CareQuest Institute for Oral Health™

RESEARCH REPORT

Alternative Payment Models in Dentistry

A Provider Perspective

Suggested Citation: Apostolon D, McLeod C, Tranby E, Mathews R. Alternative Payment Models in Dentistry: A Provider Perspective. Boston, MA: CareQuest Institute for Oral Health; December 2020. DOI: 10.35565/CQI.2020.2021

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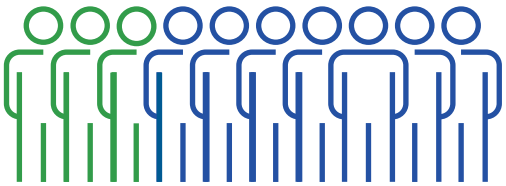
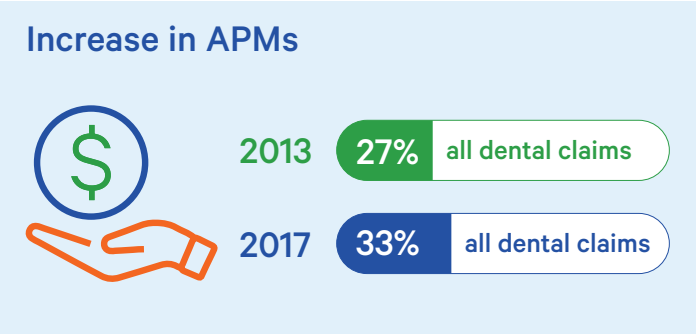
Value-Based Care and Alternative Payment Models

Oral Health Value-Based Care (OHVBC) is a care delivery model in which providers are offered incentives to demonstrate value by preventing dental disease and keeping patients healthy. This means placing value on quality care and health outcomes, not on the cost and volume of services as in the fee-for-service (FFS) model most common today.

Medicaid provides health coverage to 68.8 million Americans and, while jointly funded by the federal government and states, is administered by state Medicaid agencies. State agencies in growing numbers are contracting with managed care entities for administration of core services to better manage costs and utilization of services. Medicaid managed care contracts include performance goals for managed care entities, such as managing costs, utilization and improving health care quality.[1] These are shared objectives found within value-based contracts with providers. A key driver in the success of value-based care (VBC) is aligning new alternative payment models (APMs) to reward quality care and outcomes, rather than for the volume of services. APMs are increasingly being used both in Medicaid and Medicare, and are even entering private insurance. In fact, nearly 70% of Medicaid beneficiaries are enrolled in managed care plans today. A majority of states have set targets for managed care contracts to cover a certain percent of provider payments to fall under an APM. In fact, a majority of Medicaid managed care plans use at least one APM for a portion of providers that include incentive payments and are linked to performance measure.[2]



Nearly 70% of Medicaid beneficiaries are enrolled in managed care plans today



APMs are not common in commercial or Medicaid dental contracts; currently only 16 states have some portion of their beneficiaries on APMs. A recent analysis of Medicaid claims data shows that APMs increased from 27% of all dental claims in 2013 to 33% of all dental claims in 2017. This payment transformation will likely increase in the very near future because the Centers for Medicare & Medicaid Services (CMS) sent a letter to state Medicaid directors in September 2020 that included guidance for states on how to advance VBC across their health care systems, with a particular emphasis on Medicaid populations, and shared pathways for adoption of such approaches.[3] While APMs are being increasingly adopted by public health care payers, such as CMS, the path toward value-based payment in dentistry will involve incremental approaches since public financing coverage plays a smaller role in dentistry than in medicine.

Implementing VBC and APMs in dentistry involves a substantial shift in the way dental care is delivered and practice finances are managed (Figure 1). In order to understand dental providers' knowledge of and willingness to participate in APMs, the DentaQuest Partnership for Oral Health Advancement conducted a survey of DentaQuest participating providers in August 2020. The survey was completed by 2,757 dental providers in more than 20 states.

