

2005

Dental EDI Review

A blue graphic element that resembles a dental tool, possibly a scaler or a probe, with a handle and a series of small teeth or bristles at the end, positioned diagonally across the title.

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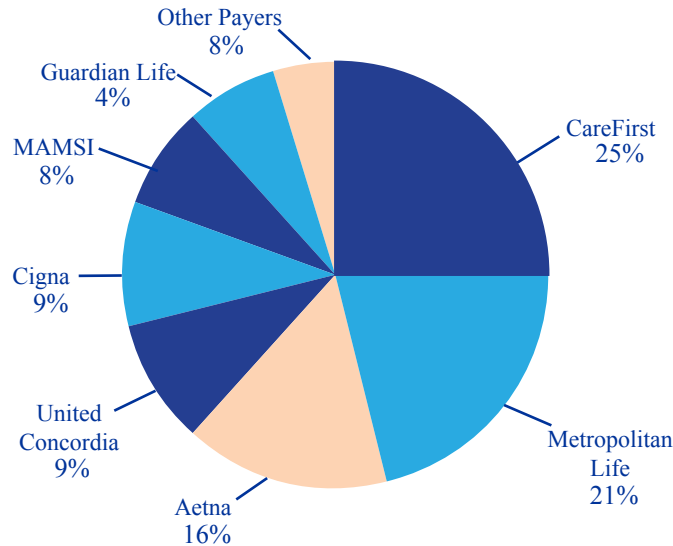
Electronic Data Interchange or EDI refers to the electronic transfer of information between entities. Health care EDI primarily refers to the transmission of standard HIPAA transactions which include electronic claims, remittance advice, eligibility and claims status. The 2005 Dental EDI Review is the second annual examination of the state of dental EDI among private payers in Maryland.

State law authorizes the Maryland Health Care Commission (MHCC or Commission) to require payers to report health care transaction volumes. This information is used to measure the growth of EDI in the state, and to develop initiatives that promote the adoption of EDI. Payers represented in this report may not represent all dental payers operating in Maryland, and the group of payers reporting varies each year. COMAR 10.25.09 also requires Maryland payers to contract only with MHCC-Certified Electronic Health Networks (EHNs), also known as claims clearinghouses. MHCC-Certified EHNs meet strict performance, technical, regulatory and customer service criteria.

The 2005 EDI Dental Review reflects 2004 claim information submitted to the Commission by 32 dental payers, with an additional focus on seven high volume payers -- Aetna, CareFirst, Cigna Healthcare, Guardian Life, MAMSI, Metropolitan Life and United Concordia.

The Maryland Dental Community

Figure 1. Percent of Total 2004 Dental Claim Volumes Reported by Maryland Payers



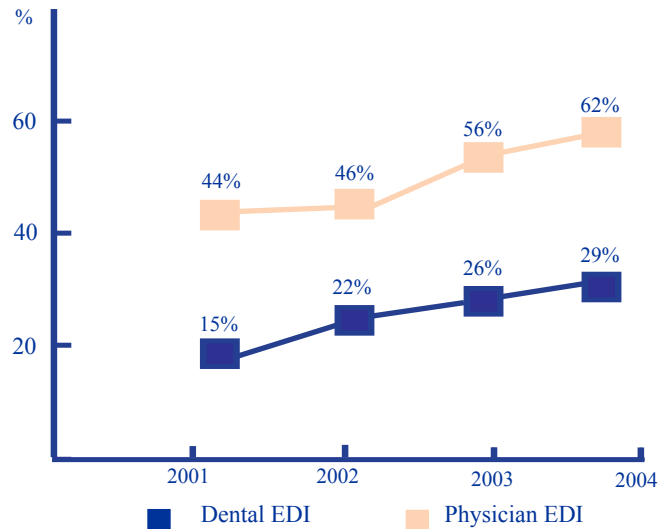
- Seven dental payers dominated the Maryland dental market -- Aetna, CareFirst, Cigna Healthcare, Guardian Life, MAMSI,¹ Metropolitan Life and United Concordia. They represent about 92% of dental claim volumes reported. The remaining 25 payers accounted for approximately 8% of Maryland's dental claim volume.
- CareFirst accounted for approximately 25% of all dental claims reported, followed by Metropolitan Life with about 21% of claims reported.
- According to the Maryland State Dental Board, there are 4,916 active, licensed dentists in the state as of February 2006, many of whom practice as solo practitioners.
- Nationally, dental expenditures in 2003 comprised roughly 8% of health care expenditures.² About 43% of dental expenditures were paid by private insurance companies, with out-of-pocket dental expenses for those with dental expenditures comprising about 48% of the cost. Out-of-pocket costs for total medical expenditures represented only about 19% of those costs.

