

From: Besio, Susan [Susan.Besio@ahs.state.vt.us]
Sent: Friday, April 15, 2011 1:20 PM
To: Bartlett, Susan; MacLean, Alex
CC: Doug Racine; Chen, Harry; Hathaway, Carrie; Collins, Lori; Beck, Stephanie; Andes, Mary; Giffin, Jim; Riven, Matt
Subject: RE: Dentist tax
Attachments: Dental Services Assessment Memo 1 15 pm.doc

Attached is a revised version with two changes, which are also described below (they don't change the budget figures or assumptions):

- With a little more time, we were able to research the past session law changes to the dental cap back to 2003. It appears that fluctuations to the cap were not always readily apparent during the session because the application of the rate changes still needed to be negotiated. So the actual cap amount was changed via rule – statutory authority was always more generically provided, so the language related to the change in the cap amount we would suggest from the Big Bill is as follows:

It is the intent of the general assembly that effective July 1, 2011, the dental cap for adults will be increased in such a manner as to offset any loss in benefit level due to rate increases.

- The increase in Medicaid dental rates if we were allocated \$5 m would be 19.2%, not 15.3% as stated in the original document.

Susan

Susan W. Besio, Ph.D.
Commissioner
Department of Vermont Health Access
Vermont Health Care Reform
312 Hurricane Lane, Suite 201
Williston, VT 05495
802-879-5901
susan.besio@ahs.state.vt.us

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From: Besio, Susan
Sent: Friday, April 15, 2011 10:22 AM

To: Bartlett, Susan; MacLean, Alex

Cc: Racine, Doug; Chen, Harry; Hathaway, Carrie; Collins, Lori; Beck, Stephanie; Andes, Mary; Giffin, Jim; 'Riven, Matt'

Subject: RE: Dentist tax

Importance: High

See attached for Dental Assessment Needs. I want to be very clear that there are numerous data assumptions in this that make it impossible to develop accurate financial impacts. So we will need to assume that we will have a BAA issue for SFY 12 (positive or negative).

Please call me if you have ANY questions about the attached or if the assumptions are not correct.. Also, please keep me informed of the status of this assessment.

Susan

Susan W. Besio, Ph.D.

Commissioner

Department of Vermont Health Access

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susan.besio@ahs.state.vt.us

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-----Original Message-----

From: Bartlett, Susan [mailto:Susan.Bartlett@state.vt.us]

Sent: Friday, April 15, 2011 8:35 AM

To: MacLean, Alex

Cc: Racine, Doug; Chen, Harry; Besio, Susan

Subject: Re: Dentist tax

No surprise taxing dentists is very complex. Besio and crew working on it now. We may need to take the cap to \$1000 to have some control on costs. Talked to Reardon and we are also checking the tax we do on insurance transactions to fund the IT fund. Dentists have never been billed and this might be a much simpler way to tax dentists. Reardon is talking to Klein at 9 and will check out this option.

----- Original Message -----

From: MacLean, Alex

To: Bartlett, Susan

Cc: Doug Racine; Chen, Harry
Sent: Fri Apr 15 07:02:35 2011
Subject: Re: Dentist tax

If anyone gets these estimates prior to 10am please let me know.

Thanks and sorry about the crazy timeline!

Sent from my iPad

On Apr 14, 2011, at 8:43 PM, "Bartlett, Susan" <Susan.Bartlett@state.vt.us> wrote:

> The Governor wants to go full bore on the dentist tax. He talked with the dens on finance and we have been instructed to have language by 10 Friday morning on removing the cap. I assume the language for the rest of it exists since the house worked with it. I expect we will be working with several senators.

>

> Senator Cummings will want our best estimate. On the new cost by lifting the tax. I will be in the office by 10 but on line the whole time. Thanks

Dental Services Assessment

April 15, 2011 – edited 1:15 pm

Assumptions (Note: If any of these assumptions are not correct, it changes the financial model, so the following bullets will need to be adjusted):

- Target for new GF revenue from dental services assessment: **\$4 m GF**
- Will loose **\$1 m GF** in hospital tax revenue due to need to back out CDT codes so we do not double tax hospitals (note: ***this is a very tentative estimate***, since we have no data to use as a basis for the estimate)
 - Going forward, BISHCA will change their form 5 to collect CDT level dental within Hospital revenue reports
- Total needed yield from dental services assessment: **\$5 m GF**
- Inclusion in Budget Bill: **\$5 m GC increase** for Medicaid CDT code increases (all CDT codes will b increased by 19.2%)
\$200,000 GC for DVHA admin costs
- Adult Dental Cap increase needed to maintain existing ratio of Medicaid beneficiaries that hit the cap (e.g., no expansion of services):
 - Assuming a **\$5 m** Medicaid rate increase across all CDT codes, the cap would need to increase from \$495 to \$600; ***this is a very tentative estimate***, as we cannot accurately predict how the change in cap will affect provider and beneficiary utilization
 - ***Big Bill*** will need the following language to raise the Adult Dental cap:

MEDICAID: ADULT DENTAL CAP

It is the intent of the general assembly that effective July 1, 2011, the dental cap for adults will be increased in such a manner as to offset any loss in benefit level due to rate increases.

Statutory Language Changes Needed for Dental Services and Hospital Assessments:

See following pages.

