



May 31, 2011

The Washington Dental community has had a huge hurdle put in front of them this spring when Washington Dental Service (WDS) notified its participating dentists of a decrease in reimbursement. “The 15% reduction applies across the board to Delta’s Premier fee for service network for every dentist that participates with WDS”, according to Dr. Inge, DDS, Dental Director and Vice President of Professional Services for WDS. “Once that reduction has been made, WDS will then calculate the reduction in reimbursement for Delta’s PPO network services,” he said. “The decision to reduce reimbursement rates was prompted by the ongoing economic crisis and the increased competition from other carriers.”

The Washington State Dental Association responded in a news release dated April 27, 2011 with the following:

“The Washington State Dental Association is disappointed by the recent announcement of Washington Dental Service, the state’s largest dental insurance provider, to cut reimbursement rates to participating dentists effective June 15, 2011. While we recognize the demands of the current economic climate, we fear that such drastic changes to the fee structure will create significant challenges statewide for dentists and their patients. We anticipate the following consequences as a result of this contractual change:

- Reduction in dental workforce
- Financial consequences for small businesses supporting the dental profession, such as dental labs and other suppliers
- Impact on the thousands of hours of donated dental care provided by dentists statewide that free the unemployed and needy from dental pain and disease.

We are deeply concerned about the potential ramifications of Washington Dental Service’s decision and the future implications for dental care in Washington State.”

Much was said regarding these developments in the WSDA News, Issue 6, dated May 2011.

Dr. Tim Wandell, speaking in the WSDA News said, “I just now realized why WDS is called a ‘not-for-profit’ – it’s a ‘not-for-profit-for dentists. Finally, the shoe has dropped, and we should all realize that WDS is just another PPO driven insurance company whose customer is big business, Boeing and others. It’s insured are an incidental nuisance, and dentists merely a necessary evil.”

“In the 70’s, the FTC told us we should not be owners of an insurance company because it would be ‘self-dealing,’ so we divested. Oregon was told the same thing with ODS. Their response was, ‘so sue us!’ That never happened, and they have always had a symbiotic relationship with the ODA. ODS is run as an insurance company but it listens to member dentist’s concerns.”

Dr. Rhonda Savage, Past President of WSDA, in WSDA News, had suggestions on examining overhead expenses. To quote Dr. Savage, “Lab fees vary depending on the lab you choose. Overseas labs have lower overhead costs. Concerned about the quality of materials? Choose a lab that has the highest European ISO rating and send the impressions out through an American lab. Your costs will drop

significantly and you can still be assured of quality. Look at your current lab fees and current reimbursement. You should be able to charge 4-5 times the lab fee and know you're making money on the procedure. Now compare to the pending reimbursement rates."

One practice management company is suggesting their Dentists cut their lab fees by 40%.

I. Blake McKinley, Jr., DDS, from the Spokane District Dental Society said, "At one point in time, WDS was significantly different than the other dental plan companies. Over time the distinction has gradually diminished to the point where, according to WDS research, providers no longer recognize that there is a distinction between WDS and other carriers."

When asked to expand on his comments, Dr. McKinley said they (WDS) saw treatment from the dentist's point of view rather than like an insurer, with the whole treatment plan in mind. Dr. McKinley also stated "There comes a point you can't afford to offer a service anymore."

Connie Robhn, executive administrator of SDDS, stated that most dentists in the Spokane area participate with WDS at 50% or more. She also said that WDS sells only insurance, which puts them at a pricing disadvantage with other carriers.

WSDA has taken pains not to wander into anti-trust territory. They issued the following statement on their web site:

"When you became a participating dentist with WDS, you signed a contract. That contract is between you, personally, and WDS, the corporation. WSDA has no standing in that contract. We cannot interfere with a contract to which we are not a party.

In addition, because this is a fee issue, we are not permitted by the anti-trust laws to represent our members. The law views each of your practices the same way it views General Motors. Under the law, no two businesses can conspire to set or control fees. WSDA represents over 2,500 different businesses. We are not a union and, therefore, not exempt from the law.

The law does permit us to take action by appealing to government agencies which we did successfully last year by preventing insurance companies from controlling non-covered benefits. However, when it comes to establishing fees contractually, we do not, at this time, see an avenue for legislative or regulatory relief."

The Washington State Dental Laboratory Association is constrained by the same anti-trust regulations as WSDA. Keeping our members informed of critical issues is a major component of our mission.

The WDS By-Laws stipulate that if 10% of member dentist get together they can demand an audience with the WDS leadership. That petition is currently being circulated, so this may not be the last word on this fee issue. Stay tuned!

Jim Haxton, CDT

Secretary/Treasurer WSDLA