 30 days after receipt by the Secretary of State. A plan may elect to change its filed access standards based on the new regulation, but must make a filing with the DMHC to do so.

*continued on page 7...*

# 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.

CURRENTLY PENDING REGULATIONS		
Regulation	Status	Remarks
AB 2179 – Timely Access to Health Care Services (Adds Rule 1300.67.2.2)	On November 3, 2009, the Department forwarded to the Office of Administrative Law (OAL) the final regulation text and rulemaking file for the timely access regulations. The OAL has 30 business days in which to review the file and issue its decision, which will be due on or before Friday, December 18th. If approved by the OAL, the new regulations will be forwarded to the Secretary of State, and will be effective 30 days after receipt by the Secretary of State.	Nossaman has prepared implementation guidelines for these regulations for distribution to CADP membership.
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.	In 2008, the Department informally circulated a draft of the discount plan regulations. CADP submitted extensive comments regarding them. We continue to await a new version of the regulations.	The Department acknowledges that these regulations remain on their to-do list, but have given no timetable for completion.
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.

# 20<sup>th</sup> Annual Legislative & Regulatory Conference

## "Are Things Looking Up?"

### January 12-13, 2010 - Sheraton Grand Hotel, Sacramento CA

▶ CADP's 20th Annual Legislative & Regulatory Conference is coming up soon! And it will be yet another program filled with what you need to know: the latest on health care reform and how it affects dental, California's continuing budget deficit and its potential impact on business, the 2010 election and more! Don't miss this one, unless you're content to simply read about the outcome of all these challenges. A registration form has been included in the newsletter. Fill it out and send it in today! And remember to reserve your room early. Reservation information is also included.

#### Tentative Schedule

##### Tuesday, January 12, 2010:

10:30 am	Quality Management Committee meeting ( <i>Gardenia Room, Grand Nave Ballroom</i> )
12:15 pm	Board of Directors' meeting ( <i>Falor</i> )
3:00 – 5:30 pm	Registration ( <i>Gardenia Foyer, Grand Nave Ballroom</i> )
4:00 – 5:00 pm	CADP Business Meeting ( <i>plan members only</i> ) ( <i>Gardenia Room, Grand Nave Ballroom</i> )
6:30 pm	Reception and Dinner ( <i>Gardenia Room, Grand Nave Ballroom</i> ) Keynote Speaker: Senate President Pro Tempore Darrell Steinberg ( <i>invited</i> )

▶ Senate President pro Tem Darrell Steinberg, our invited keynote speaker, has much on his plate these days – whether it's California's anemic budget picture, water issues, underfunding of public health programs, funding for education, and more. How does Senator Steinberg, who was elected President pro Tem by his colleagues in August 2008, plan to meet these challenges? Let's listen and see...

##### Wednesday, January 13, 2010:

7:00 am	Registration ( <i>Gardenia Foyer, Grand Nave Ballroom</i> )
7:30 am	Continental breakfast ( <i>Gardenia Foyer, Grand Nave Ballroom</i> )
8:00 am	Conference convenes ( <i>Gardenia Room, Grand Nave Ballroom</i> )
8:15 – 9:00 am	Lobbyists' Roundtable: "2010: Up or Down?" Moderator: Jo-Linda Thompson, CADP legislative consultant Dean Chalios, Vice President, Public Policy, California Dental Association Charles Bacchi, Executive Vice President, California Association of Health Plans Teresa Cook, Political Solutions Natalie Cardenas, Anthem Blue Cross

▶ Our usual crew of insiders, plus a few colorful newcomers, will populate our traditional roundtable discussion to take this annual temperature reading of the California Legislature. Their reading of where things stand and where the Legislature is heading should help set the tone for our conference, and for our industry outlook in the coming year.

9:00 am – 9:45 am	"Health Care Reform: What Does the Federal Conversation Mean for California?" Patrick Johnston, CEO, California Association of Health Plans Jeff Album, Vice President, Delta Dental of California
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▶ For the perfect combination of analyzing both the current big picture for healthcare reform, and the more focused perspective on how reform might impact dental benefits specifically, we bring together two familiar faces close to the action. CAHP President and CEO Patrick Johnston and our own Jeff Album, Vice President, Delta Dental of California, have each spent more than a little time devoted to this complex and still unfolding topic.

