

HEALTHY AND WELL KIDS IN IOWA (*hawk-i*)  
BOARD MEETING  
MINUTES

April 17, 2006

**BOARD MEMBERS:**

Susan Salter, Chair  
Julie McMahon, Vice-Chair  
Dann Stevens (for Judy Jeffrey)  
Angela Burke Boston (for Susan Voss)  
Jim Yeast  
John Baker  
Wanda Wyatt-Hardwick

**LEGISLATIVE BOARD MEMBERS:**

Senator Amanda Ragan  
Senator James Seymour (absent)  
Representative Gerald Jones (absent)  
Representative Mary Mascher (absent)

**DEPARTMENT OF HUMAN SERVICES:**

Anita Smith  
Anna Ruggle  
Shellie Goldman

**GUESTS:**

Nancy Lind  
Diane Schroeder  
Jen Weidman  
Beth Jones  
Lynn Tague  
Jenny Untiedt  
Barbara Fox-Goldizen  
Erin Paugh  
Sarah Dixon

**AFFILIATION:**

John Deere Health  
Delta Dental of Iowa  
Dept. of Public Health  
Dept. of Public Health – Covering Kids & Families  
Wellmark Blue Cross Blue Shield  
Dept. of Public Health – Covering Kids & Families  
MAXIMUS  
Visiting Nurse Services – Polk County  
Outlooks/SPPG

**MEETING CALLED TO ORDER AND ROLL CALL:**

The Healthy and Well Kids in Iowa (*hawk-i*) Board met on Monday, April 17, 2006, in the Levitt Room, Des Moines Botanical Center, 909 E. River Drive, Des Moines, Iowa. Susan Salter, Chair, called the meeting to order at 12:35 p.m. A quorum was present.

**WELCOME, INTRODUCTIONS:**

Ms. Salter asked the audience members to introduce themselves. Ms. Salter informed the guests that there would be an opportunity for public comment later in the agenda.

### **APPROVAL OF MINUTES OF FEBRUARY 20, 2006, MEETING:**

Jim Yeast made a motion to approve the February 20, 2006, minutes as written. Angela Burke Boston seconded the motion. Unanimous approval was made by Dann Stevens, Angela Burke Boston, John Baker, Jim Yeast, Julie McMahon, and Susan Salter.

### **CORRESPONDENCE, REPORTS & OTHER STATE NEWS:**

Anita Smith discussed SCHIP news from other states:

Florida – A proposal before the Florida legislature would cut millions of unspent dollars from their KidCare program. Budgeted funds have gone unspent because Florida has experienced a drop in enrollment. Last year \$551 million was allocated, but only \$300 million was expended. Governor Bush's proposed budget would reduce funding by \$184 million, funding the program at \$367 million.

Child-care advocates counter that there are 500,000 children who may be eligible, but have not enrolled. They want the unspent money used for outreach to make it easier to find and enroll eligible children.

Illinois – Governor Blagojevich's new health insurance program that provides coverage for all children is under fire from a nonpartisan government research group. The group claims that this program, along with other new spending initiatives will shortchange Illinois' pension funds by \$1.1 billion, increase spending, and create \$261 million in new and recurring initiatives.

Maryland – Maryland had a program to provide coverage to legal immigrants who were not eligible for federal means-tested programs. This program was cut last year, leaving 3,000 children and 800 pregnant women without care. Even though Maryland has a budget surplus this year, the state is not going to fund the program. As a result, Legal Aid has filed a lawsuit.

Massachusetts- New legislation requires every Massachusetts resident to have health insurance by July 1, 2007. The bill includes a provision to create subsidized plans for residents who cannot afford coverage on their own. Employers who do not provide health insurance would have to pay \$295 per employee into a state fund. The fund is expected to collect \$45 million per year to help fund the legislation. The plan would bring an additional 92,000 residents into their Mass Health (Medicaid) program by expanding children's coverage and enrolling adults. The program will provide free or low-cost private health plan options, sliding scale premiums, and allow businesses and individuals to purchase insurance with pre tax dollars. Those who do not have coverage will lose their personal income tax exemption and eventually pay a fee to the state.

