

2004 Dental EDI Review



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Electronic Data Interchange or EDI refers to the electronic transfer of information between entities. The 2004 Dental EDI Review examines 2003 electronic dental claims received and reported by commercial payers to the Maryland Health Care Commission (MHCC or Commission) with an additional focus on seven high volume payers -- Aetna, CareFirst, Cigna Healthcare, Guardian Life, MAMSI, Metropolitan Life and United Concordia. COMAR 10.25.09 authorizes the Commission to identify and notify payers to report health care transaction volumes. Please note that the payers represented herein may not represent all dental payers operating in Maryland. The regulation also requires Maryland payers to contract only with MHCC-Certified Electronic Health Networks (EHNs), also known as claims clearinghouses.

The Commission uses the payer-reported EDI information to measure the progress of EDI in the state, gauge the success of current initiatives, and identify areas for new initiatives

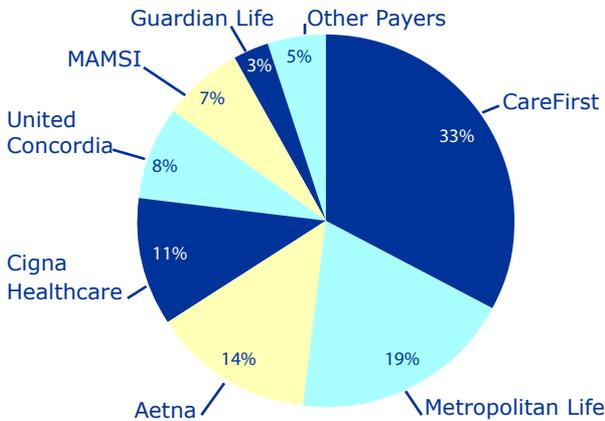
The 2004 Dental EDI Review is intended to address the interests of many participants in the dental healthcare community including dentists, payers, professional organizations, and vendors.

The Maryland Dental Community

DENTISTS AND DENTAL PAYERS

- ♥ According to the Maryland State Dental Board, there are about 4,000 active, practicing dentists in the state, many of whom practice alone or in small group practices.
- ♥ The source of payment for dental services is roughly 42% from private health insurance, approximately 4% from Medicaid, and about 49% from out-of-pocket expenses. In contrast, the source of payment for office-based medical provider services are noticeably different, with private insurance contributing about 49%, government sources about 23%, and out-of-pocket expenses about 18%¹.

Figure 1. Percent of Total 2003 Dental Claim Volumes Reported by Maryland Payers



- ♥ Seven reporting payers dominated the Maryland dental market in 2003, representing about 95% of dental claim volumes reported.
- ♥ The remaining 23 payers accounted for roughly 5% of Maryland's dental claim volume.
- ♥ CareFirst accounted for approximately 33% of all dental claims reported, followed by Metropolitan Life with about 20% of claims reported.

¹Center for Financing, Access, and Cost Trends, Agency for Healthcare Research and Quality: Medical Expenditure Panel Survey, 1996-2000.

Dental EDI On The Rise

Figure 2. Dental Commercial EDI Share 2001-2003

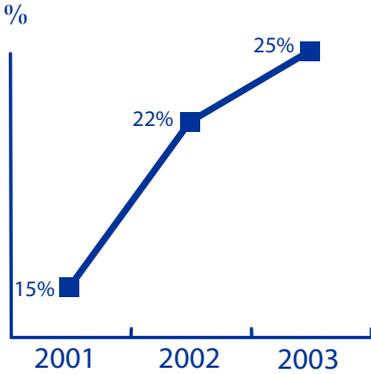
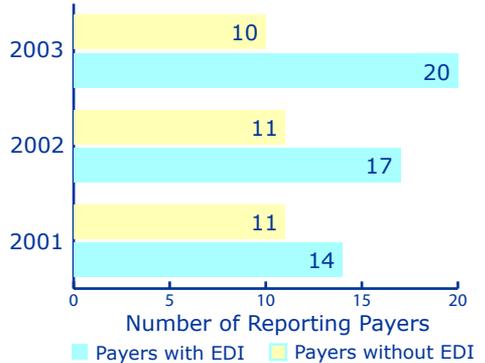


Figure 3. Dental Payer EDI Capability 2001-2003



♥ EDI share is a measure of the percent of claims received electronically. In general, the dental community (payers and dentists) have trailed the medical community in EDI adoption.² Dental EDI share grew at about 7 percentage points between 2001 and 2002, and by approximately 3 percentage points between 2002 and 2003.