¹MAMSI was acquired by United Healthcare in 2004. They continue to offer their own dental product and process claims on their own systems.

²Sommers, J. P. *Dental Expenditures in the 10 Largest States, 2003*. Statistical Brief #112. January 2006.

Dental EDI Grows but Trails Physician EDI

Figure 2. Dental & Physician EDI Share



- ♥ EDI share is a term that describes the percent of claims received electronically. As shown in Figure 2 above, dental EDI share has consistently trailed physician EDI share. Between 2002 and 2004, while physician EDI share increased about 16 percentage points, dental EDI share grew only about seven percentage points. Many dentists practice as solo practitioners and are less likely to utilize EDI, creating greater challenges for dental payer EDI outreach efforts.
- ♥ Maryland's dental EDI share trailed the national dental EDI share. According to the National Dental Electronic Data Interchange Council (NDEDIC)³, the 2004 national dental EDI share was about 36%, compared to roughly 35% in 2003. Maryland's 2004 dental EDI share was approximately 29%, with a 2003 EDI share of about 26%.

Table 1. Payers Reporting Dental EDI

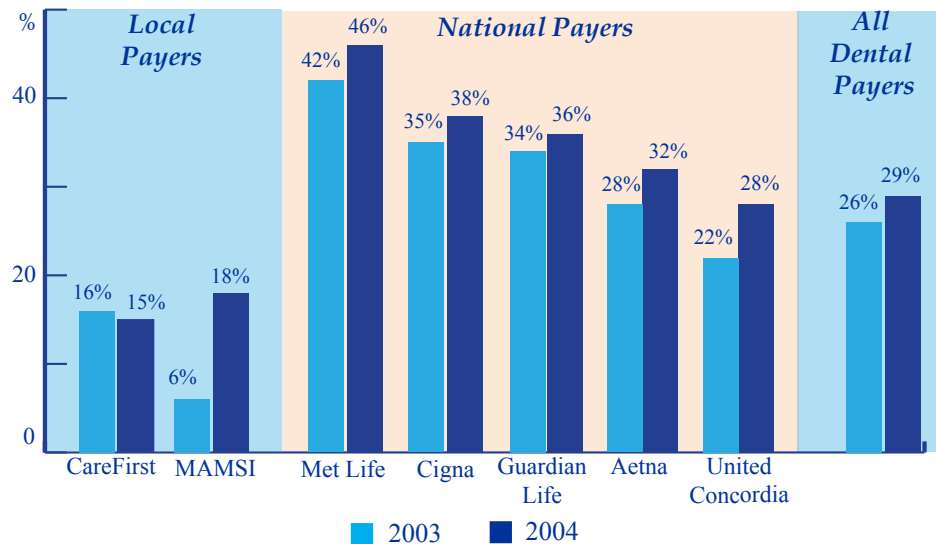
| Year | Payers Reporting | Payers with Dental EDI | % of Payers with Dental EDI |
|------|------------------|------------------------|-----------------------------|
| 2004 | 32 | 25 | 78% |
| 2003 | 30 | 20 | 67% |
| 2002 | 28 | 17 | 61% |
| 2001 | 28 | 14 | 50% |

- ♥ As shown in Table 1 above, more payers reported dental EDI (received claims electronically) in 2004. Of the 32 dental payers reporting in 2004, 78% reported dental EDI. In 2003, 67% reported dental EDI.

³NDEDIC is a national organization of dental stakeholders dedicated to promoting dental EDI (www.ndedic.org).

