

EXECUTIVE SUMMARY

Among government programs labeled by participants and beneficiaries as broken, dysfunctional or an outright mess, few have achieved the notoriety of Denti-Cal, California's Medicaid dental program. A quiet bureaucratic backwater that has long resisted outside efforts at reform, Denti-Cal consistently falls short in caring for one-third of the state's 39 million residents and half of its children.

For these 13 million or more Californians of modest or little means, Denti-Cal is the only ticket to dental care outside of an emergency room. Yet by many accounts provided to the Commission during a seven-month review, its thicket of rules and outdated processes is baffling, frustrating and ultimately, often harmful to beneficiaries. The statistics portray a vicious circle of dysfunction. Most California dentists don't participate in Denti-Cal due to its low reimbursement rates and administrative obstructions. And fewer than half of people eligible for benefits use them in any given year because there are so few dentists who will see them. Millions of Californians, consequently, are going through life with rotting or missing teeth, debilitating pain, poor oral health habits and no preventative care.

The situation has grown so serious that a coalition of civil rights groups in December 2015 filed an administrative civil rights complaint with the U.S. Department of Health and Human Services, alleging that Medi-Cal and Denti-Cal are a separate and unequal system of California healthcare that "effectively deny" full benefits to more than seven million Latino enrollees.

The impacts of this poorly performing program ripple outward with expensive emergency room visits, missed school days and lost job opportunities, all representing lifetime or even multi-generational social costs for the state. Denti-Cal at best is getting by in the midst of its overwhelming mission. At worst, it fails to curb, and

more importantly, prevent a worsening epidemic of oral distress in a sizeable amount of the state's population. California, through the Department of Health Care Services, essentially runs a program that is unable to attract enough dentists, unable to provide most beneficiaries access to care and seemingly, unable to change its ways.

The Commission during a study of this \$1.3 billion state and federal program often heard that Denti-Cal is "broken," that it is beyond fixing and needs to be abolished and rebuilt from scratch. Many program participants seem stuck in cultures of mutual antagonism: dental providers against the state bureaucracy, the bureaucracy against providers it suspects of fraud, and beneficiaries against both for their inability to deliver care. This dysfunction has prevailed for years, finally exploding into the open with a searing December 2014 audit report on the Denti-Cal program and the subsequent April 2015 request for the Little Hoover Commission to conduct its own review.

The Commission, which held two hearings in September and November, 2015, learned about difficulties that millions of people encounter searching for dentists who accept new Denti-Cal patients or office hours that accommodate their work schedules. At least five counties have no Denti-Cal providers at all and many other counties have no providers who accept new Denti-Cal patients. The special needs and developmentally-disabled population is especially hard hit and unable to find providers. The Commission learned that this widespread inability to get care has translated to excessive demand for emergency care and dental surgery, which DHCS and health insurers are now limiting and stirring up even more antagonism among providers and beneficiaries.

Overall, it appears that the current Denti-Cal system

“There’s a lack of access to care for children like mine. There’s a very limited number of dental providers as well as a lack of facilities that are willing to provide the level of care that he needs. He has to have an anesthesiologist there. We’ve been very fortunate to have Sutter in our community, but the funding makes it very difficult for their bottom line to have it open enough to provide for our children and so they have to limit the access. As the rules are now he is only provided a cleaning, a scaling and root planing, deep cleaning every two years according to the authorization process. But when he is in pain – and he always cannot tell me – he tells me with his behavior by holding toys up close to his face that vibrate and make noise, and by rocking constantly to say this is hurting. And you look in his mouth and his gums are red and he has lots of scaling that needs to be done, but the rules say differently. And so it makes it very difficult.”

Donnell Kenworthy of West Sacramento, mother of a special needs son, addressing the Commission in November 2015.



(From left: Donnell and D.J. Kenworthy, Sam and Chris Hickey)

creates high levels of havoc in the lives of people it is supposed to help. The entire system needs a thorough reorientation to preventative care and earlier intervention. Most of all, a state that has so long dawdled and promised reforms while people suffer must get the ball rolling in a new direction. Commission Chair Pedro Nava captured the Commission’s sentiment in concluding the November 19, 2015, hearing. He said, “The testimony has been dramatic. There’s no question that there is a disconnect between the issue of the State of California and what’s in the best interest of the patient. I don’t know how you can make an argument that is any different.”