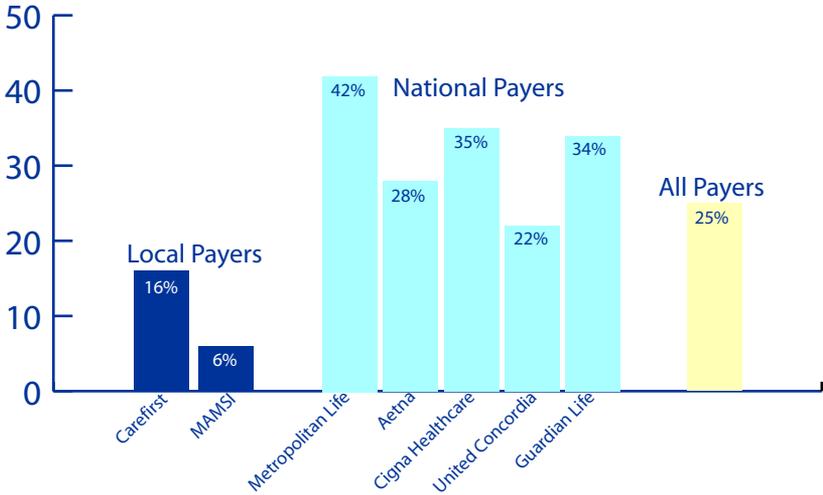
♥ The share of claims submitted electronically has grown for three reasons. First, the number of payers accepting dental claims grew from fourteen in 2001 to twenty in 2003. Second, many payers have launched new or expanded dental EDI initiatives. Third, more dental networks have expanded marketing by targeting dentists with education sessions that highlight the value of EDI.

♥ Smaller practice size and the smaller role of third party reimbursement as a source of payment for dental services may contribute to lower dental EDI share. Nationally, the American Dental Association estimates dental EDI share to be about 30%, and the National Dental EDI Council (NDEDIC) estimates it to be between 28% and 32%.

²In 2003, practitioner commercial EDI share in Maryland was approximately 51%.

Local Payer Dental EDI Share Trails Dental EDI Share of National Payers

Figure 4. EDI Share Comparison Local vs. National Payers



Metropolitan Life, with about 19% of all dental claims, reported the highest dental EDI share at roughly 42%; MAMSI, with roughly 7% of dental claims, reported the lowest EDI share at about 6%.

CareFirst, with 33% of the dental claim volume reported, had an EDI share of only about 16%, less than the average Maryland dental EDI share of about 25%. While some dental providers submit electronic claims to CareFirst, these are output to paper. CareFirst does not have the infrastructure to support electronic submission, but they do hope to pursue funding for dental EDI in 2006.

National payers, such as Metropolitan Life, Guardian and United Concordia, reported dental EDI share above the state average of about 25%. These payers attribute their EDI success to one or more of the following:

- Corporate initiatives dedicated to EDI expansion which include EDI seminars, network promotion, and targeting specific providers.
- Providing web-based access for direct data entry of claims.
- Streamlining claim processing requirements including limiting attachment and pre-determination requirements.
- Utilization of web-based attachment vendors. Dentists upload radiographs & documents to payers; payers access and view them.

Auto Adjudication of Claims - A Benefit of EDI

The most efficient system processes electronic claims without manual intervention. This is referred to as auto adjudication. Auto adjudication reduces a payer's administrative overhead. For dentists, it reduces the span of time between a payer's receipt of the claim and arrival of reimbursement. Leading Maryland dental payer auto adjudication rates are listed in Table 1 below:

Table 1. 2003 Auto Adjudication Rates

Dental Payer	2003 Auto Adjudication Rates	2003 EDI Share	2003 % of Dental Claim Volume
United Concordia	90%	22%	8%
Metropolitan Life	79%	42%	19%
Guardian Life	71%	34%	3%
Great West Life & Annuity	66%	7%	1%
Principal Mutual Life	66%	29%	1%
Cigna Healthcare	58%	35%	11%
MAMSI	48%	6%	7%
Aetna	*	28%	14%
CareFirst	0%	16%	33%

