



## HOUSE COMMITTEE ON APPROPRIATIONS

### FISCAL NOTE

HOUSE BILL NO. 1417

PRINTER'S NO. 2275

PRIME SPONSOR: Curry

#### COST / (SAVINGS)

FUND	FY 2023/24	FY 2024/25
General Fund	\$0	\$19,800,000

#### SUMMARY:

House Bill 1417, Printer's Number 2275, requires the Department of Human Services to revise the adult dental benefits covered by the Medical Assistance program to expand the coverage of dental services provided to adults to cover at least all the same dental services that were in place prior to September 2011.

#### ANALYSIS:

This legislation requires the Department of Human Services (DHS) to establish a benefit package for dental services for adults, aged 21 and older, that are eligible for the Medical Assistance (MA) program. DHS will revise the current MA adult benefit package through publication of a notice in the Pennsylvania bulletin. This notice will identify the effective date of the revised adult benefit package for dental services.

DHS must submit a state plan amendment or a federal waiver to allow for coverage of the dental services included in the revised adult benefit package in the MA program. Subject to available funding, the dental services included in the revised adult benefit package will include all the dental services provided prior to September 24, 2011, and may also include additional dental services.

This legislation will take effect as follows:

- The notice of federal approval through a waiver or State plan amendment must be transmitted once approval is received;
- Section 2 of the legislation, relating to the abrogation of regulations inconsistent with the legislation, will take effect immediately after the aforementioned notice of federal approval is transmitted; and
- The remainder of the legislation will take effect immediately.

#### FISCAL IMPACT:

The majority of the adults that will be eligible to receive this revised benefit package for dental services are in the managed care program. DHS contracts with Managed Care Organizations (MCOs) to cover the MA services individuals are eligible to receive under the MA program. MCOs are paid a monthly rate for each individual eligible for MA and enrolled into that MCO.

These MCO rates are required to be actuarially sound, and the rate covers all MA services for which that individual is eligible, inclusive of dental services. In order to meet the federal requirement for actuarially sound MCO rates, DHS and their actuary will begin the rate development process for the 2025 calendar year in January.

Assuming this legislation is enacted in January, the effective date of the revised adult benefit package for dental services included in the notice published by DHS in the Pennsylvania Bulletin is likely to be January 1, 2025, as the MCO rates in development in January would have the same January 1, 2025, effective date. Therefore, there would be no fiscal impact to the commonwealth for 2023/24.

For 2024/25, DHS estimates an increase in the MCO rates for the revised benefit package for dental services for January 2025 to June, which totals \$77.5 million. The federal share of this increase is determined by combining the 90 percent for adults that are eligible for MA through the 2016 expansion and approximately 54 percent for all other MA eligible adults, which results in an estimated combined federal share of 74 percent. Therefore, the increase in cost to the state General Fund is estimated to be \$19.8 million, reflecting the 26 percent state share of the total increase to MCO rates.

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**DATE:** December 11, 2023

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*