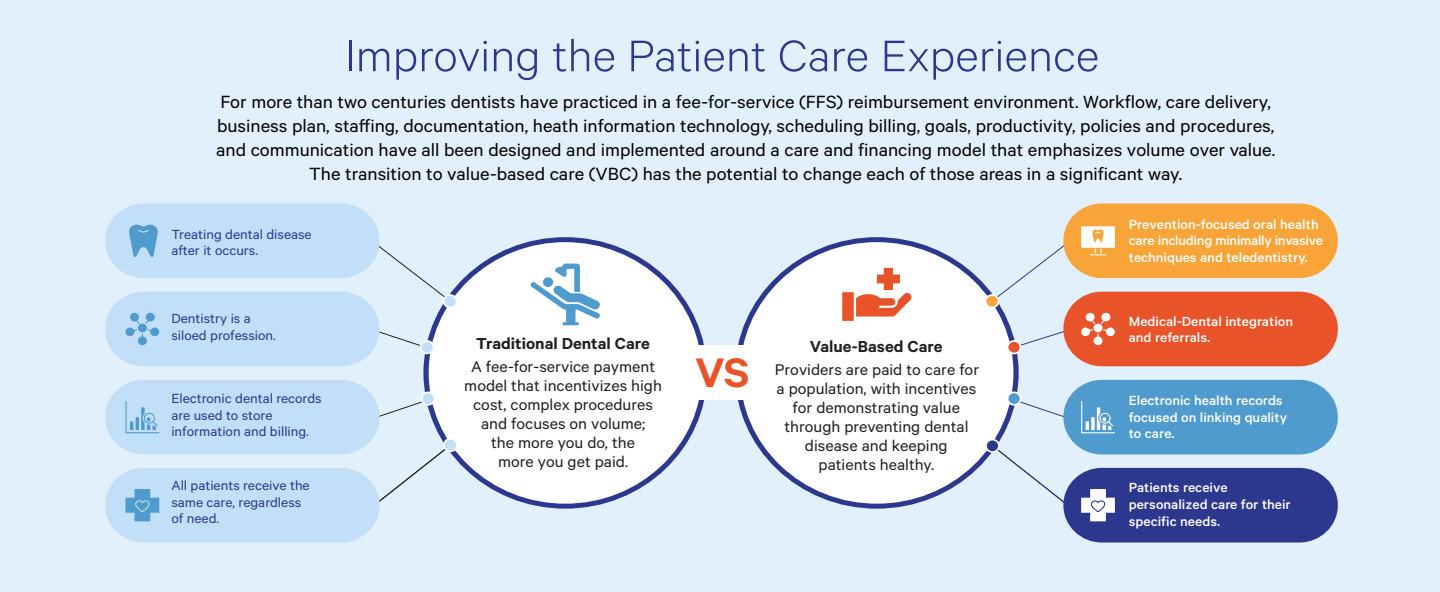


Figure 1: Characteristics of Traditional Dental Care Compared to Oral Health Value-Based Care (OHVBC)

Lack of Awareness of APMs

The survey found that nearly half (51%) of responding providers have never heard of APMs in dentistry, while 35% had only heard of APMs or knew a little about them.

Some groups of providers were more familiar with APMs than others:

- Dental directors and other dental leadership knew more about APMs (44%) as compared to dental office managers, dentists, and executive leadership (36–39%).
- Providers who practice in a Federally Qualified Health Center (FQHC) (41%); those in a private practice with multiple locations (39%); and those whose practice is affiliated with a franchise, large group, or dental service organization (36%) were more likely to have heard of or know a little about APMs compared to those with a private practice in a single location (34%).

Of responding providers:

51%
Never heard of APMs

35%
only heard of APMs or knew a little about them

Providers' Interest in Engaging with APMs

The COVID-19 pandemic is a source of stress and uncertainty for providers, with potential long-term implications for the revenue cycle in dentistry. The FFS reimbursement system that forms the basis of provider reimbursement provides incentives for volume of care and high revenue-generating procedures, both of which are difficult or impossible to sustain in a pandemic when dental practices need to continue to prioritize infection control. The adoption of new infection control procedures and restrictions to adhere to social distancing rules decreases daily volume.

Results from the current survey found that COVID-19 has generally increased or had no impact on dental provider interest in learning or engaging in alternative payment models.

This difficulty is evident in a previous survey of this network of providers conducted by DentaQuest Partnership in June 2020, where about 90% of dental providers reported decreases in patient visits during the early months of the pandemic, with an average decline of 51% in volume. While there has been a rebound in recent months, the current survey finds that only 35% of dental providers are experiencing normal or near normal levels of revenue.

Perhaps due to this drastic shift in patient volume and revenue, results from the current survey found that COVID-19 has generally increased or had no impact on dental provider interest in learning or engaging in APMs.

