TITLE 405 OFFICE OF THE SECRETARY OF FAMILY AND SOCIAL SERVICES

Economic Impact Statement
LSA Document #06-5

The Office of the Secretary of Family and Social Services is republishing this Economic Impact Statement for LSA Document #06-5, printed at 29 IR 3095. The statement appears below:

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses

There were approximately 1,500 participating dental providers in the Indiana Medicaid Program during calendar year 2005. Potentially, any of these providers could provide services to adults and could be impacted by this rule change.

There would be no reporting requirements imposed on providers associated with this rule change. There would be a minor administrative impact in that providers would now have to obtain prior authorization for certain dental services. Previously, these services did not require prior authorization before claims could be submitted for payment. Obtaining prior authorization requires completion of a form denoting the service and the medical (or dental) reason for the service. This is then sent to the Indiana Medicaid Medical Policy Contractor who handles prior authorization reviews. Dentists would receive a response by not later than 10 working days (plus four days mailing time) of the results of the prior authorization review. If prior authorization is given, the service can be provided and billed. If the authorization request is denied, the provider may request an administrative review and if denied, a hearing. This process is no different from the existing process for prior authorization transactions. Providers will receive advance notice that these services will be subject to prior authorization and they will receive written instructions on implementing the change.

There is no less intrusive or costly alternative to achieve the purpose of this rule. Most providers already have experience with prior authorization procedures for other services provided to Medicaid recipients. The total annual estimated economic impact to all affected providers under this rule is $153,000. This was calculated based on an annual spending by Medicaid of $5.1 million on dental services that will now require prior authorization. It is estimated that prior authorization of these services will cause a drop in the provision of unnecessary services (approximately 3%), resulting in a savings to the state of $153,000. Spread over the pool of dental providers, each provider is expected to be impacted approximately $100 per year due to this change.

SECTION 1 of this document is the result of a mandated change by legislation and the agency has no discretion other than to move forward with this change. No alternatives to making this change are known at this time. SECTION 2 of this document expands the provider's ability to choose the best service for the client based on the provider's observations. It imposes neither new costs nor requirements on providers. As such, SECTION 2 of this document does not fall within the purview of IC 4-22-2.1-5.

Posted: 10/11/2006 by Legislative Services Agency
An html version of this document.