9:45 am – 10:30 am "Election 2010: The California Voter: Who and What?"  
Tony Quinn, PhD, *California Target Book*

▶ Who can imagine a more critical time for voters to change the dynamic in Sacramento? Tony Quinn of the *California Target Book* is a long-time political strategist and authority on California political trends and demographics. He'll tell us "who" and "what" for 2010.

10:30 am – 10:45 am Break

10:45 am – 11:45am "Coping with Shrinking Federal and State Dollars: Funding Public Health Programs"  
Moderator: David Meadows, Vice President, State Health & Dental Programs, Health Net of California Inc.  
Assembly Member Bill Emmerson, DDS  
Jennifer Kent, Deputy Legislative Secretary, Office of the Governor  
Jeffrey L. Shelton, Vice President, State Government Relations, Health Net of California

▶ When AB 1422 was first circulated among stakeholders last August, California's Healthy Families program was looking DOA or, if not dead, at least dying. With a \$40 billion state budget deficit to resolve, the Schwarzenegger administration and Legislature appeared to be out of options for ways to fund this highly-popular state health benefits program serving nearly one million low-income children. Then, out of nowhere, a proposal developed to tax Medi-Cal health plans and hospitals, offset the tax with higher reimbursements, and almost magically qualify for enhanced federal funding to keep all current Healthy Families enrollees in the program for at least another year. Better still, the taxed companies supported it, the taxed hospitals supported it, the anti-tax Republicans supported it, and the majority Democrats also supported it. Which leads us to the final question this informed panel group will tackle: Could this kind of approach be a silver bullet for other threatened government health programs?

11:45 am – 12:30 pm "Regulatory Round-up"  
Mary Powers Antoine, CADP regulatory counsel  
Edward G. Heidig, II, Chief Deputy Director,  
Department of Managed Health Care  
Tim LeBas, Office of Legal Services, Department of Managed Health Care  
Rick Martin, Deputy Director, Plan and Provider Relations, Department of Managed Health Care  
Amy Dobberteen, Office of Enforcement, Department of Managed Health Care

▶ Regulations are neither sexy, nor exciting, but they sure touch on almost every aspect of what kind of year to expect when you're in the business of running a health plan in the nation's most heavily regulated state. Let's see what kind of picture one of our chief regulators, Ed Heidig, and other regulatory staff paint for us, and CADP regulatory counsel Mary Antoine leads the interrogation.

12:30pm – 2:00 pm Luncheon (*Tofanelli Room*)  
Guest Speaker: The Honorable Bill Lockyer, Treasurer, State of California

▶ The State Treasurer keeps his finger on the pulse of California's economy and, since his election in 2006, Bill Lockyer has been a leading voice in the call to adopt meaningful, long-term budget reforms that get the State back on a solid fiscal foundation, end chronic budget deficits, strengthen its credit rating and bolster its credibility with taxpayers. His well-received report, "Looking Beyond the Horizon: Investment Planning for the 21st Century," outlines his goals for developing planning processes to ensure that California can afford both the public services and capital investments it needs for the future.

2:00 pm Conference concludes

## Program Subject to Change

CADP has reserved a room block at the Sheraton Grand Sacramento, at a rate of \$169 per night!

**To guarantee the room rate, reservations must be made by December 29, 2009.**

Call 800.325.3535 to reserve your room, and ask for the special CADP rate;  
or go to [www.caldentalplans.org](http://www.caldentalplans.org) and click on the hotel reservation link.

Availability at Sacramento hotels is at a premium this time of year, and our room block always sells out.

**Reserve Now!**

# In the News . . .

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▶ **California Sees Drop in HMO Members**—The number of Californians enrolled in HMOs has declined by more than one million since 2007, according to new data from the Department of Managed Health Care. The DMHC findings show that Anthem Blue Cross' HMO enrollment dropped by 568,000, or about 16%, between June 2007 and June 2009. During the same time period, PacifiCare's HMO rolls declined by about 500,000, or about 33%. At the same time that HMO enrollment has declined, California's Medi-Cal managed care plans have seen an uptick in membership. As a result, some industry experts predict that the public health insurance market will see increased competition.