National Payers Lead in Dental EDI

Figure 4. Local & National Payer EDI Share



♥ Metropolitan Life, the leader in EDI share in 2003, also reported the largest EDI share in 2004. With nearly 46% of claims received electronically, Metropolitan Life surpassed the national EDI share of 36%. Metropolitan Life ranks second in claims volume in Maryland, with almost 21% of the dental claims.

♥ CareFirst's 15% EDI share in 2004 was the smallest, declining slightly from their 16% EDI share in 2003. CareFirst has approximately 25% of the dental claims, the highest by a single payer. Their designated clearinghouses receive electronic dental claims, but CareFirst is unable to load them directly into their adjudication systems; claims are printed to paper. CareFirst has implemented optical scanning and daily claim payment runs in an effort to support its operations. CareFirst plans to explore future investment in dental EDI in 2007.

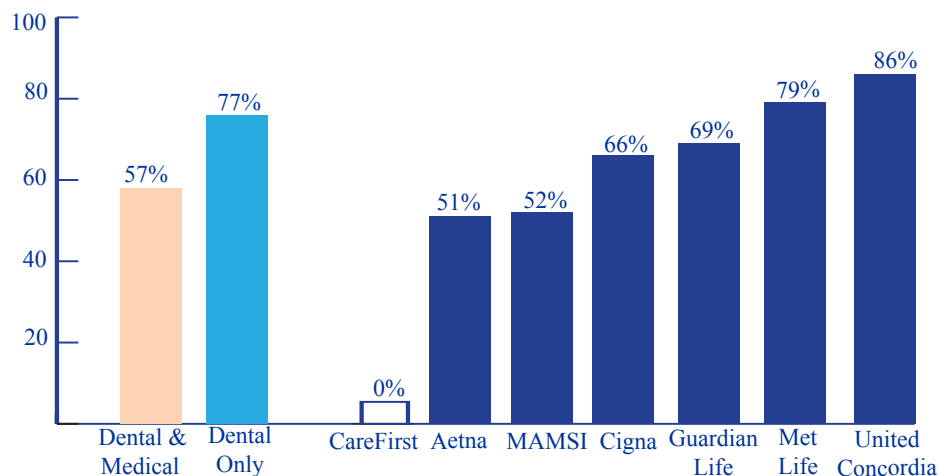
♥ The EDI share of the national dental payers (Metropolitan Life, Cigna, Guardian Life, Aetna, and United Concordia) surpasses local payer EDI share (CareFirst and MAMSI). MAMSI showed the most growth overall, increasing their EDI share to about 18% in 2004 from roughly 6% in 2003. Payers experiencing growth in their dental EDI have done so through focused EDI promotion, provider seminars, offering both real-time and batch claim capabilities, and more frequent payment cycles. In addition, many payers have expanded the number of electronic health networks offered.

Auto Adjudication of Claims Is Improving

An electronic claim that can be received and paid without manual intervention is called an auto adjudicated claim. Auto adjudication has the potential to result in faster payments to providers and lower payer administrative costs.

- ♥ Overall, dental payers improved their auto adjudication rates in 2004; approximately 60% of electronic claims were auto adjudicated compared to about 49% in 2003.
- ♥ As shown in Figure 5 below, payers reporting only dental claims (no medical) experienced higher auto adjudication rates than payers reporting dental and medical claims. The auto adjudication rate of dental only payers was approximately 76%, while the auto adjudication rate of dental and medical payers was considerably less at approximately 57%.

Figure 5. 2004 Auto Adjudication Rates



- ♥ Metropolitan Life reported both medical and dental claims, but 99% of the claims they reported were dental claims. Their auto adjudication rate in 2004 was close to 79%. United Concordia had the highest auto adjudication rate, about 86%.
- ♥ As noted previously, CareFirst cannot auto adjudicate electronic dental claims because claims submitted electronically are printed to paper.

The National Provider Identifier

The National Provider Identifier (NPI) is a provision of HIPAA's Administrative Simplification regulations. The NPI is a unique, 10-digit number with no expiration date. An individual NPI is assigned to a health care provider, and an organizational NPI is assigned to group practices. NPIs **must** be used in standard electronic health care transactions beginning **May 23, 2007**. Standard transactions include electronic claim submission, electronic remittance, electronic eligibility and electronic claim status.

