

ADMINISTRATIVE RULES – FISCAL ESTIMATE

1. Fiscal Estimate Version

Original Updated Corrected

2. Administrative Rule Chapter Title and Number

HFS 107, Covered Services

3. Subject

To revise s. HFS 107.07, relating to dental services.

4. State Fiscal Effect:

<input type="checkbox"/> No Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs
<input checked="" type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No May be possible to absorb within agency's budget.
		<input checked="" type="checkbox"/> Decrease Costs

5. Fund Sources Affected:

GPR FED PRO PRS SEG SEG-S

6. Affected Ch. 20, Stats. Appropriations:

435 (4) (b), (bc), (bv), (o), (p), and (pg).

7. Local Government Fiscal Effect:

<input checked="" type="checkbox"/> No Fiscal Effect	<input type="checkbox"/> Increase Revenues	<input type="checkbox"/> Increase Costs
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Revenues	<input type="checkbox"/> Decrease Costs

8. Local Government Units Affected:

Towns Villages Cities Counties School Districts WTCS Districts Others:

9. Private Sector Fiscal Effect (small businesses only):

<input checked="" type="checkbox"/> No Fiscal Effect	<input type="checkbox"/> Increase Revenues	<input type="checkbox"/> Increase Costs
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No May have significant economic impact on a substantial number of small businesses
	<input type="checkbox"/> Yes <input type="checkbox"/> No May have significant economic impact on a substantial number of small businesses	<input type="checkbox"/> Decrease Costs

10. Types of Small Businesses Affected:

The rules will affect all businesses that are dental offices who serve Medicaid recipients.

11. Fiscal Analysis Summary

The Department is revising rules to clarify circumstances under which the Wisconsin Medicaid program will reimburse providers for orthodontia and certain other services provided to recipients under age 21. In Clearinghouse Rule 05-033, the prior authorization requirement was removed for most procedures that had high rates of approval (greater than 75%). The change was intended to reduce the staff time required for dental offices to process prior authorization requests. The Department did not intend to remove the requirement for prior authorization for orthodontia and other services. In Clearinghouse Rule 05-033, the Department specifically stated that "Procedures where appropriate pricing requires a high degree of clinical knowledge (e.g., orthodontics and TMJ surgery), and procedures with strict time limitations (e.g., dentures) are also proposed to retain prior authorization." The adopted language, however, has been interpreted by at least one dentist to mean that prior authorization is no longer required to provide orthodontia to recipients. This interpretation was upheld by an administrative law judge in an administrative hearing. Because the intent of the Department and the language adopted, as recently interpreted, had opposite effects, the Department is promulgating rules to revise section s.

HFS 107.07 to clarify the Department's intent to require prior authorization for orthodontia and other services provided under early and periodic screening, diagnosis and treatment (EPSDT) services.

A basic concept of the Medicaid program is that services must be medically necessary to be reimbursable. The medical necessity of these services is determined by the Department based on information submitted by the provider. Thus, it is necessary to require prior authorization to determine the appropriateness of providing these services to an individual recipient. Allowing the existing rule language to remain in its present form could require reimbursement for orthodontia that is not medically justified.

12. Long-Range Fiscal Implications

Restoration of prior approval provisions in the dental services section of the Medicaid regulations should result in continued savings to the Medicaid program.

13. Name - Prepared by Alfred Matano	Telephone Number (608)267-6848	Date 04/12/2007
14. Name – OSF Analyst Reviewer Ellen Hadidian	Telephone Number (608) 266-8155	Date 4/23/07
Signature – DHFS Secretary or Designee	Telephone Number	Date