▶ **Department of Consumer Affairs Strengthens Rules for Health Worker Diversion Programs**—The Department of Consumer Affairs (DCA) has released a stricter set of standards for overseeing health professionals with substance use problems. The Legislature last year created a committee to draft the rules after audits found significant problems in the Medical Board of California's diversion program for physicians. The new regulations will apply directly to the seven boards that currently operate diversion programs, including the Dental Board of California. The standards stipulate that:

- Health professionals suspected of drug misuse must undergo and pay for a clinical evaluation;
- Health professionals undergoing clinical evaluations would be prohibited from working and would need to take drug tests twice per week;
- Health workers in the diversion program would need to submit to random drug tests at least 104 times during their first year of participation;
- Officials would begin disciplinary action immediately for health workers who are removed from the diversion program;
- Public websites would post information on health workers with inactive licenses or other work restrictions; and
- State health boards would need to report performance information to the Legislature and DCA.

Officials have yet to finalize a timetable for the new rules. The Legislature will receive a copy of the regulations by January 1, 2010, and will ask the health boards to implement the rules at some point afterward. To help enforce the new rules, the Department named Paul Riches to a new post as deputy director of enforcement and compliance. He previously served as executive officer of the Board of Behavioral Sciences.

▶ **New Deficit Projections Could Affect Healthy Families**—Recent budget projections could place programs such as Healthy Families in jeopardy. In November, the Legislative Analyst's Office released a report predicting that California will face a \$20.7 billion deficit through June 2011. Although the Governor and state legislators have yet to announce plans to address the new deficit, experts say it is likely that lawmakers will return to prior budget proposals rejected earlier this year. Such proposals include eliminating Healthy Families, ending state funding for HIV/AIDS services and terminating coverage for dialysis, breast and cervical cancer treatment under Medi-Cal. State officials have indicated that virtually every aspect of state government will be affected by the budget deficit.

▶ **CBO Report Finds Health Reform Bill Won't Increase Costs for Most Individuals**—A report released recently by the Congressional Budget Office (CBO) found that under the Senate health reform bill, premiums would be unchanged or slightly lower for most US residents, while a small minority would see premium increases. The report says that regardless of subsidies, overall premiums will be higher because the legislation requires insurance to cover a "substantially larger share of enrollees' costs for health care (on average) and a slightly wider range of benefits." According to the report, the proposal tends to increase premiums for the young and relatively healthy, and decrease premiums for those who are older and relatively unhealthy.

The report found that by 2016, the 32 million people in the individual insurance market would pay 10% to 13% more in premiums than they would under current law, with premiums rising to \$5,800 annually for individuals and \$15,200 for a family. However, the analysis also found that about 57% of individuals who purchase coverage through the proposed health insurance exchange would qualify for federal health care subsidies, which would cover nearly two-thirds of the total premium costs.

As a result, US residents who received the subsidies would see a 56% to 59% reduction in premium costs than they would otherwise see if the Senate bill was not enacted. In addition, the report found that premiums paid by large employers would remain unchanged or would decrease by up to 3%.

Some small employers – those with fewer than 50 employees – could see premium changes ranging from a 1% increase to a 2% decrease. About 12% of small employers would qualify for tax credits, which would decrease the average premium between 8% and 11%. According to CBO, 19% of employer-based policies by 2016 would be subject to the 40% excise tax on high-cost plans proposed in the Senate bill. The report also found that large employers would account for 70% of the insurance market in 2016.

# Seasons Greetings and Happy Holidays from CADP



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

► The final question to explore relates to the Quality Assurance Assessment. Many of our new providers have never had anyone looking over their shoulder to assure that quality services are being rendered. Some do not meet minimum infection control standards, though such are required for state licensure. One of the more frequent findings from this group of new providers is the weekly biologic spore testing requirement. Some offices do not test every sterilizer in the office on a weekly basis. Plans can provide the background information to assist these providers in their endeavor for full compliance with current state laws and regulations. Without a Plan's QA process, these items could remain non-compliant and potentially place a dentist's license in jeopardy. Some of these new providers may view the Plan as interfering in their practices, but this is a form of educational peer review, and helps practices comply with these laws and regulations, as well as improve the quality of care rendered to their patients. In retrospect, plan participation is a win-win situation for all involved!

