

to: **Lesley Cummings**

date: **May 9, 2007**

from: **Pete Davidson**

subject: **HFP Dental Anesthesia**

We were asked to evaluate the potential impact on HFP costs of expanding the coverage of general anesthesia and conscious sedation in the dental office for treatments other than oral surgery. In performing our review, we relied primarily on an issue paper prepared by MRMIB staff titled "Evaluation of Impact of Adding HFP Dental Coverage for In-Office Conscious Sedation and General Anesthesia" and discussions with MRMIB staff.

Currently, the HFP dental benefit covers local anesthesia, oral sedatives, and nitrous oxide provided in a dentist's office. General anesthesia and conscious sedation provided in a dentist's office are covered under the dental benefit only during oral surgery. The HFP medical benefit covers general anesthesia and associated facility charges for other dental procedures. It is our understanding that most HFP referrals to facilities for general anesthesia are for children with behavioral or other medical conditions that prevent treatment in a dentist's office.

Based on our review of the available information, it does not appear that the dental plans have reported significant unmet demand for these services, and there are no specific data on the numbers of children who are negatively impacted by the current rules. Access to general anesthesia and conscious sedation may be an issue as relatively few network dentists are reported to have hospital admitting privileges. However, it is unclear that allowing general anesthesia and conscious sedation to be provided in a dentist's office will significantly increase access since anesthesiologists may not be willing to travel to a dentist's office unless multiple patients are scheduled. Reimbursement may need to be significantly increased to encourage participation.

Review of Medi-Cal expenditure data under the procedure code reportedly used by anesthesiologists to bill for general anesthesia in the dental office, hospital, or surgical center implies that total costs for these services are quite low as a percent of total Medi-Cal spending. Further, we received additional information indicating that this procedure code is also used for other procedures and would therefore overstate the value for the services in which we are interested.

The likely cost impact of expanding coverage of general anesthesia and conscious sedation depends largely on the coverage criteria established by MRMIB and the extent to which MRMIB wishes to encourage and expand delivery of these services in a dentist's

office. Under existing HFP guidelines, we would expect minimal net cost impact, as financial responsibility for these services would simply shift from the health plans to the dental plans. MRMIB staff recommendations requiring prior authorization and the establishment of specific criteria similar to that used in other SCHIP programs, "which limits usage for children with dental phobias and behavioral problems to those circumstances where extensive or significantly complex dental work must be performed," will help to contain cost increases.

The lack of data regarding the potential demand for services, the range of interest expressed by dental plans to provide these services, and uncertainty regarding reimbursement rates necessary to secure access prevent the development of an accurate cost estimate. However, given the available information, we believe that with appropriate guidelines costs will shift from health plans to dental plans, but that the overall change in costs will be nominal.