

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 657 Dental Care
SPONSOR(S): Health Quality Subcommittee; Cummings
TIED BILLS: **IDEN./SIM. BILLS:** SB 606

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Health Quality Subcommittee	11 Y, 0 N, As CS	Castagna	O'Callaghan
2) Appropriations Committee			
3) Health & Human Services Committee			

SUMMARY ANALYSIS

CS/HB 657 requires the Department of Health (Department) to develop and implement a dental care access account initiative (Initiative) to benefit Florida licensed dentists employed by a public health program or committed to opening a private practice capable of serving at least 1,200 patients in a dental health professional shortage area or medically underserved area.

The bill requires the Department to implement an electronic benefit transfer system enabling dentists to spend awarded funds on:

- Student loan repayment;
- Investment in property, facilities, or equipment required to establish a dental office; and
- Transitional expenses associated with relocation or opening a dental practice.

The bill states the funds needed to implement the Initiative are subject to a legislative appropriation. Each award may not be less than \$10,000 or exceed \$100,000. The bill authorizes local sources to contribute to these funds, but no state awards may exceed three times the amount contributed to an account in the same year from local sources. The bill specifies that a dentist's salary and employer expenditures from a public health program not funded by state dollars may constitute as local matching funds.

CS/HB 657 directs the Department to close an account no later than five years after the first deposit if the dentist does not follow the requirements of, or no longer participates in, the Initiative and includes provisions for the return and or reallocation of unspent funds. The bill requires the Department to create a process to verify if funds withdrawn from an account have been used for authorized purposes.

The bill requires the Department to establish application procedures and selection criteria for dentists who wish to apply for a dental care access account. An applicant may submit proof to the Department of having spent enough capital to have made progress in opening a dental practice to serve at least 1,200 patients. The bill authorizes the Department to limit the number of applicants selected and give priority to practitioners in areas with a higher need, ranked by the Department of Economic Opportunity.

The bill requires the Department to develop a marketing plan for the Initiative in cooperation with Florida dental schools and the Florida Dental Association.

The bill requires the Department to develop an annual report on the Initiative to be submitted to the Legislature and the Governor to evaluate the program and establish accountability measures.

The bill has a significant negative fiscal impact on the Department and no fiscal impact on local governments.

The bill provides an effective date of July 1, 2015.

FULL ANALYSIS

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

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DATE: 3/18/2015

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Health Professional Shortage Areas

Health Professional Shortage Areas (HPSAs) are designated by the U.S. Department of Health and Human Services' Health Resources and Services Administration according to criteria developed in accordance with section 332 of the Public Health Services Act. HPSA designations are used to identify areas and population groups within the United States that are experiencing a shortage of health care professionals.¹

There are three categories of HPSA designation: primary medical, dental, and mental health. For each discipline category, there are three types of HPSA designations based on the area or population group that is experiencing the shortage: geographic area, population group, and facility. A geographic HPSA indicates that the entire area may experience barriers in accessing care, while a population HPSA indicates that a particular subpopulation of an area such as homeless or low-income, may be underserved. A facility HPSA is granted to a unique facility that primarily cares for an underserved population. The primary factor used to determine a HPSA designation is the number of health professionals relative to the population with consideration of high need.²

In the U.S., there are approximately 4,900 dental HSPAs. The threshold for a dental HPSA is a population-to-provider ratio of at least 5,000 to 1.³

Medically Underserved Area

Medically Underserved Areas (MUA) are also designated by the U.S. Department of Health and Human Services. These areas are designated using one of three methods and can be a whole county or group of contiguous counties, or census tracts. The methods are:

- MUA Designation, which applies the Index of Medical Underservice (IMU) and calculates a score based on:
 - The ratio of primary medical care physicians per 1,000 population;
 - Percentage of the population with incomes below the poverty level;
 - Infant mortality rate; and
 - Percentage of population age 65 and older;
- Medically Underserved Populations (MUP) Designation, which builds off data collected under the MUA process, and reviews the ratio of primary care physicians serving the population seeking the designation. A MUP is a group of people who encounter economic or cultural barriers to primary health care services; and
- Exceptional MUP Designations, which includes those population groups which do not meet the criteria of an IMU, but may be considered for designation because of unusual conditions. Requests for this designation must be requested by the Governor or another senior executive level official and local state health official.⁴

Cost of Dental Education

In the U.S., combined undergraduate and dental school debt jumped from \$106,000 in 2000 to more than \$220,000 in 2012, an increase of 109 percent in 12 years. Approximately two-thirds of all

¹ Health Resources and Services Administration, Guidelines for Primary Medical Care/Dental HPSA Designation, available at <http://bhpr.hrsa.gov/shortage/hpsas/designationcriteria/medicaldentalhpsaguidelines.html> (last visited March 13, 2015).

² Health Resources and Services Administration, Shortage Designation: Health Professional Shortage Areas & Medically Underserved Areas/Populations, available at <http://www.hrsa.gov/shortage/> (last visited March 13, 2015).

