The booming Medicaid market

Marko Vujicic, PhD

Dentistry is in the midst of a major transition. One key driver of change is the Affordable Care Act (ACA), which has many provisions relevant to the dental care sector. A key provision of the ACA is Medicaid expansion, which has the potential to reshape the dental benefits landscape considerably.

Let’s first look at trends in Medicaid before ACA. For more than a decade, public health insurance coverage for children was growing steadily with the expansion of Medicaid and the Children’s Health Insurance Program (CHIP). Because dental benefits for children are mandatory under Medicaid and CHIP, this trend altered the dental benefits landscape considerably. In 2000, 20% of US children had dental benefits through Medicaid and CHIP, 58% had dental benefits through private dental plans, and 22% had no dental benefits. By 2012, the percentage of US children with dental benefits through Medicaid and CHIP increased to 37%, whereas the percentage with private dental benefits decreased to 50%; the percentage with no form of dental benefits decreased and was cut almost in half to 13%. When it comes to children, Medicaid is no longer a low-income-only program, and income eligibility in most states is many times the federal poverty level.

For adults, on the other hand, the pre-ACA trends have been different. Adult dental benefits are not mandatory in Medicaid programs, and many states provide limited or no dental benefits. Medicaid eligibility did not expand for adults in the way it did for children during the past decade. There has been a steady decrease in private dental benefit coverage among US adults, and with no expansion of dental benefits coverage through Medicaid, the percentage of adults with no dental benefits has increased steadily.

Looking forward, Medicaid expansion under the ACA will alter the dental benefits landscape significantly, particularly for adults. Medicaid expansion allows states to receive significant federal subsidies if they expand Medicaid eligibility for all low-income adults. Results of a recent analysis show that up to 8.3 million adults could gain dental benefits as a result of Medicaid expansion; in many states, Medicaid expansion is more a tsunami than a trickle. For example, approximately one-half of states that provide adult dental benefits and are expanding Medicaid could see at least a doubling and sometimes even a tripling of Medicaid enrollment. Even states not expanding Medicaid under the ACA still will see expansion in Medicaid rolls because of enhanced enrollment efforts, the so-called woodwork effect. In fact, of the 8.3 million adults expected to gain dental benefits beyond emergency care through Medicaid as a result of the ACA, 2.6 million of them are because of enhanced enrollment efforts.

To put Medicaid expansion into context, let us compare it with the private dental benefits landscape. The ACA established health insurance marketplaces where consumers could purchase private health insurance and private dental benefits. Adult dental care is not considered essential under the ACA, and, as a result, adult dental benefits are not subject to the individual mandate. However, adult dental benefits still can be obtained voluntarily through the marketplaces, and, through April 2014, a total of 1.1 million adults enrolled in a private dental benefits plan across 36 states for which data are available. In these same 36 states, 4.2 million adults are expected to gain some level of dental benefits through Medicaid: a 4:1 difference.

The figure shows similar data for the 19 states where the Medicaid program provides at least limited adult dental benefits and for which matched data are available on private dental benefits enrollment through health insurance marketplaces. Across these 19 states, a total of 3.3 million adults are expected to gain dental benefits through Medicaid compared with 425,000 who have enrolled in a private dental benefits plan via health insurance marketplaces: an 8:1 difference. The figure also shows that even in states that are not expanding Medicaid eligibility under the ACA, the dental benefits expansion via Medicaid (from the woodwork effect) is expected to be larger than the dental benefits expansion via the health insurance marketplaces. Clearly, the Medicaid market will grow faster than the private market even in most of the nonexpansion states.
The expanding Medicaid market also should be viewed in the context of the overall dental care economy. Dental care use has been decreasing steadily among adults for the past decade, a trend that has little to do with the recent economic downturn. The decrease in dental care use among adults is widespread. Adults with private dental benefits, as well as middle-income and high-income adults, are all visiting the dentist less. This decrease has led to a slowdown in dental care spending and has contributed significantly to stagnation in dentist earnings. The trends in dental care use among adults is expected to reverse in the near term, and dental care spending is projected to remain flat for several years. In an overall stagnant dental sector, Medicaid is a market segment that will grow substantially.

A final point of context is that low-income adults—the exact group Medicaid expansion targets—have experienced the most significant erosion in access to dental care over the past decade. They are also the most likely group to report avoiding or delaying needed dental care and to face cost barriers to dental care. They have experienced, by far, the most significant increase in the rate of emergency department visits for dental conditions this past decade. In contrast, low-income children have seen remarkable gains in access to dental care in recent years. Between 2000 and 2010, dental care use among children covered by Medicaid increased in all but 3 states. Dental care use among US children is at its highest level ever, and the largest gains over time have been among low-income children.

Expanded coverage does not necessarily equal expanded access. Several important policy issues need to be considered for the Medicaid expansion to translate to improved access to dental care.

First, there is an enormous opportunity to apply the good practices gleaned from a decade of success in improving access to dental care for children covered by Medicaid to adults covered by Medicaid. There is strong evidence that a combination of patient education and outreach, streamlined administrative procedures, and enhanced provider incentives form a set of enabling conditions that promote success in Medicaid programs. But when it comes to financial incentives, for example, results from a recent analysis showed that Medicaid reimburses adult dental care services at much lower rates than it does child dental care services. Dental care services also are reimbursed much less generously.
that are primary medical care services in Medicaid, for which mandatory reimbursement increases were introduced as part of the ACA in 2013 and 2014.\textsuperscript{10,16}

Second, there is emerging evidence that innovative dental care delivery models can play an important role in enhancing access to dental care for populations covered by Medicaid.\textsuperscript{17} Some of these models involve new types of dental care providers (for example, community dental health coordinators), whereas others do not.

Third, new research suggests that, in general, the current dental care system has the capacity to absorb large influxes of adults with newly gained Medicaid dental benefits.\textsuperscript{18} Moreover, the supply of dentists will increase steadily in the coming years,\textsuperscript{19} and there is strong evidence that there is significant unused capacity in the dental care system.\textsuperscript{9} At the same time, Medicaid beneficiaries are much more likely to report difficulty finding a dentist than are those with private dental benefits.\textsuperscript{20} Taken together, the evidence suggests that sufficient capacity is available within the dental care system but that this capacity needs to be leveraged better to meet the expected growth in demand for dental care within the Medicaid market.

CONCLUSIONS

Looking forward, Medicaid expansion provides an enormous opportunity to address some of the critical issues concerning access to dental care for low-income adults in many states. To seize this opportunity, a serious effort is needed to implement evidence-based Medicaid reforms. A renewed focus on key enabling conditions can help translate the expanded Medicaid dental benefits coverage for adults to expanded access to dental care and, ultimately, improved oral health. ■

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