Learning about APMs:

- 52% of providers reported that COVID-19 increased or had no impact on their interest in learning more about APMs, while 46% said they did not know if COVID-19 affected their interest in learning more.
- Providers of color, providers with patients already on managed care contracts, practices in urban location, and providers who provide care using telehealth were all more interested in learning more about APMs, while providers who don't anticipate long-term changes in dentistry were less interested in learning more about APMs.

Engaging in APMs:

- 38% of providers reported that COVID-19 increased or had no impact on their interest in engaging in APMs, while 55% said they did not know if COVID-19 affected their interest in learning more.
- Providers of color, providers with patients already on managed care contracts, and those with urban practices were all more interested in engaging with APMs, while providers who don't anticipate long-term changes in dentistry were less interested in engaging with APMs.

Providers who are more interested in learning about and engaging with APMs may have had a more difficult experience during the pandemic, anticipate that the changes they have had to adapt to are longstanding, and are open to innovations in their model of care. They also may have resources and an environment that aligns with the overarching goals of VBC — improving patient experience, lowering the cost of care, and providing comprehensive coordinated care. For example, FQHCs participate in quality improvement initiatives focusing on care interventions such as caries risk assessment, prevention and disease management, and interprofessional practice. In addition, 34% of FQHCs have dental staff embedded in primary care. As a result, their model of care and organizational infrastructure may allow for an advantage for engaging in APMs and VBC delivery systems.

Types of APMs

Of the various types of APMs, providers see the most benefit in capitation models. Among providers who expressed interest in learning more or engaging in APMs, 52% were extremely or moderately interested in full capitation, 44% were extremely or moderately interested in partial capitation, and 38% were extremely or moderately interested in risk sharing.

The Health Care Payment Learning & Action Network developed an APM framework based on a payment classification system originally developed by CMS. The framework classifies APMs based on the extent to which payments reward value of service, rather than volume. Within this classification system (Figure 2), payment models advance from Category 1 FFS through Category 4 population-based payment or full capitation.

APMs may help dental practices maintain revenue during the pandemic. Prospective payments, such as capitation, would secure a steady revenue stream for the patient base even if there are fluctuations in patient volume or a change in care pathways driven by risk status or disruptions to operations as we have seen from the pandemic. Therefore, dental practices could receive help as a result of improved financial stability; the stable revenue stream would allow for a flexible delivery system that is capable of adjusting to environmental limitations to in-office care by supplying a margin of capital for upgrades.[4]

Transformation to a new care delivery model requires investments in workforce, governance structures, and data and analytical capabilities in order to monitor and manage patients' outcomes over time. Providers would want to know the expected impact on their finances and whether it outweighs the cost of changing their business model, especially during a pandemic when practices are already stressed and need to invest in additional infection control equipment and techniques.

