

August 11, 2014

Mr. Michael Murphy, Chief Executive Officer
CoventryCares of Kentucky
9900 Corporate Campus, Suite 1000
Louisville, Kentucky 40223

Dear Mr. Murphy:

On Friday, August 8, 2014, Avesis was made aware of the letter that you received from the Department for Medicaid Services dated August 4, 2014, with regard to complaints from the Commission on Children with Special Health Care Needs (Commission). We would like to take this opportunity to provide you with specific responses to each element contained within that letter. We hope that, based upon the information contained herein, there will be a clear understanding of the process Avesis has gone through to provide coverage for the complex orthodontic services and the specialized examinations necessary for Medicaid members being treated by the Commission.

Credentialing. The Letter of Concern states: “The Commission has reported that Avesis indicated it would assist in credentialing providers. However when the Commission contacted the Department, it was discovered that applications were not submitted.”

As we have done since the program began with CoventryCares, Avesis works with designated representatives of CoventryCares to submit the necessary documentation to the Department of Medicaid Services for providers to obtain Medicaid ID numbers. The process requires that the providers complete the Avesis credentialing process and be approved by Avesis’ Credentialing Committee, prior to sending the materials to CoventryCares for forwarding to DMS. Providers send Avesis the KAPERS-1 application along with the DMS-811 and DMS-347 forms and supporting documentation. All of these materials are then forwarded to CoventryCares for processing. This is how Avesis assists providers with the credentialing process.

Upon review of the list of orthodontists provided to us by the Commission in November 2013, many had Medicaid ID numbers and have been credentialed by Avesis. There were numerous providers on the list that did not have Medicaid ID numbers. To date, none of these providers have submitted any paperwork to Avesis.

Rates. The Letter of Concern states: “After two years of discussion, Avesis indicated they would provide an alternative rate schedule for Commission patients. To date, such a schedule has not been implemented.”

Based upon standard clinical guidelines for treating Cleft Lip and Palate (CLP) patients, Avesis has been discussing the idea of a three-tiered rate system for Commission members. An in-depth review of the Agreement between the Medicaid Managed Care Medical Plans and the Commission found a formula that was to be used to determine the minimum fees for the Commission members. The Agreement required that the Medicaid Managed Care Medical Plan negotiate a “special” rate with the Commission for their patients.

Based upon this understanding, Avesis approached CoventryCares to determine what fees should apply. In May 2014, CoventryCares advised that there was insufficient claims history to accurately determine correct fees. In order to provide CoventryCares with the necessary information, Avesis requested that the Commission provide a breakdown of the fees paid to Commission orthodontists in the past. Upon receipt of this information, Avesis created a proposed fee schedule and provided it to CoventryCares of Kentucky on July 11, 2014. Avesis’ State Dental Director, Dr. Caudill brought this issue up at the July 2014, Medical Directors’ meeting and sent a copy of the proposed fee schedule to CoventryCares medical leadership requesting urgent approval. We are awaiting approval from CoventryCares of the proposed fee schedule.

Treatment. The Letter of Concern states: “Cleft Lip and Palate patients need multiple phases of treatment. Avesis approved the first phase and paid claims, but refuses payment for the second phase.”

Avesis has always been concerned that proper payments are made to the dental providers for services provided to Commission members. Based upon this commitment, we have made payments to Commission orthodontists based upon the current Medicaid orthodontic program.

Unfortunately, the current orthodontic program has a statutory limit of one treatment sequence per lifetime and a lifetime maximum fee. Both of these aspects contained in the existing program prohibit Avesis from paying for multiple treatment phases and from paying in excess of the lifetime maximum. Once the new fee schedule for the Commission is approved, Avesis will be able to address the outstanding claims from the orthodontists who are Medicaid qualified and have performed treatment for these members.

Network. The Letter of Concern states: “There are areas that do not have an Orthodontist to serve Commission patients, such as Owensboro, Daviess County. The Commission has asked Avesis to provide names of providers for these areas with no answer.”

At this time, the Commission is correct that there is not a participating orthodontist in Owensboro (Daviess County). Avesis has been in contact with orthodontists in rural areas in both eastern and western Kentucky regarding the treatment of Commission members. Avesis has been told that once a new fee schedule is approved by CoventryCares, the offices will reconsider joining Avesis to specifically treat the Commission’s members. We are hopeful that the new fee structure will be viewed positively by these potential orthodontic offices. Once the fee schedule is accepted by these offices, Avesis will expedite the credentialing process as well as the process of submission of their MAP-811 application and supporting documents to CoventryCares for submission to DMS for Medicaid ID numbers.