The American Dental Association (ADA) is convening a group to modify the ADA Dental Claim Form to accommodate both the NPI and current provider identifiers. It is anticipated that a new version of the dental claim form will be available when the next version of the CDT manual is released in January 2007.

NPI implementation may impact practice management systems and billing software. Dentists should begin identifying any business processes or software applications that may require modification to accommodate the NPI. Look for communications from dental payers outlining their NPI strategies throughout 2006.

Application for the NPI can be made on paper or electronically. NPI information can be found at:

<http://www.cms.hhs.gov/NationalProvIdentStand/>.



MHCC Certified Electronic Health Network Program

Under COMAR 10.25.07, the Maryland Health Care Commission certifies 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 and confidentiality, business practices, security and resources. The MHCC-Certified and Candidate EHNs that support dental EDI are: ANS, PayerPath, Per-Se Technologies, Kodak Dental Systems, MedAvant, Emdeon, Gateway EDI, Dentrux Dental Systems, Tesia-PCI, and EDI Health Group.

2004 Dental EDI -- Key Findings

- ♥ The seven dental payers that dominated the Maryland dental market in 2003 continued to do so in 2004. The dominant payers are: Aetna, CareFirst, Cigna, Guardian Life, MAMSI, Metropolitan Life and United Concordia. CareFirst had the majority share of claims reported, about 25%, followed by Metropolitan Life with roughly 21%.
- ♥ Maryland dental EDI share continues to trail Maryland physician EDI share. Dental EDI share was approximately 29%, compared to a physician EDI share of almost 62%. Many dentists are in solo practices and do not bill electronically. Payers report more difficulty reaching these dentists with their EDI outreach programs.
- ♥ Maryland's 29% dental EDI share trailed the 36% national dental EDI share. With 25% of the share of dental claims, CareFirst reported a dental EDI share of only about 15%. The combination of a large dental claim volume and a low EDI share reduces the overall dental EDI share in Maryland.
- ♥ The number of payers receiving electronic claims has been steadily increasing. In 2001, of 28 payers reporting, only 14 reported dental EDI. In 2004, with 32 payers reporting, 25 were able to receive claims electronically. Generally speaking, the national dental payers (Metropolitan Life, Cigna, Guardian Life, Aetna, and United Concordia) had higher EDI shares than the two local payers, CareFirst and MAMSI.
- ♥ Payers reporting only dental claims had higher auto adjudication rates than payers who reported both dental and medical claims. Dental only payers reported a 77% auto adjudication rate, while payers reporting both dental and medical claims reported a rate of about 57%. Dental only payers may be better able to streamline their operations, enhance claim adjudication systems to eliminate unnecessary edits, and may have greater access to corporate resources because they do not have to compete with the medical side of the business.
- ♥ Dentists and dental group practices conducting electronic transactions will need to obtain a National Provider Identifier (NPI) by May 23, 2007. The American Dental Association will be revising the paper dental claim form in January 2007.
- ♥ There has been an increase in the number of dental EHNs operating in Maryland. There are currently seven MHCC-Certified EHNS, with two EHNs in candidacy status. This represents an increase of two EHNs over last year.

2004 Dental Payers

The following list represents the payers reporting 2004 dental health care transactions. This list may not represent all payers operating in Maryland during that time.

Aetna
American Republic Insurance
Ameritas*
Boston Mutual Life Insurance*
CareFirst
Cigna Healthcare Mid-Atlantic
Dental Benefit Providers*
DentaQuest Mid-Atlantic*
Educators Mutual Life Insurance
Elder Health Maryland HMO
Fidelity Insurance
Fortis Insurance
GE Group Life Assurance*
Golden Rule Insurance
Graphic Arts Benefits
Great-West Life & Annuity
Group Dental Service of Maryland*
Guardian Life Ins. Co. of America
Humana Dental Insurance*
Jefferson Pilot Financial Insurance*
MAMSI
Mega Life & Health Insurance
Metropolitan Life Insurance
Mutual of Omaha Insurance
New England Life Insurance
New York Life Insurance
Principal Mutual Life Insurance
Reliastar Life Insurance
Unicare Life & Health Insurance
Union Labor Life Insurance
United Concordia Companies*
United Wisconsin Life Insurance

*Dental Only Payer

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