³ *Id.*

⁴ Health Resources and Services Administration, Medically Underserved Areas/Populations, available at <http://www.hrsa.gov/shortage/mua/index.html> (last visited March 13, 2015).

undergraduates and 90 percent of dental students rely on student loans to finance their degrees. Among all U.S. dental schools, total cost of attendance over the past 10 years for four years of dental school rose dramatically—by 93 percent for in-state residents (from about \$89,000 to \$171,000) and by 82 percent for out-of-state residents (from \$128,000 to \$234,000).⁵

The state of Florida is one out of eleven states that presently does not have an operational state funded dental student loan repayment program.⁶ Other states that currently have loan assistance or loan forgiveness programs, may have an advantage in recruiting dentists to serve low-income populations or rural areas.

Access to Dental Care and Dental Workforce in Florida

Florida has a high population of residents who lack access to dental services; there are currently 218 designated dental HPSAs.⁷ There is a noticeable shortage of dentists in certain parts of the state, especially the central Panhandle counties and interior counties of south Florida. Most dentists are disproportionately concentrated in the more populous areas of the state. According to 2010 population figures, the ratio of dentists to Florida residents is approximately 1 to every 2,200 people.⁸

Lower patient densities, rural income disparities, and lower dental care reimbursement levels make it difficult to recruit and retain dentists in rural communities of the state. According to 2010 population data, 16.3 percent of Florida residents⁹ were living below the poverty level.¹⁰ The majority of these residents utilize dental public health programs¹¹ for their dental care, but only 1.4 percent of Florida dentists practice in public health programs and only 15 percent of Florida dentists accept Medicaid.¹² Only 27.4 percent of low-income Floridians have access to dental care.¹³

Effect of Proposed Changes

Florida Dental Care Access Account Initiative

CS/HB 657 creates the dental care access account initiative (Initiative) to be implemented by the Department of Health (Department). The Initiative is conditioned on the availability of funds to be appropriated by the Legislature and is intended to increase the number of dentists practicing in dental HPSAs or MUAs.

Eligible Dentists

The Initiative may benefit Florida licensed dentists who are:

- Actively employed by a public health program in a dental health professional shortage area or a medically underserved area; or

⁵ American Dental Education Association, *A Report of the ADEA Presidential Task Force on the Cost of Higher Education and Student Borrowing*, 17 (March 2013), available at: http://www.adea.org/uploadedFiles/ADEA/Content_Conversion_Final/publications/Documents/ADEACostandBorrowingReportMarch2013.pdf (last visited March 13, 2015).

⁶ Dental Student Loan Repayment Programs and Resources, American Dental Association, August 2012. (on file with Health Quality Subcommittee staff).

⁷ National Health Services Corps, *State-by-State Guide*, available at <http://nhsc.hrsa.gov/ambassadors/states/FL.html> (last visited March 13, 2015).

⁸ Florida Dep't of Health, *Report on the 2009-2010 Workforce Survey of Dentists*, March 2011, available at http://www.flbog.edu/documents_meetings/0126_0528_4235_2009_2010_Workforce_Survey_Dentists_Report.pdf (last visited March 13, 2015).

⁹ Florida Dep't of Health, Florida CHARTS, *Percentage of Individuals Living Below Poverty Level*, available at <http://www.floridacharts.com/charts/OtherIndicators/NonVitalIndRateOnlyDataViewer.aspx?cid=0294>

¹⁰ This figure is \$11,670 for an individual as defined by the US Department of Health and Human Services.

¹¹ "Public health program" was defined to include a county health department, a children's medical services program, a federally funded community health center, a federally funded migrant health center, or other publicly funded or nonprofit health care program designated by the DOH. Section 381.0302(2)(e), F.S.

¹² The Pew Charitable Trusts, *In Search of Dental Care*, June 2013, available at http://www.pewstates.org/uploadedFiles/PCS_Assets/2013/In_search_of_dental_care.pdf (Last accessed March 13, 2015).

¹³ Florida Dep't of Health, Florida Charts, *Access to Dental Care by Low Income Persons*, available at <http://www.floridacharts.com/charts/OtherIndicators/NonVitalIndNoGrpDataViewer.aspx?cid=0266> (March 13, 2015).

- Committed to opening a private practice in a dental health professional shortage area or medically underserved area by residing in the area, maintaining a Medicaid provider agreement, enrolling with one or more Medicaid managed care plans, expending capital to open an office to serve at least 1,200 patients, and obtaining community financial support.

Applications

The bill requires the Department to establish application procedures for dentists who wish to apply for an Account. The bill allows an applicant to demonstrate in the application that he or she has spent sufficient capital to make progress in opening a dental practice that is capable of serving at least 1,200 patients by providing proof of:

- Contracts for the purchase or lease of a practice location; and
- Acquisition of at least 30 percent of the value of equipment and supplies necessary to operate a dental practice.

The bill authorizes the Department to limit the number of applicants selected and give priority to practitioners in areas with a higher need, ranked by the Department of Economic Opportunity. The bill also authorizes the Department to establish additional priority selection criteria.

