

**DOMESTIC POLICY SUBCOMMITTEE  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
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Testimony of:

**PATRICK W. FINNERTY  
VIRGINIA MEDICAID DIRECTOR**

Good morning Mr. Chairman and members of the Subcommittee. My name is Patrick Finnerty, and I serve as the Medicaid Director for the Commonwealth of Virginia. I am pleased to appear before you this morning to review the significant changes and resulting improvements in our Medicaid and SCHIP dental program.

In Virginia, we serve about 450,000 children through our Medicaid and SCHIP programs. Soon after becoming the Medicaid Director, it was very clear to me that our dental program for children was not functioning very well. As seen on Slide 2, fewer than 24% of our children received any dental service in 2003. One of the key reasons for this was that our dental provider network was inadequate. Only about 13% of licensed dentists in Virginia were participating in our program. Of that number, only about one-half of them were actively seeing Medicaid and SCHIP children.

While we had a pretty good idea of what the problems were, we sat down with the leadership of the Virginia Dental Association and heard loud and clear that we needed to make some changes.

- First, our reimbursement was very low and far below what dentists were being paid by commercial carriers.

- Secondly, they identified a number of administrative “hassles” that needed to be removed... such as outdated billing procedures, overly burdensome prior authorization requirements, and poor responsiveness to provider concerns.
- They also felt our managed care program was not working for them. Overall, managed care has been a very successful program in Virginia. However, our dental providers had several concerns, including having to deal with multiple plan requirements, credentialing, and patients transferring between plans in the middle of treatment.
- Lastly, a significant concern was patient “no-shows” when patients fail to keep their scheduled appointments.

After getting a clear understanding of the changes that were needed, we created an entirely new dental program, and declared that it was a new day for dental in Virginia! We adopted a new program name, *Smiles for Children*, re-branded it with a new logo, and started over. The new program was developed through ongoing and close collaboration with the Virginia Dental Association and the Old Dominion Dental Society.

We were very fortunate to also have tremendous support from the Governor and the legislature who authorized us to implement a completely re-structured program, and approved an unprecedented 30% increase in fees. These actions did two things. First, it gave us the necessary authority and funding to implement our new program. But, equally important, it communicated to the dental community a commitment to work with them to improve access to dental care in Virginia.

*Smiles for Children* launched on July 1, 2005. Leading up to our launch date and ever since then, the support for the program from the dental community has been outstanding. Dr. Terry Dickinson, the Executive Director of the Virginia Dental Association, has been and continues to be a great champion and advocate of the program.

Let me quickly review the major elements of our reform.

- First, we carved out dental services from the 5 managed care companies, and now all children have their dental services administered by one vendor, Doral Dental. Through our contractual relationship, we pay Doral an administrative fee to manage the program for us. It is a fee-for-service program wherein providers bill Doral, and Doral pays the provider with funds that we make available. Neither Doral nor the providers are paid on a capitated basis.
- In the old program, providers had to deal with multiple credentialing requirements in order to participate. With *Smiles for Children*, there is one streamlined process.
- I mentioned earlier that our dental providers had identified several administrative “hassles” in the old program....we now have industry-standard administration.

- Prior to *Smiles for Children*, Virginia dentists had little involvement in program decisions; now we have a Virginia Peer Review Committee and a Dental Advisory Committee.
- Lastly, by having all of the children in one dental services program, the potential for disruption of care that can result from children moving among different plans has been eliminated.
- We also established a dedicated dental unit within our agency to work with the dental providers and monitor the program.

Slide 5 summarizes the administrative improvements and other benefits that *Smiles for Children* provides to our participating dentists. I'm not going to review each of them, but they represent important "industry-standard" components of benefits administration that our dental partners were looking for.

I'd like to now focus on the results of our efforts. Following the start of our new program in July of 2005, the number of participating dentists has increased 80%, and our network continues to expand each month. There are a handful of localities in Virginia which, prior to *Smiles for Children*, had no participating dentists...and now there is access to a dentist in their communities. A key indicator of success for us is that a higher percentage of providers are actively billing for treatment. And, our provider and patient surveys show a high level of satisfaction with the program.

More importantly, our program reforms have resulted in greater access to care for our Medicaid and SCHIP children. As illustrated in Slide 7, for children ages 0-20, the percentage of eligible children receiving necessary dental services has increased 50% from 2005 to 2007. For children ages 3-20, we've seen a 55% increase. We believe that these increases are the result of the two major elements of our reforms: the complete re-design of our dental program, and the 30% increase in fees.

Lastly, I just want to note that Virginia's reforms have received a good deal of national attention. Over the past few years, we have been asked to present our improved dental program at national meetings of the American Dental Association, the National Association of Dental Plans, the National Association of State Medicaid Directors, the Medicaid Managed Care Congress, the National Academy for State Health Policy, and the National Oral Health Conference.

The successes we have achieved have come as a result of everyone working together for the same cause....that being increased access to dental care for low-income children. Organized dentistry has been very supportive and helpful ...they are a true partner in this. The Governor and General Assembly also have given us the tools, resources, and support to make these improvements.

We recognize that while there have been marked improvements, far more children need to be receiving dental services and we are working toward that goal. We continue to look for further enhancements to the program; and will keep this issue as a high priority in Virginia.

Mr. Chairman that concludes my prepared testimony. Thank you for the invitation to be here today, and I'm happy to answer any questions you may have.

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