Following is the proposed language in order for DVHA to implement the new Dental services assessment and change the hospital assessment accordingly:

Sec. XXX . 33 V.S.A. § 1951 is amended to

read: § 1951. DEFINITIONS

As used in this subchapter:

(1) "Assessment" means a tax levied on a health care provider pursuant to this chapter.

(2) "Core home health care services" means those medically-necessary skilled nursing, home health aide, therapeutic, and personal care attendant services, provided exclusively in the home by home health agencies. Core home health services do not include private duty nursing, hospice, homemaker or physician services, or services provided under early periodic screening, diagnosis, and treatment (EPSDT), traumatic brain injury (TBI), high technology programs, or services provided by a home for the terminally ill as defined in subdivision 7102(10) of this title.

(3) "Commissioner" means the commissioner of Vermont health access.

(4) "Department" means the department of Vermont health access.

(5) "Dental services" means services that are billed using Current Dental Terminology (CDT) codes.

(6) "Fund" means the state health care resources fund consisting in part of assessments from health care providers under this subchapter.

(7) "Gross CDT Receipts" means revenue received during the reporting period from providing dental services, adjusted to include cost settlements.

~~(5)~~(8) "Health care provider" means any hospital, nursing home, intermediate care facility for the mentally retarded, home health agency, dentists or other provider types when billing CDT codes, or retail pharmacy.

~~(6)~~(9) "Home health agency" means an entity that has received a certificate of need from the state to provide home health services or is certified to provide services pursuant to 42 U.S.C. § 1395x(o).

~~(7)~~ (10) "Hospital" means a hospital licensed under chapter 43 of Title 18.

~~(8)~~(11) "Intermediate Care Facility for the Mentally Retarded" ("ICF/MR") means a facility which provides long-term health related care to residents with mental retardation pursuant to subdivision 1902(a)(31) of the Social Security Act (42 U.S.C. § 1396a(a)(31)).

~~(9)~~ (12) "Mental hospital" or "psychiatric facility" means a hospital as defined in 18 V.S.A. § 1902(1)(B) or (H), but does not include psychiatric units of general hospitals.

~~(11)~~ (13) "Nursing home" means a health care facility licensed under chapter 71 of this title.

~~(13)~~ (14) "Pharmacy" means a Vermont drug outlet licensed by the Vermont state board of pharmacy pursuant to chapter 36 of Title 26 in which prescription drugs are sold at retail.

~~(14)~~ (15) "Secretary" means the secretary of the agency of human

services. Sec. XXX. 33 V.S.A. §1952(f) is amended to read:

(f)(1) If a health care provider fails to pay its assessments under this subchapter according to the schedule or a variation thereof adopted by the commissioner, the commissioner may, after notice and opportunity for hearing, deduct these assessment arrears and any late-payment penalties from Medicaid payments otherwise due to the provider. The deduction of these assessment arrears may be made in one or more installments on a schedule to be determined by the commissioner.

Sec. 4. 33 V.S.A. §1955c is added to read:

§ 1955c. Dental Services Assessment

(1) Beginning July 1, 2011, the dental services assessment shall be set at a rate, not to exceed 5.5 percent through September 30, 2011 and not to exceed 6 percent as of October 1, 2011, to achieve \$5,000,000 in receipts each state fiscal year.

(2) The dental services assessment shall be levied on the health care provider's gross CDT receipts.

(3) The amount of the assessment shall be determined annually by the commissioner based on the health care provider's calendar year gross CDT receipts as reported to the department. The annual assessment for state fiscal year 2012 shall be based on each health care provider's 2010 gross CDT receipts as reported to the department on or before July 30, 2011. Each succeeding year's assessment will be based upon the previous calendar year's gross CDT receipts as reported to the department no later than March 1.

(4) Each health care provider shall be notified in writing by the department of the assessment made pursuant to this section. If no health care provider submits a request for reconsideration under section 1958 of this title, the assessment shall be considered final.

(5) Each health care provider shall submit its assessment to the department according to a quarterly payment schedule. Variations in payment schedules shall be permitted as deemed necessary by the commissioner.

(6) Any health care provider that fails to submit the required forms to the department pursuant to #3 on or before the specified schedule established by the commissioner, shall be assessed not more than \$1,000.00 in penalty fees. The commissioner may waive the penalty provided for in this subsection for good cause shown.

(7) Any health care provider that fails to make a payment to the department on or before the specified schedule, or under any schedule for delayed payments established by the commissioner, shall be assessed not more than \$1,000.00 in penalty fees. The commissioner may waive this late payment assessment provided for in this subsection for good cause shown.

(8) The individual health care provider information and documents submitted to the department in order to levy the assessment are confidential and are therefore exempt from public inspection and copying pursuant to 1 V.S.A. § 317(c)(1).

33 V.S.A. § 1953 is amended to read:

§ 1953. Hospital assessment

(a) Hospitals shall be subject to an annual assessment as follows:

(1) Each hospital's annual assessment, except for hospitals assessed under subdivision (2) of this subsection, shall be 5.5 percent of its net patient revenues (less chronic, skilled, services that are billed using Current Dental Terminology (CDT) codes and swing bed revenues) for the hospital's fiscal year as determined annually by the commissioner of Vermont health access from the hospital's financial reports and other data filed with the department of banking, insurance, securities, and health care administration. The annual assessment shall be based on data from a hospital's most recent full fiscal year for which data has been reported to the department of banking, insurance, securities, and health care administration.