



Initiative 82

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Impact Statement

Date: April 26, 2022

Fiscal Analyst: Erin Reynolds (303-866-4146)

LCS TITLE: MINIMUM REIMBURSEMENT FEE FOR COVERED DENTAL PROCEDURES PERFORMED BY MEDICAID PROVIDERS

Fiscal Impact Summary		FY 2022-23 <i>half-year impact</i>	FY 2023-24
Revenue		-	-
Expenditures	General Fund	\$15.5 million	\$31.8 million
	Cash Funds	\$9.8 million	\$20.1 million
	Federal Funds	\$39.5 million	\$80.9 million
	Total	\$64.8 million	\$132.7 million

***Disclaimer.** This initial fiscal impact statement has been prepared for an initiative approved for petition circulation by the Secretary of State. If the initiative is placed on the ballot, Legislative Council Staff may revise this estimate for the ballot information booklet (Blue Book) if new information becomes available.*

Summary of Measure

Initiative 82 creates a minimum reimbursement fee requirement for Medicaid dental procedures to be set at a rate equal to or greater than the tenth percentile of fees nationally according to the most recent American Dental Association (ADA) Survey of Dental Fees. Any dental reimbursement fee that does not meet this requirement must be updated to comply within one week of an updated publication of the ADA Survey of Dental Fees. The Department of Health Care Policy and Financing (HCPF) is responsible for obtaining a copy of the most recent ADA Survey of Dental Fees within five days of an updated publication.

Background

The ADA methodology requires dentists to report the full fee for each procedure rather than what a dentist expects to be reimbursed by payers.

State Expenditures

The measure will increase expenditures in HCPF by an estimated \$64.8 million in FY 2022-23 (half-year impact) and \$132.7 million in FY 2023-24 and ongoing.

Dental reimbursements. State expenditures will increase in HCPF to reimburse dentists at a higher rate. Table 1 compares HCPF’s reimbursement rates for dental procedures as of January 1, 2022, to the national tenth percentile of rates stated in the 2020 ADA Survey of Dental Fees. The cap on reimbursement rates for adult Medicaid members is currently \$1,500 annually.

**Table 1
 HCPF Service Costs Under Initiative 82**

	Budget Year FY 2022-23 <i>half-year impact</i>	Out Year FY 2023-24 <i>ongoing costs</i>
Dental Procedure Rates Under Measure	\$214.3 million	\$431.8 million
Current Dental Procedure Rates	(\$149.6 million)	(\$299.1 million)
<u>Total</u>	<u>\$64.8 million</u>	<u>\$132.7 million</u>
<i>General Fund</i>	\$15.5 million	\$31.8 million
<i>HAS Fee</i>	\$1.8 million	\$3.7 million
<i>Adult Dental Cash Fund</i>	\$8.0 million	\$16.4 million
<i>Federal Funds</i>	\$39.5 million	\$80.8 million

Staffing. HCPF will also require staff in their Waiver and Fee Schedule Rates Section to evaluate the current dental reimbursement rates in comparison to the ADA survey of fees, as well as term-limited staff to bring necessary validation and reconciliation required to bring current department rates in line with the requirements established by the proposed ballot initiative. Staffing costs are estimated at \$78,791 in FY 2022-23 and \$71,547 in FY 2023-24, which includes employee insurance payments, divided between the General Fund, cash funds, and federal funds.

Effective Date

If approved by voters at the 2022 general election, this measure takes effect upon proclamation of the Governor, no later than 30 days after the official canvass of the vote is completed.

State and Local Government Contacts

Health Care Policy and Financing Information Technology

Other Sources Considered

Legislative Council Staff did not receive information or estimates to consider from any other interested persons or organizations.

Revisions from Fiscal Summary

The fiscal impact statement has been updated to reflect a larger reimbursement impact than what was identified in the fiscal summary, based on new information that the ADA methodology requires dentists to report the full fee for each procedure rather than what a dentist expects to be reimbursed by payers,