



The Impact of Federal Stimulus Funds on Oral Health Services in California

The recently enacted American Recovery and Reinvestment Act of 2009 (ARRA) allocates funding for a number of programs that could improve the quality of and access to dental care for Californians. This fact sheet details select ARRA programs related to oral health and oral health care providers.

Electronic Health Record Adoption Incentives

Like physicians, dentists who demonstrate “meaningful use” of a “certified” electronic health record (EHR) are eligible for adoption incentive payments under Medicaid (Medi-Cal in California) and Medicare.¹ Eligible California dentists must choose to receive incentives under either Medi-Cal or Medicare; they cannot receive both.

The Office of the National Coordinator for Health IT (ONC), in coordination with the Centers for Medicare and Medicaid Services (CMS), is leading an effort to define “certified EHR,” but the certification process and certifying authorities are yet to be determined. Though its role under the ARRA is uncertain, the Certification Commission for Health Information Technology (CCHIT) has certified EHRs under a contract with ONC since 2005. While many dentists, including those practicing at community health centers, use dental-specific EHRs (e.g., Dentrix Enterprise),² CCHIT does not have a certification program for dental EHRs. Whether and how ONC and CMS will address the certification of EHRs, including medical, dental, and combination systems, is not yet clear. A regulation adopting initial standards is expected at the end of 2009.

Medi-Cal

In California, the state Department of Health Care Services (DHCS) has responsibility for administration of the EHR Incentive Program in accordance with the following guidelines:

- DHCS may begin paying incentives any time between 2011 and 2016.
- The payments may continue for a maximum of five additional years, but may not extend beyond 2021.
- Payments may be no more than 85 percent of the average allowable cost (as established by CMS) for purchasing, implementing, or upgrading an EHR in the first year, and for operating, maintaining, and using an EHR over the five subsequent years.
- The total cap on average allowable costs is \$75,000 per full-time-equivalent (FTE) dentist (\$25,000 in the first year and \$10,000 in each subsequent year), making the maximum reimbursement \$63,750.

For a dentist to be eligible, at least 30 percent of their patient volume must be attributable to Medi-Cal patients; or, for dentists who practice primarily in federally qualified health centers or rural health centers, at least 30 percent of patient volume must be attributable to “needy individuals,” a group which includes recipients of Medi-Cal and Healthy Families, as well as patients who receive free or reduced-price care based on income considerations.

Medicare

While dental coverage is extremely limited under Medicare, dentists are included in the ARRA's definition of professionals eligible to receive Medicare's EHR incentive payments.³ According to the statute, dentists, like other eligible professionals, can begin receiving Medicare EHR incentive payments in 2011.⁴ Each year, they are eligible to receive incentive payments equal to 75 percent of their total annual Medicare payments, subject to a cap. The cap for the first year depends on when the dentist begins meaningful use of an EHR system. If the first year is 2011 or 2012, the cap is \$18,000; if it is 2013, the cap drops to \$15,000. The cap is further lowered to \$12,000 in the second year, \$8,000 in the third, \$4,000 in the fourth, and \$2,000 in the fifth. Dentists who begin meaningful use of an EHR system in 2014 will be paid as if they started in 2013, but will lose the first-year payment.

Total Medicare incentive payment amounts available to dentists, depending on first year of meaningful use, are as follows:

FIRST YEAR OF MEANINGFUL USE	TOTAL DOLLARS
2011	\$44,000
2012	\$44,000
2013	\$39,000
2014	\$24,000
2015 or later	\$0

No incentive payments will be available to dentists who begin meaningful use in 2015 or later, and CMS will stop making incentive payments altogether in 2017. Dentists who do not adopt EHRs are subject to financial penalties. In 2015, noncompliant dentists will see their Medicare payments under the physician fee schedule cut by 1 percent across the board. This penalty increases to 2 percent in 2016 and 3 percent in 2017 and all subsequent years.

EHR Loan Program

The ARRA authorizes a new program under which states and Indian tribes may implement EHR loan programs. If California implements such a program, the state's dentists could be eligible for loans to purchase certified EHRs, enhance their existing EHR systems, train personnel, and improve the security of electronic information exchange. The loans could be available beginning in January 2010. The California Health & Human Services Agency is now hosting workgroups to discuss EHR loan funding availability.⁵

Scholarships and Other Funding for Dental Education and Training

California's health care safety net has benefited greatly from federally funded primary care workforce programs that provide \$24 million (FY 2008) in support of scholarships, student loan repayment, and training for a variety of the state's health professionals, including dentists and other oral health care providers.⁶ The ARRA offers additional funding for existing programs administered by the Health Resources and Services Administration (HRSA).

