

High Costs, Staff Shortages Disproportionately Hit Indiana Offices Serving Pediatric Medicaid Recipients

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Kentucky dental offices that serve some of the state's most vulnerable populations face mounting challenges with staffing shortages and rising labor and supply costs. While such issues are affecting practices nationwide, the impacts are especially acute for dental offices that primarily serve children covered by Medicaid and CHIP.

Such offices rely heavily on fixed Medicaid reimbursement rates, which have not seen significant increases in Kentucky over the last decade and lack a broader patient mix to help offset losses. As a result, the tight labor market and rising costs disproportionately threaten the sustainability of these critical practices providing vital dental care for so many Kentucky children and rural communities.

Staff Shortages

Dentists, dental hygienists, and dental assistants who care for Medicaid patients are in short supply nationwide and in Kentucky.

The supply of hygienists who provide essential preventative care for children is narrowing. A recent American Dental Hygienists Association and American Dental Association [study](#) found that many hygienists who left or reduced their work hours during the COVID-19 pandemic have not returned. As of August 2021, only 57.6% of hygienists were employed full-time, down from 68.2% in March 2020.

Of those not employed, about three-quarters left the profession voluntarily. The labor market for qualified dental assistants also is shrinking. Nationwide labor shortages have created intense competition for workers, causing many dental assistants to leave the field for higher paying jobs in other areas.

19.7%
of Hygienists left the profession or went to part-time

Rising Costs

The competitive labor market has driven dramatic increases in labor costs. For dental assistants alone, costs grew over 28% from March 2020 to January 2022, according to data from a major Medicaid dental provider. The data also shows significant supply cost increases, with dental supply costs per patient jumping 40% from 2017 to 2022 due to multiple factors, including inflation and global supply chain problems.

40%
Increase in dental supply costs

The Medicaid Problem

Many Kentucky families rely on Medicaid coverage for basic medical and dental care. With Medicaid reimbursement rates largely stable, rising costs and staff shortages at dental offices focused on Medicaid patients present a unique problem. Dentists serving self-pay patients can pass on the costs with price increases, while those serving commercial insurance patients have often seen rate relief. These means of offsetting costs are not available to Medicaid dentists. Further, data shows that Kentucky's Medicaid reimbursement is around 60% of private insurance reimbursement. An environment where supply costs are up 40% and reimbursement rates remain low and flat, is not sustainable.

The above factors create a scenario where rate increases are imperative to the continued viability of dentists who primarily serve Medicaid in Kentucky