CALIFORNIA IS NOT ALONE

There is no question that running a statewide dental program involving 13 million or more people is difficult – and California is hardly alone. It is difficult across the entire nation where Medicaid rates paid to dentists run well behind commercial rates and more people than ever are competing for a limited number of dentists. Nationally, too, many people with Medicaid dental coverage are not using it.

To outsiders peering in, the Denti-Cal program can appear almost impervious to reform due to being jointly run and funded by two large and sometimes seemingly incomprehensible bureaucracies, the state’s Department of Health Care Services (DHCS) and the federal Centers for Medicare & Medicaid Services. Fortunately the Commission learned of strong consensus among key interest groups for new directions. Most of these involve expanding preventative care in a system that allocates 86 percent of its funding to drill, fill, cap, extract and perform root canals. The Commission takes great encouragement from this consensus. It also takes encouragement from major initiatives to spur more preventative care and higher percentages of beneficiaries making annual visits to a dentist. The Department of Health Care Services and the Centers for Medicare & Medicaid jointly announced in December 2015 a five-year \$740 million initiative to provide targeted financial incentives to California dentists to treat more Denti-Cal patients and develop preventative approaches to care.

“Studies of Medicaid-insured populations have found that negative experiences with the dental care system discouraged many caregivers from obtaining dental services for their Medicaid-insured children. Searching for providers, arranging an appointment where choices were severely limited, and finding transportation left caregivers describing themselves as discouraged and exhausted. Caregivers who successfully negotiated these barriers felt that they encountered additional barriers in the dental care setting, including long waiting times and judgmental, disrespectful, and discriminatory behavior from staff and providers because of their race and public assistance status. Little of this fact is ever highlighted in Denti-Cal-related studies.”

Conrado E. Bárzaga, M.D. Executive Director, Center for Oral Health. January 2016.

Simultaneously, California’s new state dental director is crafting a 10-year statewide Oral Health Plan focused on a great expansion of preventative care, especially for children.

Yet in the meantime, countless thousands of Californians can’t find a nearby dentist who will see them or their children.

The Little Hoover Commission recognizes that Department of Health Care Services Director Jennifer Kent and Denti-Cal Director Alani Jackson have been in their new posts for a year and express their intentions to make the program more effective. They have their work cut out, reforming within the massive Medi-Cal bureaucracy a small Denti-Cal division that appears by all accounts to have ossified over years and become stuck in its ways. During a heated March 27, 2015, joint legislative hearing on Denti-Cal’s shortcomings, Director Kent, on the job only a few weeks, assured lawmakers who had expressed blistering criticisms of the program, “We will get it done.”

It is more than a year later. Californians need to get it done. The time for excuses ran out a decade ago. Following a seven-month review, the Little Hoover Commission offers these 11 recommendations and their key implementation partners as a way forward.

A PATH TO ACTION: BEGIN WITH A FORCEFUL UTILIZATION TARGET

RECOMMENDATION 1: THE LEGISLATURE SHOULD SET A TARGET OF 66 PERCENT OF CHILDREN WITH DENTI-CAL COVERAGE MAKING ANNUAL DENTAL VISITS. ADDITIONALLY, THE LEGISLATURE SHOULD:

- ***Conduct oversight hearings to assess progress or lack of movement on all initiatives designed to reach this target, and particularly on implementation of the five-year \$740 million Denti-Cal targeted incentive plan to increase children’s preventative dental visits.***
- ***Ensure the state dental director has adequate authority to see that the Denti-cal targeted incentive program aligns with the 2016 oral health plan.***

The Legislature should declare its intent that annual Denti-Cal utilization rates among children in California climb well into the 60 percent range, as is the case in approximately 20 percent of U.S. states. A specific target of two-thirds of children using their benefits annually, comparable to children with commercial insurance, will gradually stimulate and accelerate the necessary range of small and larger solutions by DHCS and its partners to get there. The Department of Health Care Services and the Centers for Medicare & Medicaid Services recently announced an experimental five-year incentive plan to focus on prevention and increase children’s annual dental visits by 10 percentage points. However, it is uncertain that the plan will produce results to meet that goal.

