



**The Elimination of Medi-Cal Optional Benefits:
Its Impact on Orange County Community Clinics & Health Centers**

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Presentation Topics

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The Context

This recession is now widely recognized as one of the worst in decades. Some economists project that the national unemployment rate will soon reach 9%; California's unemployment rate has already reached 10.5% in February 2009 (from 6.1% in January 2008). [1]

The dramatic decline in General Fund revenues, combined with the state's budget deficit, has created a budget gap of \$14.8B. If no corrective action is taken, this gap will grow to \$41.6B by the end of FY 2009-10. In addition, California faces a cash-flow crisis that will require the deferment of payments. [2]

As a result of this recession, the delivery of health and human services is challenged by the convergence of three forces:

- 1) a rapid escalation of community need and demand, especially from the 'newly uninsured'
- 2) profoundly destructive cuts in state funding that risk permanently eliminating services
- 3) a deteriorating economy that is quickly depleting county resources to cope

1. Employment Development Department (EDD), News Release No. 09-09, "California's Unemployment Rate Increases to 10.5 percent," March 2009.
2. Governor's Budget 2009-2010, <http://www.ebudget.ca.gov/BudgetSummary/BSS/BSS.html#preface>



Status of Medi-Cal Optional Benefits

The Legislature and the Governor recently agreed to eliminate Medi-Cal optional benefits in order to save \$129.6M that would otherwise fund adult dental, acupuncture, audiology and speech therapy, chiropractic, optometric and optician services, podiatry, psychology, and incontinence creams and washes. [3]

The State Treasurer and the California Department of Finance announced on March 27, 2009 that the state:

- 1) **WOULD NOT** be receiving the \$10 billion in federal funds required to ‘trigger off’ the elimination of Medical optional benefits
- 2) **WOULD ELIMINATE** Medi-Cal optional benefits by July 1, 2009 [4]

The elimination of these benefits has serious implications on state- and county-level healthcare service delivery and planning.

The adult Denti-Cal program constitutes 90% of the costs associated with optional benefits and serves close to 3M beneficiaries. [5]

3. California Physician news Online, <http://www.calphys.org/html/cc839.asp>

4. California Primary Care Association, Optional Benefits Advocacy Toolkit

5. *Ibid*



Impact on CCHCs -- Statewide

Denti-Cal is the primary payer source for most dental clinics. The elimination of adult Denti-Cal would lead to approximately \$83M in lost revenue for the 256 dental clinics in California that depend on this funding source. [6]

The number of adults served by clinics varies depending on the practice, but the average proportion is 37%; there are many clinics whose adult patients make up to 80% of their oral health clientele. [7]

The elimination of adult dental as a Medi-Cal benefit will potentially lead to the closure of countless small dental clinics across the state. This will not only eliminate safety net dental services for adults, but also children and non-Medi-Cal patients. [8]

An estimated 3M patients would lose insurance coverage for dental care. [9]

Without a safety net in dental care, millions of patients will be forced to go to the ER, which often ill-equipped to provide more than extractions, antibiotics and pain relief. [10]

The elimination of adult Denti-Cal would likely contribute to unemployment and longer wait times relief. Statewide, resulting layoffs would lead to 4,240 jobs being lost. [11]

6. California Primary Care Association, Optional Benefits Advocacy Toolkit

7. *Ibid*

8. Oral Health Access Council, press release on the elimination of adult Denti-Cal

9. *Ibid*.

10. California Primary Care Association, Optional Benefits Advocacy Toolkit

11. *Ibid*



Impact on CCHCs – Orange County

The elimination of adult Denti-Cal could lead to the closure of the 17 dental programs that are members of the Coalition. [13]

A 46% increase in dental encounters occurred between 2007 (26,125) and 2008 (38,325). With an average rate of 1.5 encounter per patient, the 2008 encounter number represents approximately 25,500 patients. [14] See Appendix A.

Approximately 10,200 adult patients will lose their primary source of dental care; over 15,350 children and non-Medi-Cal patients would lose dental care, as well. [15]

These patients would be forced to go to the ER, which are ill-equipped to deliver the full continuum of dental care. They would add approximately 20,028 hours of wait time at local emergency departments, worsening wait time as a barrier to health access.

The elimination of adult Denti-Cal would lead to between \$2.2M - \$3.3M in lost revenue [16] for the 17 dental programs that are members of the Coalition. See Appendix B.

