



GEORGIA DENTAL ASSOCIATION

Suite 200 • Building 17 • 7000 Peachtree Dunwoody Road N.E. • Atlanta, Georgia 30328-1655
(404) 636-7553 • (800) 432-4357 • Fax (404) 633-3943

October 20, 2009

Dr. Rhonda Meadows
Commissioner, Department of Community Health
2 Peachtree St
Atlanta, GA 30303

Dear Commissioner Meadows:

The Georgia Dental Association continues to monitor Georgia's dental Medicaid and PeachCare Programs and we believe that there are issues of concern to the latest program changes by WellCare and its administrator, Doral Dental USA. Effective October 9, 2009, WellCare **reduced fees to dentists in the North and Atlanta Regions from 13 percent to 51 percent of current fees.** Even though these fee cuts will not be in all six regions, **these two areas account for approximately half of the entire WellCare network and WellCare covers the greatest number of recipients.**

The latest fee cuts are draconian and unreasonable and are designed to limit access to oral health services. Not only will children have more difficulty in accessing care but the state will be paying premiums for care that is not being delivered.

We do not believe WellCare will be able to maintain a viable network under this fee structure. Even though dentists are health care providers who are concerned about the oral health of Georgia's children, they are also small business owners who must analyze their profitability and viability when reimbursement changes drastically for a significant percentage of their patient base.

WellCare contends that their network is appropriate based on geo access. However, numerous audits (specifically the Georgia Department of Audits report) stated that the auditors identified various inconsistencies and errors in data reported to DCH by the CMOs for the purpose of evaluating member access to health care services. **Specifically, the results may overstate access to CMO network providers in some areas of the state. We also have concerns about overstating the network due to such inaccuracies as dental school faculty being listed as providers (they cannot practice full-time due to teaching obligations), deceased dentists being listed as current providers, and some dentists are listed multiple times as providers in the network.**

We also have concerns about WellCare's ability to accurately reflect the services being provided to Medicaid patients. **According to their 2008 Annual Report to Shareholders, WellCare states, "Our encounter data may be inaccurate or incomplete, which could have a material adverse effect on our results of operations, cash flows and ability to bid for, and continue to participate in, certain programs."** It would seem that WellCare is making onerous cuts to the dental program based on questionable data. The victims of these onerous cuts are the patients and dentists who are trying to provide care.

In analyzing WellCare's fee changes on 20 of the most commonly utilized services, one of the most striking differences noted is that general dentists are paid less than specialists, even though general dentists are performing the same treatment with the same professional standards. This is grossly inequitable. Of the approximately 5,500 licensed dentists in Georgia, there are around 200 actively practicing pediatric dentists. Even if all of these specialists accept Medicaid patients, they cannot treat the approximately 1 million Medicaid and PeachCare children. Reimbursing general dentists a lesser fee for the same treatment services could be an enormous disincentive for general dentists to treat this population. **This tactic seems to be one to penalize those general dentists willing to treat Georgia's WellCare patients and to save WellCare even more in the dental program since there are so few pediatric dentists.**

Many representatives from the CMOs have touted to elected officials and Medicaid program administrators that Georgia ranks extremely high in dental reimbursement as compared to other states. However, this is not an accurate statement. The American Dental Association compiled Medicaid fees from all of the states. The Georgia Dental Association confirmed these fees and made any recent changes that had occurred since the ADA's compilation. The chart that is included with this letter demonstrates that Georgia is not anywhere near the top in reimbursement. The only treatment code that ranks in the top five is D2932 (prefabricated resin crown) and this fee is only paid by WellCare in four of its six regions. With the exception of a few codes paid by WellCare in four of its six regions, the vast majority of the reimbursement codes for Georgia are huddled toward the middle and bottom of the state ranking.

The State of Georgia reimburses WellCare to provide medical and dental care to its consumers. Our concern is that the state is paying for a product that it is not receiving. **WellCare and its subcontractor Doral Dental are two large companies with vast experience in the administration of government health care programs. They have the expertise to make sound actuarial decisions and bid appropriately to provide the care to Medicaid/PeachCare consumers.** WellCare and Doral are ensuring that they have adequate funding for their administrative costs and profit, but the dentists are placed in an untenable business situation which ultimately compromises children accessing care. **Georgia is critical to WellCare's revenue base; 41 percent of their Medicaid segment revenues came from Georgia in 2008 (source: WellCare's annual report).** It is obvious that WellCare is doing everything it can to remain competitively priced in the bidding process. In its 2008 Annual Report to Shareholders, WellCare stated, **"We believe a number of our competitors in both Medicare and Medicaid have strengths that may match or exceed our own with respect to one or more of the criteria on which we compete with them. Further, some of our competitors may be better positioned than us to withstand rate compression."** Therefore, it appears that WellCare is squeezing providers to keep their bid rates low and their profits high. WellCare's Administrative Expense Ratio has continued to increase for the past four years and has gone from 12.4 percent in 2004 to 14.3 percent in 2008. Amerigroup's Administrative Expense Ratio is 7.49 percent. However, directors' compensation at WellCare has not been negatively impacted. According to WellCare's 2008 Annual Report, the entire compensation package for its CEO totaled over \$8 million. According to the latest reports, WellCare's net income second quarter 2009 is \$37 million representing a net margin of 2.07 percent. Therefore, we question the necessity of these drastic cuts.

The private sector is not alone in this dire situation. These drastic cuts in reimbursement will have a severe impact on Georgia's safety net—public health. Over the past few years Georgia's public health departments have had numerous reductions in the state budgets, even before

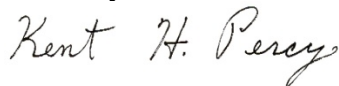
Georgia's economy took a dive. In the dental program, public health managed to do more with less by utilizing some of the Medicaid reimbursements to fund necessary personnel who perform prevention programs in the schools and clinics as well as the salaries of the dentist providing services. **According to one district dental director, these cuts of up to 51 percent will result in approximately \$220,000 less in yearly revenues to that one district which may result in the district closing clinics and reducing services. This also will impact children's ability to access dental care.**

Commissioner, we understand that our state is experiencing difficult economic times. However, this economic downturn should not affect the CMOs' ability to provide reasonable reimbursement to dentists who treat Medicaid and PeachCare children since they bid on a program to provide medical and dental services based on their actuarial data. The CMO contracts are "at risk" which should mean that the insurer assumes the risk; however in Georgia WellCare is transferring that risk to Georgia's children by limiting their access to oral health care. If they bid the program incorrectly, providers and Georgia's children should not have to bear the brunt of their error or other business decisions. We believe that these latest rounds of cuts to two of the six WellCare regions are draconian and unreasonable.

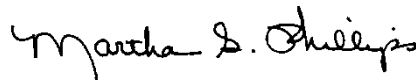
We need your help and respectfully request a meeting with you to discuss this situation before the dental program disintegrates. We have found that you are always willing to listen to our concerns and we hope that you can meet with us in the near future. Georgia's children need a voice because they can't speak for themselves on this issue. Thank you for your consideration.

We look forward to hearing from you soon.

Sincerely,



Kent H. Percy, DDS
President



Martha S. Phillips
Executive Director

Enclosure: National Medicaid fee schedule

Cc: Mike Minor, COO Georgia Region, WellCare
Steve Pollock, President, Doral Dental USA
Senator Jack Hill
Representative Ben Harbin
Senator Greg Goggans
Senator Lee Hawkins
Senator Lester Jackson
Senator Don Thomas
Representative Sharon Cooper
Carla Denise Edwards
Mary Eleanor Wickersham, Governor's Health Policy Advisor
GDA Board of Trustees