Fortunately, the state’s new Oral Health Plan being produced by State Dental Director Jayanth Kumar, DDS, within the California Department of Public Health and

scheduled for release in June 2016, also aims toward a 10-year increase in the numbers of children making an annual dental visit. While the Commission has strong hopes for these two plans, the Legislature, in addition to continuing strict performance oversight of the DHCS Denti-Cal program in general, should oversee both plans as they work in tandem and closely monitor their progress or lack thereof. The Legislature and Administration also should ensure that the state dental director has adequate authority to align the plans and publicly recommend and make necessary course changes to reach an improved utilization rate. California's entire dental health care bureaucracy should work with its partners in the private, public and non-profit sector toward a target of 66% utilization rates among children.

KEY SHORT-TERM GOALS TO MEET UTILIZATION TARGET

RECOMMENDATION 2: THE DEPARTMENT OF HEALTH CARE SERVICES SHOULD SIMPLIFY THE DENTI-CAL PROVIDER ENROLLMENT FORMS AND PUT THEM ONLINE IN 2017.

Department of Health Care Services officials say they are in final review of plans to refine and shorten the Denti-Cal enrollment form from 34 pages to 10. The Commission commends this action and urges the Legislature to oversee its progress and keep it moving forward through the process of feedback from dental providers and department partners. The Commission also recommends that the state go further and facilitate Denti-Cal enrollment via an online application far sooner than the department's current estimated timetable of two to three years. Waiting up to three years to bring the department's enrollment process up to the online standards of commercial insurers will further bewilder a dental provider community that publicly called on the department to do online enrollment in 2008. The Commission recommends that the Legislature and Governor see that it is done in 2017.

RECOMMENDATION 3: THE DEPARTMENT OF HEALTH CARE SERVICES SHOULD OVERHAUL THE PROCESS OF TREATMENT AUTHORIZATION REQUESTS.

- *The department should reassess its policies using metrics that consider foremost the highest impacts on beneficiaries and their needs rather than the lowest behavior of a few providers.*
- *The department should consult with an evidence-based advisory board during this reassessment.*

The Department of Health Care Services has made small, tentative moves toward easing concerns of dental providers over the need to routinely mail in X-rays with their claims for reimbursement. But questions remain about what procedures should require preauthorization from Denti-Cal before being conducted. Hearing witnesses told the Commission that commercial insurers do not routinely require X-rays or authorization in advance for routine dental work such as crowns, root canals and periodontal (gum) treatment. The Commission heard anecdotally that fraud rates are no different for Denti-Cal than commercial insurance, and accordingly, recommends a high-level department review of its preauthorization policies. The department's review, guided by an evidence-based advisory body, should focus foremost on the needs of beneficiaries rather than the current near-singular focus on fraud.

RECOMMENDATION 4: THE DEPARTMENT OF HEALTH CARE SERVICES SHOULD IMPLEMENT A CUSTOMER-FOCUSED PROGRAM TO IMPROVE RELATIONSHIPS WITH ITS PROVIDERS.

The Department of Health Care Services admittedly has a very difficult job to implement Denti-Cal for a growing population while paying low reimbursement rates dictated by the Legislature. But for the good of the Californians it serves, it simply must develop better day-to-day relationships with dental providers. The department should initiate customer-service-focused processes in 2016 to develop a stronger "partner mentality" and tone down the antagonism that seems to have become quite routine between it and providers and others.

RECOMMENDATION 5: THE DEPARTMENT OF HEALTH CARE SERVICES SHOULD PURGE OUTDATED REGULATIONS.

- *The department should appoint a small number of staffers to spend eight to 10 weeks during 2016 to review rules and clear out needless regulatory clutter.*
- *The Legislature should assess department progress through an oversight hearing or through budget hearings.*

Department of Health Care Services partners, including the California Dental Association, say many Denti-Cal rules were designed to combat particular episodes of fraud and have outlived themselves. While originally well-intended, some now have a larger negative impact of discouraging dental provider participation due to their impediments. Denti-Cal beneficiaries suffer the most harm when dentists balk at providing them care due to outdated and frustrating department rules.

RECOMMENDATION 6: THE LEGISLATURE AND GOVERNOR SHOULD ENACT AND SIGN LEGISLATION IN 2016 TO CREATE AN EVIDENCE-BASED ADVISORY GROUP FOR THE DENTI-CAL PROGRAM.

