



**ADDENDUM TO TEXAS HEALTH INSTITUTE’S FEBRUARY 2021 POLICY BRIEF
RELATED TO HB3145 AND SB1152**

This is an addendum to the Texas Health Institute’s (THI) policy brief, *Implementing a Medicaid Dental Benefit for Adults with Disabilities Can Yield Significant Cost Savings*. It includes comparisons of costs and potential cost offsets based on figures from (1) the THI policy brief, (2) the Legislative Budget Board’s (LBB) Fiscal Note, and (3) THI updates using newly revealed LBB assumptions about program enrollment and utilization. **Even after incorporating LBB assumptions in THI model, the data continues to indicate the potential for large savings associated with a modest preventive dental program for adults with disabilities in Medicaid.**

THI updates. THI’s cost model is designed to estimate of costs and potential cost offsets under different scenarios of program cost, enrollment, and utilization. LBB revealed new information about enrollment and utilization in testimony at the April 20, 2021 hearing of the House Health and Human Services Committee. THI used this new information to update its model estimates of costs and potential cost offsets. Table 1 includes figures that appeared in the February policy brief, which assumed 402,500 enrollees and an annual utilization of 22.2 percent of enrollees visiting the dentist each year. The THI updates assume 450,000 enrollees and an annual utilization of 39% of enrollees visiting the dentist each year.

Even after these adjustments, THI estimates annual program costs of \$26.7 million with \$95.4 million in potential cost offsets. THI used the most conservative assumptions in its model to avoid over-estimating cost offsets. **Even after entering LBB figures in the model, the potential cost offsets greatly exceed the expected annual cost of providing Medicaid dental benefits to certain adults with disability.**

TABLE 1: Comparison of Program Costs and Cost Offsets Across Program Assumptions

Program Assumptions	Total Annual Enrollees	Total Potential Program Offsets	FY23 Program Costs		
			Total	Federal Share	State Share
THI Policy Brief, February 2021	402,500	(\$48,604,142)	\$13,581,960	\$8,257,831	\$5,324,128
THI Updates Based on LBB Assumptions	450,000	(\$95,402,233)	\$26,676,000	\$16,219,008	\$10,456,992
LBB Estimates	450,000	(\$6,200,000)	\$81,700,000	\$49,800,000	\$31,900,000

Note: Prior estimates from the Coalition of Texans with Disabilities assumed 402,500 beneficiaries and 22.2% of beneficiaries visiting the dentist annually. The THI updated program costs and offsets are based on LBB assumptions of 450,000 enrollees with 39% of beneficiaries visiting the dentist annually.

Analysis. There are wide discrepancies between LBB and THI updated estimates of total costs. The most likely difference is the LBB assumed more than one visit among the assumed 39% of enrollees. However, although this would increase THI’s estimate to match LBB’s estimate of total program cost, it would also lead to a corresponding increase in potential cost offsets. The essential conclusion of the THI analysis, then, would be unchanged.

THI’s estimates are based on the most conservative assumptions and, where available, information from Texas Health and Human Services. However, there are still major differences between THI and LBB cost offset estimates even after incorporating LBB’s enrollment and utilization assumptions. First, whereas THI estimates three sources of program cost offsets, LBB estimates only one potential source of program offsets (see Table 2). The lack of inclusion of program offsets from reduced hospital admissions and improvements in prevention, treatment, and management of chronic disease is a major reason THI and LBB come to different conclusions about the impact of proposed program on costs. Bill language specifically says “To prevent serious medical conditions”, which must be interpreted to manage expensive and serious chronic conditions. THI bases its estimate on cost savings for acute care of those who are diagnosed. THI makes no estimate on individuals who simply never develop the chronic conditions, avoided through better oral health.

Table 2: Comparison of Estimated Potential Cost Offsets in FY23 -All Funds

Cost Offset	LBB Estimates	Updated THI Estimates
Reduced Emergency Department Visits	\$6,200,000	\$1,022,674
Reduced Hospital Admissions	\$0	\$762,192
Improved Chronic Disease Prevention and Management	\$0	\$93,677,358
Total	\$6,200,000	\$95,677,233

Second, LBB’s estimated \$6.2 million in emergency department savings is six times higher than THI’s estimate of cost savings from reduced emergency department visits. Lacking information about the assumptions used in the LBB model, we presume that at least some of the discrepancy is due to THI’s use of more conservative assumptions in estimating program offsets. If THI relaxed those assumptions, the evidence would only strengthen confidence in THI’s conclusions.

Conclusion. THI maintains that HB3145 has the potential to realize cost saving well in excess of program costs. As discussed in the February 2021 policy brief, the extent the Medicaid program realizes these benefits will depend on how the new benefits are rolled out and implemented. In future research, THI will explore successful implementation efforts from other states and discuss ways stakeholders and Texas can work to ensure the dental benefit is a win-win solution for all parties involved.