Rhode Island – Approximately 3,000 non-citizen children were scheduled to be cut from RIte care, Rhode Island's SCHIP program. However, their Governor stated he might abandon his proposal to do so after receiving a verbal commitment from the Secretary

of the U. S. Department of Health and Human Services that Rhode Island's expenses would be reimbursed at 68 percent rather than the 52 percent.

Texas – Due to a change in vendors for CHIP, Texas has experienced a number of problems. A vendor misprinted dental coverage identification cards for 45,000 children so corrected ones had to be reissued. Approximately 6,000 children were reinstated because letters reminding families to reapply for CHIP coverage inadvertently failed to mention the fees, which vary by income. Earlier letters sent by the same vendor misstated the co-payments families must pay at doctors' offices and pharmacies. Some children lost coverage for three or more months because even though families met deadlines for renewal information, the information was getting lost.

Texas is also trying to make changes to stop the falling enrollment in their CHIP program. Enrollment was down 28,000 from December to March, falling below 300,000 for the first time since 2001. Even though some of the decline is a result from the problems identified above, officials attribute most of the decline to families having to renew coverage every six months. Families are confused over new rules requiring enrollment fees and requirements that they document income and assets. Only a few are losing coverage due to higher incomes.

#### Other News:

John Deere Health- A press release was made on February 24, 2006, stating that the sale of Deere & Company's health care operations to United Healthcare of Minneapolis, Minnesota, had been finalized. *hawk-i* enrollees will not be affected by the change of ownership.

### **ADMINISTRATOR'S REPORT:**

#### ***Enrollment and Statistics:***

Ms. Smith reported that MAXIMUS is still having difficulty with their computer system and producing reports. As a result, the Department's budget analyst for *hawk-i* has estimated enrollments for the last three months based on trend lines. Estimates were made as follows:

- |                  |        |
|------------------|--------|
| ▪ January, 2006  | 21,109 |
| ▪ February, 2006 | 21,320 |
| ▪ March, 2006    | 21,530 |

#### ***Update on MAXIMUS Implementation:***

Ms. Smith said that MAXIMUS has provided enrollment numbers, but the Department is questioning those because they are significantly lower than projections. Corporate staff will be meeting with state staff next week to discuss why they are having so much trouble getting the system programmed to capture the demographic data for the reports. Ms. Smith said that she believes part of the difficulty may be in how the programmers are defining some of the terms. A discussion will be held so that they know what is

meant by enrollment, disenrollment, retro-ads, and make sure that the programmers have a clear understanding. In the meantime, a 10 percent penalty continues to be assessed against their contract fee each month until this is resolved.

***Wanda Wyatt Hardwick arrived at the meeting at this time.***

Barbara Fox-Goldizen from MAXIMUS spoke to the Board. Ms. Fox-Goldizen said that although MAXIMUS has been having information technology problems, they are making progress. She has had daily conference calls with their technology staff and is working hard to resolve the issues. Ms. Fox-Goldizen said that the number of customer complaints have been reduced and hopefully the face-to-face meeting with the technology staff will help solve the remainder of the problems.

Mr. Stevens asked if the definitions of enrollment, disenrollment, et cetera have changed. Ms. Smith responded that they had not changed, but MAXIMUS has gone to an Oracle-based system so it is a completely different group of people and programmers with different skills working than before. Ms. Fox-Goldizen said that the new system is queue-management for data integrity and should create fewer errors for their counselors because more employees will be looking at each application. MaxStar was a case management system.

Ms. Smith told the Board that they spent months prior to implementation of the new contract going through JAD sessions. They walked through all of the processes and mapped out what should happen when. In retrospect, what was not done, was go through the definitions. Children are being enrolled, so that is not an issue. However, there may have to be some payment adjustments with the health plans.

Ms. Salter asked about the number of customer complaints, because there was an increase after implementation. Ms. Fox-Goldizen said that she believes those problems have been resolved. Ms. Smith said that the majority of those complaints were a result of the work queue that was programmed into the new system. Pending applications went into this queue, but staff could not see that they were there. Once that problem was discovered and resolved, the number of complaints fell dramatically.

