

Dear Director Hertel,

The Michigan Dental Association and undersigned organizations appreciate the Michigan Department of Health and Human Services' commitment to investing in the Michigan Medicaid program over the last several years. We write this letter in regard to Medicaid anesthesia reimbursement, which received an increase in the FY23-24 State Budget. While this increase is a step in the right direction, the reimbursement for anesthesia services by Medicaid still lags far behind the reimbursement by Medicare, workers' compensation, and commercial insurance. To address this concern, the Michigan Dental Association is requesting a \$186.1 million gross investment (\$44.7 million GF/GP) to increase the Medicaid Anesthesia Conversion Factor to \$72.22 per unit.

Currently, Michigan Medicaid includes coverage for anesthesia services for over 250 procedures, such as childbirth, burn treatments, spinal cord surgeries, organ or tumor removal, transplants, amputations, setting broken bones, repairing soft-tissue injuries, biopsies, and dental procedures. Despite the broad scope of procedures covered, Medicaid patients still face significant barriers accessing these covered anesthesia services due to low reimbursement levels. The low reimbursement for anesthesiologists impacts the broader Medicaid population by limiting points of access to anesthesia services and increasing wait times for procedures that require anesthesia. As a result, Medicaid patients experience longer wait times for these procedures, which increases the cost of care because their conditions continue to deteriorate while they wait for care.

In the context of dentistry, the impact of low Medicaid reimbursements is primarily felt by individuals with disabilities, the elderly, and young children, who are unable to safely receive or tolerate routine or complex dental care without general anesthesia or sedation. In 2022, the Legislature invested \$10.6 million to elevate the Medicaid facility fee for dental patients substantially. Specifically, the facility fee was increased from \$200 per procedure to \$1,495 per procedure in an ambulatory surgical center and \$2,300 per procedure in an outpatient hospital setting. While this increase has enabled ambulatory surgical centers to improve access for dental patients, the same impact has not been seen in outpatient hospitals. Anesthesiologists frequently bill independently from the underlying procedure in outpatient hospital settings, so inadequate anesthesia service reimbursements significantly hinder access to these facilities. In some areas of the state, access to these facilities is essential to provide access to dental care. The current Medicaid anesthesia reimbursement is limiting the impact of improved facility fees.

Anesthesia service reimbursements are determined based on a formula that assigns "Base Units" to different procedures and allows for the billing of "Time Units". Base Units are established for each covered procedure under the Medicaid Anesthesia Fee Schedule. Time Units are 15-minute blocks used to measure the duration that the patient is under the care of the anesthesiologist. The conversion factor is a dollar amount that converts the sum of the Base and Time Units into a dollar amount, which is the reimbursement to the anesthesiologist. The FY23-24 State Budget's investment focused on increasing reimbursements by elevating the conversion factor.

As of October 2023, the Medicaid Conversion Factor is \$10.60, a 96-cent increase from January 2023. On average, this increases the reimbursement to anesthesiologists for a 1-hour dental procedure by \$7.68. In contrast, the Conversion Factors for the following benefits are:

- Medicare – Data provided by Center for Medicaid and Medicare Services
 - o Detroit - \$21.38
 - o Rest of Michigan - \$19.97
- Workers' Compensation - \$42.00 (R418.101007)
- Commercial Benefits – American Society of Anesthesiologists Commercial Conversion Factor Survey Results (2023)
 - o National Average - \$85.41
 - o National Median - \$79.00

The current Medicaid Anesthesia conversion factor is not only non-competitive in the current market, but it also results in financial losses for facilities and providers that take on Medicaid patients. Without continued and substantial improvements to the Conversion Factor, other efforts to improve access to anesthesia services for Medicaid will fall short.

As the providers that witness the impacts of low reimbursements on our patients, we are committed to pursuing investments that will improve the delivery of Medicaid benefits in our state. While we are proud of the achievements in this space over the last couple of years, the Michigan Dental Association and undersigned organizations are committed to advocating for investments and policy changes that will deliver meaningful impacts to our patients – Michigan residents. We respectfully request your support for this investment and look forward to delivering another key component of the access to care puzzle for our Medicaid population.

If you have any questions about our request, please contact me at nkatibai@michigandental.org

Sincerely,



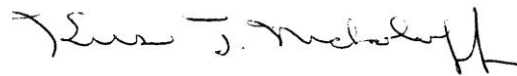
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