12. Office of Statewide Health Planning and Development, 2008 OSHPD data reported by clinic members.

13. *Ibid*

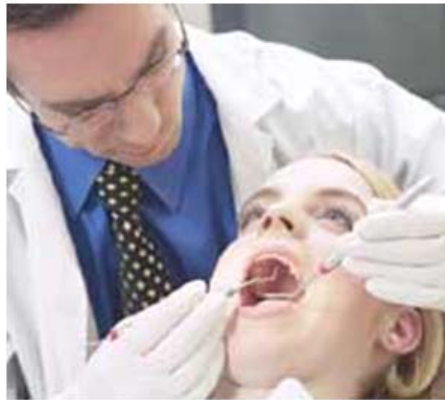
14. *Ibid*.

15. Using the average national ER wait time of 47 minutes, we estimated local wait time that would result from 25,500 patients forced to the ER for dental care.

16. Using survey data by the Fiscal Intermediary Contract and Oversight Division (FICOD) of the Medi-Cal Dental Services Branch (MDSB), we calculated \$85 as the average cost of a Denti-Cal visit (see Appendix B). With this average dental visit rate, we calculated lost revenue for adult Denti-Cal patients only and all Denti-Cal patients for OC using 2008 OSHPD patient data.



Impact on CCHCs – Orange County



For adult age 21 years and above who use Denti-Cal:

- 1) All dental services will need to be completed before July 1, when the elimination of Medi-Cal optional benefits go into effect.
- 2) Dental programs will no longer be able to accept Medi-Cal to pay for dental care after July 1. Clinics will need to decide a) whether to continue providing dental services and/or b) how to support these services.



Impact on CCHCs – Orange County



For children who use Denti-Cal:

- 1) Dental services covered by Medi-Cal will likely continue to be available even after July 1, when the elimination of Medi-Cal optional benefits go into effect.
- 2) Dental appointments may face delay and/or need to be rescheduled, especially if they are non-emergency in nature, in order to prioritize adult patients who will lose their coverage by July 1.



Impact on CCHCs – Orange County



For other patients who DO NOT use Denti-Cal:

- 1) Dental services will likely continue to be available depending on individual clinic decision to continue with its dental practice.
- 2) Dental appointments may face delay and/or need to be rescheduled, especially if they are non-emergency in nature, in order to prioritize adult patients who will lose their coverage by July 1.



Impact on CCHCs – Orange County



For adults age 21 years above who use Medi-Cal to pay for acupuncture, audiology and speech therapy, chiropractic, optometric and optician services, podiatry, psychology, and incontinence creams and washes:

- 1)** All other services covered by Medi-Cal optional benefits services will need to be completed before July 1, when the elimination of Medi-Cal optional benefits go into effect.
- 2)** Local programs will no longer be able to accept Medi-Cal to pay for these services after July 1. Clinics will need to decide a) whether to continue providing these services and/or b) how to support these services.



Impact on CCHCs – Orange County



For the health of the OC safety net:

- 1) Any significant reduction in dental services and/or dental clinic closures will seriously damage our safety net that we have worked very hard over the years to build. Due to the difficulty of starting a new dental practice, the impact may be permanent.
- 2) Access specialty care will similarly be seriously damaged. We need to expect, prepare for, and address a dramatic increase in ER use after July 1. For those who defer care because they are discouraged by the wait time at the ER, we need a plan on how to better coordinate delivery of services for more acute illnesses.



Coalition Advocacy Efforts

Goal: To reinstate Medi-Cal optional benefits.

- 1) In close coordination with other community clinic consortia across the state and California Primary Care Association, the Coalition is currently reaching out to state representatives in both houses (Senate and Assembly). Brought a delegation of OC health center and community clinic executives to the Capitol on April 22 to educate leaders of how OC would be impacted by cuts. A plan to follow-up with a series of local district visits is underway.
- 2) In partnership with CPCA, local media, network of community allies, and using the official Coalition website, we will launch a collaborative community education campaign (**i.e., “Countdown to July 1”**) to cultivate public outcry over cuts.
- 3) We will have a letter-writing campaign and petition-signing targeting the ‘Big Five’ and OC state legislators urging them to reinstate Medi-Cal optional benefits.



Coalition Advocacy Efforts

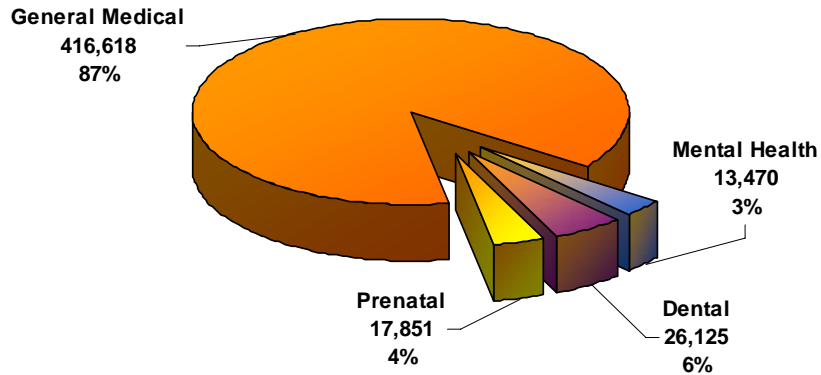
Goal: Accessing stimulus funding.