- *The Governor and Legislature should appoint dental experts in early 2017 to guide development of Denti-Cal priorities and oversee policy decisions.*
- *The Department of Health Care Services should begin to consult with the Denti-Cal advisory board in early 2017.*

The Department of Health Care Services has much work to do retool its Denti-Cal program to win over more providers and provide greater access to dental care statewide. Denti-Cal should be guided by an evidence-based advisory group, which consists of the state dental director and expert specialists who can weigh in on proposed decisions and make sure they are based

on the best evidence and science and not merely on cost. This would be especially helpful to minimize the continual strife, confusion and even alleged harm to beneficiaries, including special needs populations, that the Commission heard about repeatedly in public comment during its two hearings.

RECOMMENDATION 7: THE LEGISLATURE AND GOVERNOR SHOULD FUND A STATEWIDE EXPANSION OF TELEDENTISTRY AND THE VIRTUAL DENTAL HOME.

- *The Legislature should pass and the Governor should sign AB 648 (Low).*

Californians have pioneered a simple technological solution – teledentistry – to better connect dentists and people in the neighborhoods where they live. The concept of a dental assistant with a laptop, digital camera and hand-held X-ray machine doing dental care under the supervision of a distant dentist who can review medical histories and X-rays from another computer and prescribe treatment should play a significant new role within the Denti-Cal system. In 2015, the Legislature considered AB 648 (Low) to allocate \$3 million to scale up the Virtual Dental Home concept statewide in the wake of a successful pilot demonstration project. The bill, currently stalled short of a full Senate vote, should be passed and forwarded to the Governor for signing.

KEY LONG-TERM GOALS TO MEET UTILIZATION TARGET

RECOMMENDATION 8: STATE GOVERNMENT, FUNDERS AND NON-PROFITS SHOULD LEAD A SUSTAINED STATEWIDE “GAME CHANGER” TO REORIENT THE ORAL HEALTH CARE SYSTEM FOR DENTI-CAL BENEFICIARIES TOWARD PREVENTATIVE CARE.

- *A coalition of public, private and non-profit organizations and funders, such as the California Healthcare Foundation, California Endowment, California Dental Association, California First 5 Commission and its county commissions, among others, should powerfully*

address the need for a more coordinated, comprehensive statewide system of preventative care.

- *Others beyond state government, including universities, medical societies and foundations should convene a symposium to discuss and plan a way forward, then make it their continuing responsibility to help fund and sustain a permanent emphasis on preventative care.*
- *Funders, celebrities, communicators, advocates and media firms should participate in a major statewide messaging campaign to educate families and children about habits for healthy teeth.*

The rapid increase of Denti-Cal beneficiaries in recent years combined with some of the nation's lowest reimbursement rates for participating dentists has left the Denti-Cal program increasingly unable to contend with an overload of dental disease. With only 14 percent of its annual budget allocated to prevention, Denti-Cal is likewise unable to stem the rising damage of poor dental health among its eligible population. The growing oral health crisis among Californians who lack commercial dental insurance coverage is a larger responsibility than the state's alone. A large, powerful coalition will be necessary to steer Denti-Cal funding toward preventative care, and especially recognize the power of case management in connecting a large vulnerable population to dentists and making sure people show up for appointments. Two powerful initiatives within the Department of Health Care Services and Department of Public Health are launching momentum in a preventative direction. Others beyond state government must build upon it and sustain this forward direction.

RECOMMENDATION 9: THE LEGISLATURE AND DEPARTMENT OF HEALTH CARE SERVICES SHOULD EXPAND THE CONCEPTS OF WASHINGTON STATE'S ACCESS TO BABY AND CHILD DENTISTRY PROGRAM AND ALAMEDA COUNTY'S HEALTHY KIDS, HEALTHY TEETH PROGRAM TO MORE REGIONS OF CALIFORNIA.