Claim Denials. The Letter of Concern states: “The Commission has submitted Oral Evaluation claims since 2011 that have all been denied. The Commission is unaware of the reason for the denials.”

Commission claims were rejected primarily for two reasons: 1) the rendering provider was indicated as the Commission on Children with Special Health Care Needs and 2) the dentists listed the Commission’s office locations as the service locations. These locations had not been provided to Avesis by the Commission as locations where members could be treated, a mandated requirement of the Kentucky Department of Medicaid Services. Avesis has confirmed with the Commission the names of the dentists and dental specialists all of whom have been assigned to both Commission locations to avoid any concerns in the future. Payments can now be made to the Commission for these oral evaluation services.

We would like to point out that the issues that were raised during the various meetings that Avesis had with the Commission, the focus and discussions were regarding the orthodontic treatment and not these oral evaluations. Avesis received all of these claims from the Commission in June 2014, some of which had been identified as being submitted previously. Avesis anticipates being able to pay all of the claims that are not outside of the timely filing guidelines within thirty (30) days. Any claims outside of the timely filing guidelines will be reviewed with CoventryCares prior to either approving or denying the claims.

Additional Information Regarding Avesis and the Commission

In addressing the issue of the orthodontists, Avesis has attempted to have all of the orthodontists treating Commission members obtain Kentucky Medicaid ID numbers, required in order for Avesis to be able to pay them for services rendered. During a prior meeting with Dr. Ken Rich, Medicaid State Dental Director, it was confirmed that Avesis could not make payments to any dentist or orthodontist who did not have a valid, active Medicaid ID number.

Dr. Caudill and Dr. Sharpe, the Avesis State Dental Director and Chief Dental Officer, respectively, met with leaders of the Commission at their offices in November 2013 to discuss this. We also discussed how the Commission anticipated the referral process working between the two organizations and what orthodontists were involved. Prior to this meeting, Avesis identified specific Commission members seeking treatment and attempted to make special arrangements for their treatment by recommended orthodontists. When it was determined that a number of the orthodontists used by the Commission did not have Medicaid ID numbers, we agreed to meet to discuss the situation and how Avesis should work with the Commission to handle these cases.

At the November meeting, the staff from the Commission indicated that they believed that they had "about 8" orthodontists who had provided services for Commission members in the past. Following the meeting, Dr. Caudill received a list of 45 orthodontists from the Commission. The list was reviewed and all of the providers contacted during December 2013, to determine if the providers had active Medicaid ID numbers and to ascertain if they would be willing to continue treating Commission patients. The providers were assured that they would remain in a separate category and not be required to treat Medicaid members, other than those from the Commission. They were also assured that their names would not be published or printed in any directories available to the general Medicaid population.

Additional Opportunities for Care

In working to assist the Commission in effectively treating their Medicaid members, Avesis has also been seeking additional potential treatment locations and providers beyond the list indicated. We found that two conspicuously missing facilities were the dental schools located within Kentucky: the University of Kentucky College of Dentistry and the University of Louisville School of Dentistry. During conversations between Avesis and the leadership of both schools, Avesis has been assured that the orthodontic graduate departments would welcome participation in the dental network to support the Commission. To that end, we intend to include both dental schools on the list of special network providers for the Commission.

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In closing, Avesis would like to reiterate that we have been actively seeking to resolve the issues with the Commission. We have worked diligently toward resolving the challenges described in this letter and are nearing completion of an effective system of referrals. We have worked carefully with the Commission to understand the issues and to attempt to create a network of orthodontic providers to serve their members. Although we initially believed that the process would simply be a series of claim exceptions for the CLP patients, it has become clear that there were more issues than simply claim payments. Today, we believe that the new fee schedule being reviewed for approval by CoventryCares will allow Avesis to contract with more orthodontists in rural areas and provide sufficient compensation to the orthodontists for their services. Once the new fees are approved, Avesis will approach the potential orthodontic providers already contacted. If they find the fees acceptable, we should have the final network and treatment process in place and functioning for the Commission during the fourth quarter 2014.

Should you have any questions or desire any additional information, please do not hesitate to contact any of us at Avesis.

Sincerely,

A handwritten signature in cursive script that reads "Fred L. Sharpe".

FRED L. SHARPE, DDS, JD
Chief Dental Officer