The ARRA authorizes \$200 million for the National Health Service Corps' (NHSC) Loan Repayment Program, under which students training to become general-practice dentists or dental hygienists are eligible for up to \$50,000 in exchange for service in an NHSC-certified health-professional shortage area. Such sites can include federally qualified health centers, rural health clinics, Indian Health Service clinics, public health department clinics, hospital-affiliated primary care practices, managed care networks, prisons, and U.S. Immigration, Customs & Enforcement sites. The application period for loans funded by the ARRA's \$200 million began June 5, 2009 and ends September 30, 2010, or when all funds have been spent.⁷

The ARRA also authorizes an additional \$100 million in NHSC scholarship funding, for which dental students would be eligible.⁸ After graduation, recipients spend two to four years at a NHSC-approved service site. Scholarships pay tuition, required fees, certain other education costs, and a monthly living stipend for as many as four years. The 2009 application period for scholarships has closed, but additional funds will be available when the application for the 2010-2011 school year begins in spring 2010.

An additional \$200 million in grant funding is available to dental schools and other educational institutions through Public Health Service Act Title VII and VIII training programs, which provide grants for scholarships, loan repayment, faculty development, and residency activities in support of primary care workforce development. The ARRA does not specify the grant programs to which these funds will be allocated, but two programs relate specifically to dentistry: the Training in Primary Care Medicine and Dentistry Program, which provides funding for residency training in general and pediatric dentistry; and the Public Health, Preventive Medicine, and Dental Public Health Program, which provides funding for residency training in dental public health.⁹ On July 28, 2009, HRSA announced that it will devote \$47.6 million of the \$200 million to its primary care training programs, including the Training in Primary Care Medicine and Dentistry Program; and \$10.5 million to strengthen the public health workforce, including the Public Health, Preventive Medicine, and Dental Public Health Program.¹⁰

Finally, grants will be available to dental and other graduate-level schools and programs in the health professions to carry out demonstration projects for developing curricula that integrate certified EHR technology into their clinical education. The timing and amount of these grants has not yet been determined.

Medi-Cal Support

Denti-Cal, California's Medicaid dental program, has been the primary payer of dental care for approximately 8.5 million low-income, aged, and disabled Californians. While most adult dental benefits were eliminated as of July 1, 2009, Medi-Cal remains an important source of dental care for California's medically underserved children. Much of this care is provided by group dental practices and community health centers, due to the fact that 60 percent of California's private practice dentists do not accept Medi-Cal patients.

California's spending on oral health services under Medi-Cal, like all program spending, is matched by federal funds. The ARRA increases the federal match rate for the period between October 1, 2008 and December 31, 2010, boosting matching funds to California by an additional \$9 billion to \$10 billion. This increased federal support might provide an opportunity to increase Medi-Cal dental reimbursement rates or restore Medi-Cal adult dental coverage.

Further, the ARRA places a moratorium on a previously promulgated federal regulation that would have limited the definition and scope of Medicaid outpatient services in a hospital clinic, hospital facility, or rural health clinic.¹¹ These changes could have constrained access to dental care provided through hospital outpatient departments under Medi-Cal.¹² Under ARRA, the regulation was delayed until June 30, 2009, giving the Obama Administration additional time to decide on further action. CMS has since officially rescinded the regulation.¹³

Prevention and Wellness Funding

The ARRA provides over \$1 billion to support various public health activities, including \$650 million for evidence-based clinical and community-based prevention and wellness efforts that deliver specific, measurable reductions in chronic disease rates. This program has yet to be outlined in detail, but some of the funds could

presumably be used to demonstrate the favorable impact of access to dental services on the incidence and treatment costs for a variety of diseases and conditions.

Dental Research Funding

The National Institute of Dental and Craniofacial Research (NIDCR), a part of the National Institutes of Health (NIH), will receive \$100 million in stimulus funds over fiscal years 2009 and 2010, which will give the oral health community the opportunity to further evaluate clinically relevant questions on an array of complex oral and general health issues.¹⁴ In addition to the \$100 million for the NIDCR, there are competitive opportunities for the dental research community from other NIH entities for equipment funding and new “challenge grants,” which are designed to fund science or public health research showing potential for significant advance in two years.¹⁵ NIH must obligate all of its ARRA funds by September 30, 2010.