* Not Available

- ♥ A high auto adjudication rate demonstrates the payer's ability to efficiently process the electronic claims they receive. As shown in Table 1 above, a high auto adjudication rate may not correlate with a high EDI share.
- ♥ United Concordia, with the highest auto adjudication rate of almost 90%, reported an EDI share of about 22%, which is below the state average. Metropolitan Life, with an EDI share of roughly 42%, reported an auto adjudication rate of almost 79%. These payers apply edits immediately after the claims arrive, quickly eliminating incorrect claims before they are loaded into the adjudication system.
- ♥ CareFirst (16% EDI share) is currently unable to auto adjudicate claims. Aetna (28% EDI share) is unable to provide an auto adjudication rate. Both payers have indicated that they expect to focus and improve on dental EDI, including auto adjudication, in 2006.

MARYLAND HEALTH CARE COMMISSION

Certified Electronic Health Network Program



COMAR 10.25.07 requires the Maryland Health Care Commission to certify electronic health networks (EHNs) that conduct business in the state. The certification program, in partnership with EHNAC (a national EHN accreditation organization), requires EHNs to meet industry best-practice standards related to technical, performance, privacy, security and customer service.

The number of EHNs supporting the dental community has increased. In 2003, there were five MHCC Certified EHNs supporting dental EDI. Currently there are nine MHCC Certified EHNs, as well as two EHNs in candidacy status, that support dental EDI.

Certified EHNs Supporting Dental EDI

Affiliated Network Services (ANS)

GHN-Online

PayerPath

Per-Se Technologies

PracticeWorks

ProxyMed

WebMD

Candidate EHNs Supporting Dental EDI

Gateway EDI

Tesia-PCI

Key Findings

- ♥ In 2003, Maryland dental EDI increased about 2%, with approximately 25% of dental claims submitted electronically.
- ♥ From 2001 to 2003, the number of dental payers accepting electronic dental claims increased by 6 payers and dental EDI share increased about 10%.
- ♥ Seven payers dominated the dental market in 2003 including Aetna, CareFirst, Cigna Healthcare, Guardian Life, MAMSI, Metropolitan Life, and United Concordia. CareFirst reported the largest share of dental claims at roughly 33%.
- ♥ The seven dominant payers in Maryland support dental EDI to varying degrees, with EDI shares ranging from a high of 42% by Metropolitan Life, to a low of about 6% by MAMSI. Most payers report that they have implemented initiatives to expand EDI or are planning to do so in the next year.
- ♥ Five payers reported dental EDI claim auto adjudication rates above 50%, with United Concordia reporting the highest rate, followed in order by Metropolitan Life, Guardian Life, Great-West Life & Annuity, and Cigna Healthcare. CareFirst cannot auto adjudicate electronic claims, and Aetna is unable to report an auto adjudication rate.
- ♥ The number of MHCC-certified EHNs that support dental EDI has increased, with seven EHNs certified and two in candidacy status. Many payers are actively promoting dental EDI by offering provider EDI education and streamlining business processes.
- ♥ MHCC expects that dental EDI will continue to grow, both in the volume of dental electronic claims received and in the number of electronic claims that are auto adjudicated. MHCC is developing strategies with the National Dental EDI Council (NDEDIC) to promote EDI in Maryland.

2003 Dental EDI Payers

Please Note: The following list represents payers that MHCC notified to report 2003 health care transactions. This list does not represent all payers operating in Maryland during that time.

Aetna
Allianz Life Insurance
American Republic Insurance
Ameritas Life Insurance
Carefirst
Cigna Healthcare
Coventry Health Care
DentaQuest Mid-Atlantic
Educators Mutual Life Insurance
Fidelity Insurance
Fortis Insurance
GE Group Administrators
Golden Rule Insurance
Graphic Arts Benefit
Great-West Life & Annuity Insurance
Group Dental Service of Maryland
Guardian Life Insurance
Kaiser Foundation Health Plan of the Mid-Atlantic States
MAMSI
Mega Life & Health Insurance
Metropolitan Life Insurance
New England Life Insurance
New York Life Insurance
Principal Mutual Life Insurance
Reliastar Life Insurance
Trustmark Insurance
Unicare Life & Health Insurance
Union Labor Life Insurance
United Concordia Companies
United Wisconsin Life Insurance

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