CADP continues to be an active advocate for dental plans. We not only have direct contact with legislators, legislative staff, regulators and the Governor's office, but we have now established a task force to work directly with our provider partners in CDA. The group is comprised of Tom Burden (Delta Dental), Courtney Barnes-Ransom (MetLife), Jackie Miller and myself (Aetna Dental) as members. The goal of this task force is to establish open communication between CDA and CADP, with the ultimate goal of resolving issues and situations before the CDA resorts to legislative solutions.

Some of the issues we are currently addressing are 1) disclosure of funding mechanisms (fully insured, or self funded), 2) non-covered services (after hitting a plan maximum, or a plan exclusion), and 3) AB 684 (Ma) dealing with increasing the interest rate paid on late claims. For instance, Item #3 was reviewed, and it was discovered that a significant number of the claims that CDA members were reporting as late would not be addressed by this legislation, as the state has no jurisdiction over them. In addition, the reporting mechanism did not allow further investigation by CADP to determine the status of a claim (was it a clean claim, etc.). We agreed that we will focus on providing the CDA with a listing of what is required for documentation to allow a claim to be deemed "clean," and we agreed to follow up on some of their members' payer issues. I am grateful for this opportunity for open discussion and interaction with the CDA.

The next meeting of the CADP Quality Management Committee will be held in conjunction with the CADP Legislative and Regulatory Conference. This meeting is scheduled for January 12, 2010, at 10:30 a.m., at the Sheraton Grand in Sacramento. We will provide updates on the CDA Task Force meetings as well as a legislative outlook for 2010 (and I am sure the State Budget will be discussed!).

In spite of the tone of some of the information in this communication, this is the Holiday Season. For some we can look back and be thankful we are still here. For others we can look back and see all that we accomplished in 2009. Yet for others, we can look forward to 2010 and see what we can do to change the world in which we live.

I would like to take this opportunity to wish all of you a very Happy Holiday season, and a prosperous New Year. I would like to thank all of you for your assistance in making 2009 as successful as it was.



**CALIFORNIA ASSOCIATION OF DENTAL PLANS**  
**20<sup>th</sup> Annual Legislative and Regulatory Conference**  
**January 12 - 13, 2010 ♦ Sacramento, CA**

**Registration Form**

*Please complete one form for each participant.*

Name \_\_\_\_\_

Title \_\_\_\_\_

Organization \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

V \_\_\_\_\_ F \_\_\_\_\_

E \_\_\_\_\_

**REGISTRATION FEES**

	<b>By Jan. 5</b>	<b>After Jan. 5/On-Site Fee</b>
<input type="checkbox"/> CADP member registrant	\$395	\$495
<input type="checkbox"/> CADP member - additional registrant(s), same company	\$295	\$395
<input type="checkbox"/> Non-CADP member registrant	\$495	\$595
<input type="checkbox"/> State rate (maximum of 2 attendees)	\$125	\$175
Total amount enclosed	\$ _____	

**PAYMENT INFORMATION**

MasterCard/VISA     American Express

Credit Card Number \_\_\_\_\_ Exp Date \_\_\_\_\_ Security Code \_\_\_\_\_

Name on Card \_\_\_\_\_

Signature \_\_\_\_\_

**REGISTRATION DEADLINE**

Early registration must be made by January 5, 2010. A \$100 late fee will be added for registrations received after that date.

**CANCELLATION POLICY**

Only written cancellations received by January 5, 2010, will receive refunds (less a \$50 processing fee). No refunds will be made after January 5, 2010.

**Please return this form and payment to:**

CADP, One Capitol Mall, Suite 320, Sacramento, CA 95814  
 v: 916.446.3122; f: 916.444.7462; Tax ID# 33-0385553

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