FQHC Funding

Finally, the ARRA includes \$2 billion in grant funding for FQHCs and community health center-controlled networks: \$500 million for new sites and services, and \$1.5 billion for infrastructure development. Many of these funds have already been awarded, and at least one California FQHC plans to use ARRA grant funding to expand its facilities and dental department.¹⁶ The CHCF publication *Impact of Federal Stimulus Funds on Community Health Centers in California* provides an in-depth overview of these and other funds available to FQHCs under the ARRA.¹⁷

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ABOUT THE FOUNDATION

The California HealthCare Foundation is an independent philanthropy committed to improving the way health care is delivered and financed in California. By promoting innovations in care and broader access to information, our goal is to ensure that all Californians can get the care they need, when they need it, at a price they can afford. For more information about CHCF, visit www.chcf.org.

ENDNOTES

1. According to ARRA, to satisfy the “meaningful use” requirement, eligible providers must demonstrate use of an EHR for e-prescribing; that the EHR provides for the electronic exchange of health information; and submission of clinical quality and other measures through the EHR. The Centers for Medicare and Medicaid Services is expected to define meaningful use via regulation in late 2009. “Certified EHR” refers to systems that can perform particular minimum functions, including the ability to capture demographic and clinical informational about patients, provide clinical decision support, enable physician order entry, capture and query quality-related information, and exchange health information with other sources. The EHR certification process and certifying authorities are yet to be determined.
2. In addition to stand-alone dental EHRs, medical EHRs are increasingly being developed to include dental functionality.
3. The ARRA defines “eligible professional” for the purpose of receiving Medicare’s incentive payments as “a physician, as defined in [Social Security Act] section 1861(r).” SSA § 1861(r) includes in the definition of physicians “a doctor of dental surgery or of dental medicine who is legally authorized to practice dentistry by the State in which he performs such function and who is acting within the scope of his license when he performs such functions.”
4. Currently, Medicare will pay for dental services that are an integral part either of a covered procedure (e.g., reconstruction of the jaw following accidental injury), or for extractions done in preparation for radiation treatment

- for neoplastic diseases involving the jaw. Medicare will also make payment for oral examinations, but not treatment, preceding kidney transplantation or heart valve replacement, under certain circumstances. Such examination would be covered under Part A if performed by a dentist on the hospital's staff or under Part B if performed by a physician. See www.cms.hhs.gov/MedicareDentalCoverage/ for more information about Medicare's dental benefit.
5. For more information about the ARRA implementation activities of the California Health & Human Services Agency, see the CHHS Web site at www.chhs.ca.gov/initiatives/HealthInfoEx/Pages/Default.aspx.
 6. HRSA Geospatial Data Warehouse, FY 2008 data.
 7. For more information about NHSC loans and the types of health care professionals who qualify for them, see the NHSC Web site at nhsc.hrsa.gov/loanrepayment.
 8. More information on eligibility is available at nhsc.hrsa.gov/scholarship/apply.htm *eligibility information*.
 9. More information about these programs can be found at bhpr.hrsa.gov/medicine-dentistry/default.htm.
 10. "Secretary Sebelius Makes Recovery Act Funding Available to Expand Health Professions Training." U.S. Department of Health and Human Services. Press Release—Health Professions Training. July 28, 2009. www.hhs.gov/news/press/2009pres/07/20090728c.html.
 11. Federal Register, 73 FR 66187, November 7, 2008.
 12. Hospitals provide a range of outpatient health care services in different settings (such as outpatient departments, clinics, and ambulatory surgery centers) under various organizational and ownership arrangements. These outpatient facilities may be located on or off the hospital campus or in satellite facilities. A range of different health care professionals and practitioners treat patients in these settings, including dentists. Under Medicaid, outpatient hospital services are a mandatory benefit for most beneficiaries, and they include preventive, diagnostic, therapeutic, rehabilitative, or palliative services provided under the direction of a physician or a dentist in the hospital.
 13. Federal Register, 74 FR 31187, June 30, 2009.
 14. More information on NIH's ARRA Implementation Plan on Scientific Research can be found at www.hhs.gov/recovery/reports/plans/scientific_research.pdf.
 15. More information on the NIH Challenge Grants is available on the NIH Web site at grants.nih.gov/grants/funding/challenge_award/.
 16. "Miller Announces \$6 Million for East Bay Community Health Clinics. Grant Funding Will Provide Medical Equipment and Upgrade Health Care IT." Press release, July 7, 2009. http://georgemiller.house.gov/news/2009/07/6_million_for_east_bay_communi.html.
 17. California HealthCare Foundation, *Impact of Federal Stimulus Funds on Community Health Centers in California*, July 2009. www.chcf.org/topics/view.cfm?itemID=133979.