

State Owes Dentists \$160 Million

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Since the fall of 2015, the Illinois State Dental Society has been meeting with the State of Illinois to try to understand what the State's plans are to reimburse dentists for providing dental care to State employees covered by the Quality Care Dental Plan. Since the Illinois legislature and Governor Rauner have not passed a full year's budget, many dentists are trying to determine what they should do next.

A stop-gap budget was passed in May that was to keep some functions of state government operating until December 31st, but it did not provide any funding for State employees' healthcare claims. The last normal claim payments were released on September 7, 2015, when claims were already three to six months behind depending on the network status of the dentist. Only a few small distributions have been made since that time. The State owes providers over \$3.4 billion for all healthcare services for state employees.

ISDS obtained data from the State of Illinois Department of Central Management Services (CMS), via a Freedom of Information Act request, which listed the amounts owed to individual dentists, across the country, for providing dental services to State of Illinois employees.

As of August 8, 2016, the State owes dentists, and some patients, a total of \$160,145,805. Claims have been submitted by 22,055 dentists across the country. There are 151 dentists in Alabama owed a total of \$129,716; 33 dentists in Maine are owed \$22,120; and \$2,872 is payable to five dentists in Alaska.

In Illinois, 3,855 dentists participating in Delta's PPO were owed \$38,233,025, and \$65,217,714 was payable to 3,239 dentists in Delta's Premier network. Claim payments are also owed to 4,524 out-of-network dentists that accepted assignment or to their patients totaling \$56,695,066.

In Illinois	PPO Network	Premier Network	Out-of-Network
Dentists Owed More than \$500,000	1	8	8
Dentists Owed More than \$200,000	12	43	60
Dentists Owed More than \$100,000	56	105	125

Springfield and other areas that are home to state universities have been hit especially hard. As an example, in Springfield dentists and their state employee patients are owed \$23,672,383.

In Springfield	PPO Network	Premier Network	Out-of-Network
Dentists Owed More than \$500,000	1	8	2
Dentists Owed More than \$200,000	5	24	21
Dentists Owed More than \$100,000	13	32	29

It is also important to remember that Delta Dental of Illinois is the administrator of the dental plan for state employees and not the insurer. Delta releases funds that are deposited into their account by the

State. CMS also dictates to Delta which claim segments should be paid, be it the oldest claims first, claims submitted by network dentists only, or claims to out-of-network dentists.

More recently, on August 3, members of the Society's executive staff met with Mr. Mike Hoffman, Acting Director of Central Management Services (CMS), the manager of Bureau of Benefits and the Department's legislative liaison. At that meeting, CMS indicated that without any general revenue funds (GRF), only state employees' contributions toward the dental plan premiums and some road fund transfers would be available through the end of the year to pay dental claims.

State employees' dental claims range between \$13 million and \$15 million per month. Employee contributions and transfers equal to slightly more than \$3 million per month. That means that each month, the State owes dentists up to an additional \$12 million.

On August 18, CMS directed Delta to release \$3.7 million that was roughly divided equally between PPO, Premier and out-of-network dentists. This covered claims submitted by PPO dentists for the third week of October, the first week of September for Premier dentists and the third week of March for out-of-network dentists.

Some members ask why a class action lawsuit has not been filed ordering the State to make claim payments. The only successful lawsuits against the State are when the courts decree that the State must make payments because it would otherwise be in violation of some federal requirement. That is why Medicaid dental claims are still being paid on time.

Dentists are also in a somewhat unique position as they do not have a direct contract with the State of Illinois to provide specific services. Some dentists have provider contracts with Delta, while out-of-network dentists simply are submitting claims on a good faith basis that they will be paid. There is a big difference between filing a class action lawsuit and winning such lawsuit.

The issue of state employees' coverage could also get complicated, if in the rare possibility AFSCME's 38,000 union members go on strike. The Illinois Labor Relations Board (ILRB) is currently hearing evidence to determine if the State and AFSCME31 are at a contract negotiation impasse. If ILRB determines that they are, the State could impose its latest offer on employees and the union would have to accept the offer or go on strike. That decision may not be made by until November.

CMS has told ISDS that if employees go on strike, their dental coverage will not end; however, their premiums will increase, as they will now be responsible for the entire premium, not just the employee's portion. Currently employees pay \$11 for employee-only coverage, \$17 for an employee plus one dependent, and \$19.50 for a family. Premiums would increase to \$35.32 per month for an employee, \$67.76 for employee and one dependent, and \$104.54 for a family. CMS will simply withhold the higher full premium once they return from strike.

Federal bankruptcy laws prohibit states from declaring bankruptcy, but many dentists are questioning if or when they will ever be paid. It is important to remember that even when a full budget is passed, that does not solve the issue. First, the current year's budget will need to provide a full 12 months of funding for dental claims. That will at least stop making the deficit larger. A budget would allow CMS to instruct Delta to begin to make claim payments at some rate. The backlog of claims will not all of a sudden be paid. After that, the difficult part begins.

The general consensus is that to pass a full year's budget, it will take a combination of tax increases and budget cuts. At the current FY16 pace, the State has income of about \$32 billion but is spending funds at a rate of \$37.5 billion. A \$5.5 billion structural deficit needs to be addressed. Once that is resolved, then a multi-year plan would need to be implemented, and most importantly, kept in place to pay off the state bills in a consistent and logical order.

Some political experts believe that this might occur after the November elections. As of now, the legislature is scheduled to be in session to consider legislation that had been vetoed by the Governor on November 15-17 and again November 29 -December 1. There is also a "lame duck" session in January, before the next legislative year begins with the new General Assembly. While these dates offer the possibility of budget discussions, there is no guarantee that a budget will be agreed to quickly.

ISDS is continuing to meet with anyone in State government that could play a role in helping dentists collect the any portion of the funds that they are owed. At a minimum, ISDS want CMS to establish some defined payment frequency that utilizes the small amount of funds that are able to be released. That way, at least, dentists will have some sort of schedule to be able to rely on and not simply be surprised when a random, small payment is received.