***SFY '06 Budget Update:***

Ms. Smith reported that the SFY '06 CHIP budget remains on track. Expenditures total 63.49% of the budget. As of March, 2006, \$11.3 million (63.49%) of projections have been expended. Interest earned from the ***hawk-i*** Trust Fund totals \$172,063.

***Legislative Activity:***

There has not been any activity at either the federal or state level that affects the ***hawk-i*** program since the update given at the February Board meeting.

Ms. Smith told the Board that there has not been any further discussion about reauthorization of the SCHIP program. One issue that the Department is very concerned about is the new Medicaid requirement effective July 1, 2006, to verify

citizenship for everyone who applies, or reapplies, for Medicaid. This affects *hawk-i* because about 40 percent of *hawk-i* applicants are referred to Medicaid. If applicants do not cooperate with Medicaid they cannot come to the *hawk-i* program, even though verification of citizenship is not a SCHIP requirement. The Department has been working with the Department of Public Health's vital records division to come up with a method where the income maintenance staff can electronically request administrative copies of birth certificates. This would only apply to applicants who were born in Iowa and there will be associated costs. At this time no funding is budgeted for this expense, so DHS Director Concannon will be looking at options. The Department has written a letter to CMS expressing their concerns about the lack of guidance, the short time frame, the impact on the state, and the impact on clients. Ms. Smith said the Department believes this change could result in large disenrollment of Medicaid-eligible people. At the direction of the DHS counsel, a letter was also sent to Iowa's Congressional delegation expressing concerns and asking their assistance in repealing the provision.

#### **RECOGNITION OF OUTGOING BOARD MEMBER:**

Board member Wanda Wyatt Hardwick did not seek reappointment to the Board so her current term ends April 30, 2006. On behalf of the Department, Anita Smith presented Ms. Wyatt Hardwick with a Certificate of Appreciation thanking her for her service and for her contributions to the children of Iowa.

Ms. Wyatt Hardwick stated that she was sorry she had to leave the Board, but the demands of her job made it more and more difficult to devote the time to Board duties. She said she is taking with her a world of knowledge of the *hawk-i* program and she appreciated the opportunity to serve.

Ms. Smith announced that Angelita Ramirez has been appointed and confirmed to the *hawk-i* Board. Ms. Ramirez is a nurse at Broadlawns Hospital in Des Moines and her term is effective May 1, 2006.

#### **CAPITATION RATES FOR SFY 2007:**

Anna Ruggle reported on the capitation rates the health plans have requested for SFY 2007, which begins July 1, 2006.

Wellmark indemnity is currently paid \$176.13 per member, per month (pm/pm). They have requested a 4.2 percent increase, bringing the pm/pm rate to \$183.60.

Delta Dental is currently paid \$16.58 pm/pm. They have requested a 5 percent increase, bringing the pm/pm rate to \$17.41.

John Deere (without dental) is \$143.36 pm/pm. They have requested a 7 percent increase, bringing the pm/pm rate to \$153.40.

Ms. Ruggle told the Board that she needed their approval for the capitation rates for SFY '07 so that the contracts with the health plans can be finalized and brought before the Board at their June meeting.

Angela Burke Boston made a motion to approve the capitation rates as requested. Wanda Wyatt Hardwick seconded the motion.

Ms. Salter asked if there was any discussion.

Ms. Burke Boston asked if Delta Dental's capitation rate had been addressed last fall. Ms. Ruggle responded that Delta Dental joined the *hawk-i* program in February, 2005. They did not get an increase in July, 2005 because they were too new to the program and did not have enough claims data and experience. In that amendment, the Board allowed a re-evaluation in January, 2006 and gave them a 4 percent increase. Now they are back on the same schedule as everyone else.

Mr. Stevens asked if it would be appropriate to give a single percentage across-the-board for everyone. Ms. Smith responded that the issue is that they are different types of plans. For example, a 5 percent increase for Delta Dental is a \$.83 increase pm/pm and that would translate to \$8.81 for Wellmark indemnity and \$7.17 for John Deere. It is not comparing apples to apples.