- *The Department of Health Care Services and the Legislature should actively encourage and help establish pilot projects based on these concepts with the potential of expanding them statewide.*
- *The Legislature should assess department and pilot project progress.*

A new federal and state initiative to fund targeted incentives for dentists who care for Denti-Cal-eligible children provides great opportunity to expand preventative care to children five and under through programs with demonstrated successes in Alameda County and Washington State. With \$185 million available in a federal-state fund for preventative dental care pilot projects during the next five years, the Access to Baby and Child Dentistry and Healthy Kids Healthy Teeth concept is ripe for expansion and testing beyond Alameda County. A pilot project, if successful, could demonstrate anew the ability of incentives to motivate dentists' participation, especially when backed with training and assistance for dentists, and an extensive case management system that conducts outreach at the community level to get eligible patients appointments with dentists and keep them. A pilot program will ideally feature networks of private, non-profit and public partners such as dental associations, medical schools, foundations and health agencies to fund and maintain these comprehensive outreach and case management efforts.

RECOMMENDATION 10: THE DEPARTMENT OF HEALTH CARE SERVICES AND CALIFORNIA COUNTIES SHOULD STEER MORE DENTI-CAL-ELIGIBLE PATIENTS INTO FEDERALLY QUALIFIED HEALTH CENTERS WITH CAPACITY TO SEE THEM.

- *The Department of Health Care Services should include contact information for Federally Qualified Health Centers on its referral lists of dentists.*

- *Counties should train eligibility workers to advise use of Federally Qualified Health Centers for dental care where appropriate.*
- *Federally Qualified Health Centers with high demand for dental services and limited capacity should expand use of teledentistry options to provide preventative care in community locations and free up capacity for more intensive dental care in their offices and clinics.*
- *Foundations and medical societies should consider funding targeted messaging or advertising campaigns to raise awareness that Denti-Cal benefits can be used at nearby Federally Qualified Health Centers.*

RECOMMENDATION 11: MEDICAL SOCIETIES AND NON-PROFIT ORGANIZATIONS SHOULD RECRUIT MORE PEDIATRICIANS TO PROVIDE PREVENTATIVE DENTAL CHECKUPS DURING WELL-CHILD VISITS.

- *The California chapters of the American Academy of Pediatrics should lead in encouraging its members to perform preventative dental exams and apply fluoride varnish to Denti-Cal-eligible children.*
- *County First 5 Commissions statewide should work to reinforce the message locally with pediatricians and primary care doctors.*
- *Senator and pediatrician Richard Pan should write to pediatricians statewide stressing the importance and benefits of this practice.*

California's more than 1,000 Federally Qualified Health Centers (FQHC) have integrated preventative care into their daily appointments in ways that largely do not occur in private dentist offices. Their reimbursement stream incentivizes FQHCs to prioritize low-cost preventative visits to minimize the high expenses and potential financial losses of restorative care. The incentive for private dentists is just the opposite, often prioritizing high-cost restorative care to make worthwhile the low reimbursement rates paid by Denti-Cal. Given that the federal government provides much higher reimbursement to dentists at FQHCs and pays nearly the entire cost of these reimbursements, the state and its partners alike would be wise to encourage the most people possible to receive care at a FQHC. Most FQHCs are located in neighborhoods that private dentists tend to avoid, but many people who live near one don't know that they provide dental care. The California Primary Care Association has invested in a CaliforniaHealthPlus branding campaign to promote FQHC services, including dental, but lacks funds for the necessary scale of statewide advertising. Funders and medical societies should consider ways to help. These federal facilities should become an even stronger part of the dental care safety net in California.

Representatives of Amador County have provided California a model that offers basic preventative dental care to children in rural counties that have few or no Denti-Cal providers. With a small start-up grant from Sutter Medical Group, the county established a program to recruit and train pediatricians to do dental exams, apply fluoride treatment as part of well-child visits and bill Medi-Cal for reimbursement. This program is a critical piece of the safety net in Amador County, where a visit to a dental office that accepts Denti-Cal might be as much as 60 miles away. Pediatricians did more than 1,000 fluoride treatments in the first eight months of the program in 2015, and serve as an example to other counties in similar straits. A major statewide initiative on preventative care for children requires small programs and pediatricians everywhere to do what can be done. In 2015 the American Academy of Pediatrics (AAP) advised pediatricians to add fluoride varnish to their list of tasks during well-child visits from the age of six months to age five. Just as the state needs more initiatives like those in Amador County, more pediatricians statewide need to add this small preventative task to their well-child visits for Medi-Cal beneficiaries.