

Medicaid Dental Providers Medicaid Fees Related to Dental Office Overhead

My name is Dr. Frank Ford. I am a dentist as well as an anesthesiologist practicing in the Dallas/Fort Worth area for the past 33 years. My focus for most of those years has been to provide anesthesia care for the mentally handicapped for those that need it to receive their dental treatment. I have been a Medicaid provider for many of those years, but a few years ago I discontinued my provider number. I see dentist after dentist doing just that.

This year I began making arrangements to establish a dental office in this area to manage and treat almost exclusively mentally handicapped patients to receive their dental needs. I have chosen an office site and have begun to negotiate the establishment of that facility. In that office we will both treat those handicapped patients and will use it as a training place for other dentists and other anesthesiologists to become comfortable treating that patient population with the appropriate equipment and skill.

While almost everyone acknowledges this as a great idea, there is a major obstacle that will squash this from becoming a reality for Medicaid patients, and keep this from becoming a wonderful solution for access to care for all the mentally handicapped.

Here is the problem.

Every service entity has overhead costs that are unique to that service. A dental office operates with a range of 65% to 80% overhead cost, depending on many factors. Let's choose 70% for that overhead to demonstrate the problem with being a Medicaid provider.

That means that when the fee for a procedure is \$100 then \$70 of that collected fee goes to pay for the facility, necessary auxiliary personnel, materials used, insurance, billing costs, etc. That means that out of that \$100, \$30 is available to pay the dentist himself. We will call that \$30 profit for that \$100 procedure.

Now let's look at the average fees in this geographic area for a few of the common dental procedures needed by the mentally handicapped adult.

| Usual Fee | | Medicaid Fees | Medicaid Fees As a % of usual fees |
|----------------------------|-------|---------------|---------------------------------------|
| One surface silver filling | \$100 | \$32.86 | 33% |
| One surface white filling | \$120 | \$39.67 | 33% |
| Dental Cleaning (Prophy) | \$70 | \$28 | 40% |
| Extraction of a tooth | \$120 | \$33.52 | 28% |

Generally speaking, Medicaid reimbursements are approximately 35% of the usual dental fees. Dental office overhead is 70% of the usual fee.

When a Medicaid patient receives a \$100 procedure, Medicaid pays only \$35.

That means the dentist must personally contribute an additional \$35 to accumulate the required \$70 overhead to treat that patient for that procedure, in addition to working for no pay for himself. These general percentages apply to every procedure on every Medicaid patient the dentist treats.

In general a dentist financially can not afford to treat many of these patients. Is it any question why a dentist does not want to be a Medicaid provider?

There are at least three obvious solutions to this worsening problem.

1. Set Medicaid reimbursement to competitive rates.
2. Treat Medicaid like insurance and allow the balance of the fees to be paid by another individual or agency. As it is the provider is mandated to effectively pay the balance of every fee personally.
3. Allow exemptions in certain situations whereby particular providers are allowed to bill for the difference between the usual fees and Medicaid fees.

I am still very interested in providing dental services for the mentally handicapped in my area and in creating a facility to make the services readily accessible for all those needing the services. Unfortunately, those individuals that are in the Medicaid program as it is now will not benefit from those services.

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