Mr. Yeast asked what percent increase Wellmark was given last year. Ms. Ruggle responded that they got a 3.9 percent increase last year, and the previous year they did not request a rate increase.

The Board asked Ms. Ruggle if the increases seemed reasonable to her. Ms. Ruggle responded that the Department's actuary is still in the process of looking at the claims data and doing trends. They have given a preliminary result based on the market trend, and they are saying 12-13 percent for both indemnity and managed care would be reasonable.

Mr. Yeast noted that a lot more children were enrolled with Wellmark at a higher pm/pm rate, and how that is affected. Ms. Ruggle responded that next year that will not be the case because in February the Board approved John Deere's expansion into the additional counties. There will be more managed care counties than indemnity. The managed care plan is also in the higher populated counties.

Ms. Burke Boston asked when the actuary's final report would be completed. Ms. Ruggle said it was expected in the next week or so. Ms. Burke Boston said that she was uncomfortable approving rate increases without all of the information. Ms. Ruggle said a special Board meeting could be scheduled in May after the final report is received. The Department is required by the contracts with the health plans to provide 30 days advance notice of any rate change. This gives the plans an opportunity to accept or reject the rates.

Mr. Yeast asked what the Department felt about the requested rates. Ms. Ruggle said she believes they are reasonable. Ms. Smith added that these rate increases are within the amount budgeted for increase.

Mr. Stevens indicated he would also be more comfortable waiting until the final report was received.

The motion to approve the rates as requested was unanimously rejected.

Mr. Stevens made a motion to schedule the capitation rate discussion until which time the full report from the actuaries was received and a special Board meeting could be scheduled in May. Angela Burke Boston seconded the motion. Unanimous approval was made by Dann Stevens, Wanda Wyatt Hardwick, Angela Burke Boston, John Baker, Jim Yeast, Julie McMahon, and Susan Salter.

Mr. Baker requested that a summary of the actuarial report be sent to Board members.

### **WELLMARK MANAGED CARE:**

Ms. Ruggle announced to the Board that Wellmark has approached the Department about offering their managed care plan, Wellmark Health Plan of Iowa (WHPI), to the *hawk-i* program effective July 1, 2006. This plan is like an open access plan, but requires care through a participating provider. Enrollees will not have to go through their primary care physician unless it is for preventive care. Wellmark will cover dental as they currently do with their indemnity plan.

Wellmark's proposal offers their managed care plan in 65 counties in Iowa. This means 27 indemnity counties will move to managed care. If the Board approves, there will be a choice of managed care plans in 38 counties; John Deere will be the only managed care plan in two counties, (Lee and Dubuque); Wellmark's managed care will be the only plan in 27 counties, and the remaining 32 counties will still be covered by Wellmark's indemnity plan.

Ms. Ruggle said that the actuaries are currently doing a benchmark equivalent, which is required by federal law. Ms. Ruggle said she does not anticipate any problem and WHPI is similar in structure to Wellmark's Unity Choice product that was previously offered through the *hawk-i* program. Upon Board approval, the Department can begin contract negotiations. The pm/pm rate requested is \$177.31.

Mr. Baker wanted to make sure he was understanding correctly that it would be a choice of John Deere Health and Delta Dental packages versus Wellmark Health Plan which includes Wellmark's dental plan. The rates they have requested, Deere health only \$153.40 and Delta \$17.41 totaling \$170.81, and WPHI at \$177.31. Mr. Ruggle confirmed this was correct.

Ms. Smith said part of the impact is that the state would not be paying indemnity rates for a significant number of counties, they would come down to the managed care rates. Ms. Smith said that one of the counties that has always been problematic is Johnson

County with University of Iowa hospital. That would be a participating provider under Wellmark and could solve some of the issues.

Ms. Ruggle said that based on October, 2005 enrollment numbers, 26 percent of enrollees would be covered by indemnity and 74 percent in managed care. In October 59.7 percent were enrolled in indemnity.