1) We are working to access stimulus funds through stronger ties with NACHC. We secured a 2-day site visit by the VP of Western Operations to ensure NACHC knows the accurate picture for Orange County. NACHC has advance knowledge of evolving grant guidelines, thus the need to strengthen relations.

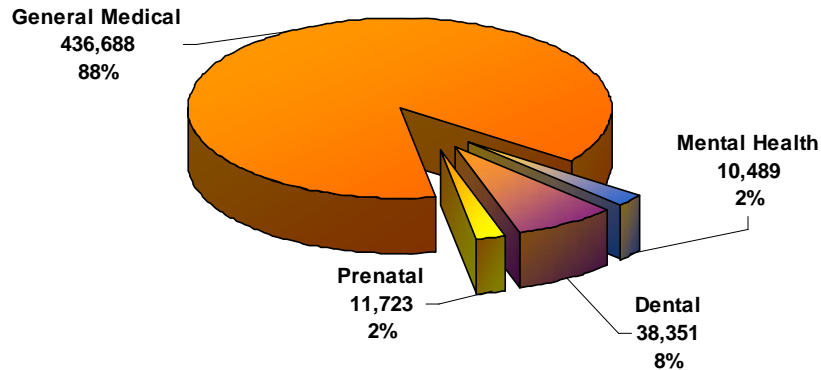


Appendix A

Encounters by Services in 2007



Encounters by Services in 2008



Healthcare Services - OC	Number of Encounters - OSHPD	
	2007	2008
General Medical[1]	416,618 (88%)	436,688 (88%)
Mental Health	13,470 (3%)	10,489 (2%)
Dental	26,125 (6%)	38,351 (8%)
Prenatal	17,851 (4%)	11,723 (2%)
Total	474,064	497,251

General Medical Category includes: Infectious and Parasitic Diseases, Neoplasms, Endocrine, Nutritional, and Metabolic Diseases, and Immunity Disorders, Blood and Blood Forming Disorders, Nervous System and Sense Organs Diseases, Circulatory System Diseases, Respiratory System Diseases, Digestive System Diseases, Genitourinary System Diseases, Skin and Subcutaneous Tissue Diseases, Musculoskeletal System and Connective Tissue Diseases, Congenital Anomalies, Certain Conditions Originating in the Perinatal Period, Symptoms, Signs, and Ill-defined Conditions, Injury and Poisoning, Factors Influencing Health Status and Contact with Health Services, Family Planning S-Codes, Other



Appendix B

Table 1. Denti-Cal Rates vs. Delta Dental Premier Average General Practice Rates UCR					
which includes the patient contribution, Selected Procedures					
Procedure Code	Procedure Description	Denti-Cal Rate	Delta Premier Average UCR + Patients Contribution	Difference	% Diff
Diagnostic					
D0120	Periodic Oral Evaluation	\$15.00	\$ 36.44	\$ 21.44	143%
D0150	Comprehensive oral exam	\$25.00	\$ 49.62	\$ 24.62	98%
D0210	Complete x-rays , with bite-wings	\$40.00	\$ 96.61	\$ 56.61	142%
D0272	Bitewings - two films	\$10.00	\$ 36.77	\$ 26.77	268%
D0340	Panoramic X-ray film	\$50.00	\$ 66.77	\$ 16.77	34%
Preventitive					
D1120	Prophylaxis - child	\$30.00	\$ 61.35	\$ 31.35	105%
D1203	Topical fluoride (excluding cleaning) child	NA	NA	NA	
D1351	Dental Sealant	\$22.00	\$ 45.66	\$ 23.66	108%
Restorative					
D2150	Amalgam - two surfaces Permanent Tooth	\$48.00	\$ 127.66	\$ 79.66	166%
D2331	Resin-based composite - two surfaces, anterior tooth	\$60.00	\$ 133.25	\$ 73.25	122%
D2751	Crown - porcelain fused to base metal	\$340.00	\$ 696.83	\$ 356.83	105%
D2930	Prefabricated stainless steel crown - primary tooth	\$75.00	\$ 166.13	\$ 91.13	122%
Endodontics					
D3220	Removal of tooth pulp	\$71.00	\$ 104.83	\$ 33.83	48%
D3310	Anterior Endodontic Therapy	\$216.00	\$ 539.00	\$ 323.00	150%
Oral Surgery					
D7140	Extraction single tooth	\$41.00	\$ 108.78	\$ 67.78	165%
	Average % Difference				118%