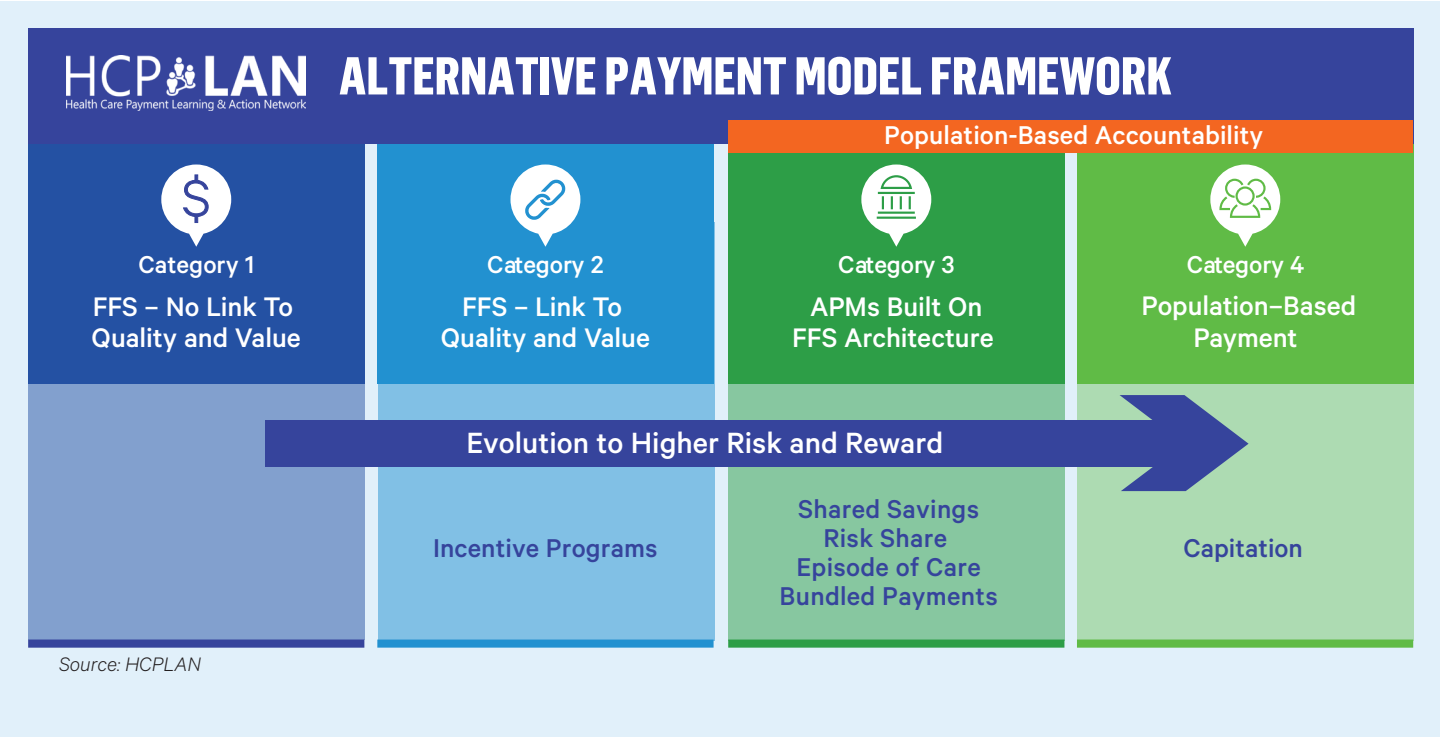


Figure 2: APM framework payment classification system

Conclusions

These results show the need for further education about APMs and the VBC model among providers as well as growth of its evidence-base in dentistry. In addition to education, further testing and piloting of VBC models in dentistry to show how this care delivery system can be effective for improving patient outcomes, reducing the cost of care, and preventing disease is important. Providers need to increase their awareness of the differences between FFS and APMs like VBC and how they can be applied in dentistry.

Providers need to increase their awareness of the differences between fee-for-service and alternative payment models like value-based care and how they can be applied in dentistry.

While there are many opportunities, there also are significant barriers and professional politics involved with the growth of VBC in oral health. A VBC symposium held in December 2019 and hosted by DentaQuest Partnership convened national VBC experts to develop a gap analysis and capture insights into professional readiness for VBC design.[5] These findings are forthcoming in the December 2020 issue of the Journal of Public Health Dentistry. In the reports and commentary developed by this group, additional barriers recognized included a lack of agreement on oral health outcomes measurement, lack of widespread awareness of value-based daily operations, an uneasiness within dental operations to take on the added financial risk, and concerns with activating patients to take charge of their own health. Provider education that addresses barriers to adopting VBC and APMs can increase awareness of this payment approach and foster incremental changes along with financial incentives for improved efficiencies. Evidence shows that VBC is here to stay, and dental programs are recognizing the necessity of diversifying payment models.

Dental programs could benefit from intentional efforts to integrate VBC as they restore oral health services following the COVID-19 pandemic. APMs give providers an opportunity to receive incentives for prevention, minimally invasive care, and integration of oral health into overall health. However, providers who practice in a single location will have different challenges than FQHCs and group practices, which may impact their awareness and interest in engaging in VBC. For example, FQHCs are positioned to provide integrated care, have an organizational structure with administration and information technology to focus on the operational aspects, and are required to report on a variety of quality metrics through the Health Resources and Services Administration. Regardless of the type of dental practice, components will need to be in place for VBC readiness, such as technology infrastructure, reporting and analytics, ability to predict utilization and costs, and a business plan that supports the health of the population served.

Resources:

The DentaQuest Partnership for Oral Health Advancement supplies a variety of OHVBC resources including online learning modules and readiness assessment to begin preparing for a change in payment structure.

Methodology

The DentaQuest Partnership for Oral Health Advancement conducted this electronic survey from August 13 to September 1, 2020 by sending an emailed invitation and link to a list of 21,617 DentaQuest-enrolled dental providers in more than 20 states. Respondents were only asked to complete the entire survey if they indicated having a high degree of familiarity with their dental office's patient volume, staffing, dental insurance carriers, treatment protocols, and the office's pre- and post-COVID finances. A total of 2,767 dental providers partially or fully completed the survey, for a response rate of 13%, and 2,299 passed the screening questions.

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