Jim Yeast made a motion to approve Wellmark offering their managed care product in the 65 counties they have proposed. Angela Burke Boston seconded the motion.

Ms. Burke Boston noted that Wellmark's April 14, 2006 letter states that Wellmark has the option to withdraw from the program if the capitation rate fails. Lynn Tague from Wellmark responded that this was standard language. Next year's rate request will be based on their experience during the period and their actuarial review. If in a year from now Wellmark doesn't feel the rate approved by the Board is sufficient to cover their cost, they reserve the right to pull the product. Ms. Burke Boston asked if it is also based on the number of enrollees, if they don't have a certain number of enrollees could that affect their decision. Ms. Tague responded no, the number of participants would not affect the decision. Ms. Tague said that Wellmark's participation with the *hawk-i* program is not with the intent of making a profit. While they do not intend to make a profit, they certainly cannot afford to take a loss, but hope to break even. This was the case with their Unity Choice product when the capitation rate could not offset the claims experience.

Unanimous approval was made by Dann Stevens, Wanda Wyatt Hardwick, Angela Burke Boston, John Baker, Jim Yeast, Julie McMahon, and Susan Salter.

#### **IDPH OUTREACH CONTRACT SFY 07:**

The Department's outreach contract with the Department of Public Health expires June 30, 2006. Staff is currently in the process of negotiating the contract for next years. Currently there is an issue with all State contracts and the Attorney General's Office is holding these contracts until they can complete some language to fill administrative gaps. This contract should be complete and ready for consideration by the Board in June.

#### **PUBLIC COMMENT:**

Nancy Lind, John Deere Health Care, asked to speak to the Board. Ms. Lind said she would ask that when the Board reviews the capitation rates to consider managed care entities as similar. They provide similar benefits and for the most part similar access to providers. The Board's vote is introducing managed care into new counties, but the new product will also be introduced within counties that already have a managed care plan. Wellmark has requested a higher pm/pm rate than John Deere. Ms. Lind asked that at the next Board meeting they consider those rates and keep managed care on an even playing field.

**OUTREACH UPDATE:**

Jen Weidman from Washington County Public Health spoke to the Board about recent outreach efforts.

Ms. Weidman told the Board that one of most successful outreach efforts is the "Care for Kids Golf Classic". The Washington County Hospital and Clinic's foundation coordinates this tournament. The hospital invites professional golfers to participate. Other teams are sponsored by doctors' offices, insurance agencies and other corporations, and they play alongside the professionals. All of the money raised from the tournament (over \$10,000) is used to benefit children at the hospital. A lot of the proceeds are used to purchase supplies and new equipment for the hospital's OB department. They also contacted Ms. Weidman because they wanted to work with the **hawk-i** program to pay for the premiums for all Washington County families. Ms. Weidman collects the premium coupons from the families and turns them over to the hospital, which in turn pays the premiums for the entire year. Currently about 16 Washington County families have their **hawk-i** premiums paid by the foundation.

Ms. Weidman said that this is also a great networking opportunity for her to do outreach. John Deere Health sponsors one of the holes. Mr. Weidman displays her **hawk-i** banner and is given the opportunity to speak about the **hawk-i** program at the evening's dinner. She also gets to know a lot of the doctors and insurance agents and this forum provides her an opportunity to give them a greater awareness of the program.

Beth Jones from Covering Kids and Families, Iowa Department of Public Health, told the Board that they had received a grant from the Wellmark Foundation to continue the work they started under the Robert Wood Johnson grant. They will be focusing on what their process improvement collaborative had done, and they will keep their task force together as a steering committee for the group. This grant will allow them to continue through April 30, 2007.

"Covering the Uninsured Week" is May 1 – 7, 2006. Des Moines is one nine targeted market cities so there will be a lot of advertising for public awareness on the uninsured.

**NEW BUSINESS:**

There was no new business to present before the Board.

The next regularly scheduled meeting is Monday, June 19, 2006, at 12:30 p.m. in the Levitt Room, Des Moines Botanical Center in Des Moines.