Required Use of the Account

The bill requires the Department to establish individual dental care access accounts (Accounts) for eligible dentists selected by the Department. The Accounts will be managed through an electronic benefit transfer system that enables each participating dentist to spend funds for the following purposes:

- Repayment of dental school student loans;
- Investment in property, facilities, or equipment necessary to establish and operate a dental office consisting of no fewer than two operatories; and
- Payment of transitional expenses related to the relocation or opening of a dental practice that are specifically approved by the Department.

The bill authorizes the Department to create a verification process to confirm that funds withdrawn from an account have been used for authorized purposes.

Account Monetary Limits

Subject to available state appropriations, the bill requires the Department to distribute funds to the Accounts in amounts not to exceed \$100,000 and no less than \$10,000. The Department is authorized to accept funds for deposit into a designated Account from local sources. No state award may exceed three times the amount contributed to an Account in the same year from a local source.

The bill specifies that a dentist's salary and employer expenditures from a public health program not funded by state dollars may constitute as local matching funds. State funds may not be included in a determination of the amount contributed from a local source.

Account Closure

CS/HB 657 directs the Department to close an Account no later than five years after the first deposit if the dentist:

- No longer works for a public health program, unless the dentist opens a private practice in a dental HPSA or MUA within 30 days of no longer working for a public health program;
- No longer practices in a HPSA or MUA;

- Has been terminated from Medicaid; or
- Has participated in any fraudulent activity.

The bill authorizes the Department to award remaining state funds, after 5 years or from terminated accounts, to another Account. A dentist is required to repay any funds withdrawn from the account after the occurrence of an event which requires account closure. The bill authorizes the Department to recover inappropriately spent funds through disciplinary enforcement actions and other methods authorized by law.

The bill also requires the Department to proportionately return unspent funds from donated sources that remain in a closed account to the appropriate donor source.

Reporting Requirements

The bill establishes a reporting process for the evaluation and accountability of the Initiative. Starting January 1, 2017, the Department must submit an annual report to the Governor, the President of the Senate, and the Speaker of the House, which must include:

- The number of patients served by Initiative participating dentists;
- The number of Medicaid recipients served by Initiative participating dentists;
- The average number of hours worked and patients served per week by Initiative participating dentists;
- The number of Initiative participating dentists in each dental health professional shortage area or medically underserved area;
- The amount and source of local matching funds received by the Department;
- The amount of state funds awarded to Initiative participating dentists; and
- The complete categorical accounting of the use of funds which may include:
 - Loans;
 - Supplies and equipment;
 - Rental property;
 - Real property purchases; and
 - Salary and wages.

The bill requires the Department to develop a marketing plan for the Initiative in cooperation with the:

- University of Florida College of Dentistry;
- Nova Southeastern University College of Dental Medicine;
- Lake Erie College of Osteopathic Medicine School of Dental Medicine; and
- Florida Dental Association.

The bill provides an effective date of July 1, 2015.

B. SECTION DIRECTORY:

Section 1. Creates s. 381.4019, F.S., relating to dental care access accounts.

Section 2. Provides an effective date of July 1, 2015.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill has a significant negative fiscal impact on the Department associated with workload increase and hiring 2 FTEs to administer the Initiative at a cost of \$152,000 for the first 2 years of the Initiative.¹⁴ There may also be increased costs to the Department associated with the development of the marketing plan.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

As provided in the bill, dentists awarded funds up to \$100,000 will be able to expend such money towards operating a dental business or student loans, possibly saving money on interest that they would have incurred over time on such loans.

D. FISCAL COMMENTS:

The Department has reported that the bill does not grant them explicit budget authority to implement the Initiative.¹⁵

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill grants the Department with specific rulemaking authority to implement the Initiative.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On March 16, 2015, the Health Quality Subcommittee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The amendment:

- Provides that the dental care access account initiative (initiative) promotes economic development by supporting qualified dentists who treat a medically underserved population, as well as those who practice in certain areas.
- Specifies that a dentist's salary and employer expenditures from a public health program **not** funded by state dollars may constitute as local matching funds.

¹⁴ Florida Dep't of Health, *2015 Legislative Bill Analysis HB 657* on February 12, 2015 (on file with committee staff).

¹⁵ *Id.*

- Specifies that remaining funds in a closed dental care access account (account) may be returned to the donor on a pro rata basis.
- Specifies the circumstances under which the DOH may close an account and require a dentist to repay funds that the dentist was unauthorized to spend.
- Authorizes the DOH to establish, by rule, application procedures for dentists wishing to apply for an account, allows an applicant to demonstrate to the DOH that the dentist intends to open a dental practice, and allows the DOH to create a process to verify that funds withdrawn from an account have been used for authorized purposes.
- Prohibits the DOH from closing an account for a dentist who has stopped working for a public health program, if the dentist opens within 30 days a private dental practice in a health professional shortage area or medically underserved area.
- Requires the DOH to develop a marketing plan, in cooperation with certain named colleges and the Florida Dental Association for the account initiative.
- Requires the DOH to issue an annual report on the initiative to the Legislature and the Governor, with specific reporting measures, and authorizes the DOH to adopt rules for such a purpose.

The analysis is drafted to the committee substitute as passed by the Health Quality Subcommittee.