

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

February 20, 2006

BOARD MEMBERS:

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

LEGISLATIVE BOARD MEMBERS:

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

DEPARTMENT OF HUMAN SERVICES:

Anita Smith
Anna Ruggle

GUESTS:

Diane Schroeder
Karen Wielert
Barbara Fox-Goldizen
Lynn Tague
Beth Jones
Dee Bradley
Nancy Lind
Sarah Dixon
Jenny Untiedt

AFFILIATION:

Delta Dental of Iowa
hawk-i Outreach, HACAP
MAXIMUS
Wellmark Blue Cross Blue Shield
Dept. of Public Health – Covering Kids
hawk-i Outreach, Jefferson & Keokuk Counties
John Deere Health
Outlooks/SPPG
Dept. of Public Health – Covering Kids

MEETING CALLED TO ORDER AND ROLL CALL:

The Healthy and Well Kids in Iowa (*hawk-i*) Board met on Monday, February 20, 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 DECEMBER 19, 2005, MEETING:

Jim Yeast made a motion to approve the December 19, 2005, minutes as written. Wanda Wyatt Hardwick seconded the motion. Unanimous approval was made by Angela Burke Boston, Charlotte Burt, Jim Yeast, Wanda Wyatt Hardwick, and Susan Salter.

CORRESPONDENCE, REPORTS & OTHER STATE NEWS:

Anita Smith discussed SCHIP news from other states:

California – Governor Schwarzenegger has included \$72.2 million to increase enrollment in their Healthy Families Program. There are 400,000 children eligible, but not enrolled. The funds will be used for outreach, simplifying the enrollment process, and covering kids. Advocates believe there are 900,000 uninsured children in California.

Hawaii – The state's goal is to cover 16,000 uninsured children in Hawaii. There are bills before the legislature to expand their QUEST (Medicaid) program and create a new Keiki Care plan to provide free care to children who do not qualify for QUEST.

Iowa – Gubernatorial candidate Blouin has proposed increasing children's access to care by loosening the requirements for poor families. No details have been released on how the income limits would be increased for *hawk-i*.

Louisiana – Since Hurricane Katrina, the state's Medicaid roles for both adults and children have grown by over 16,000.

Maryland – The Maryland Legislature overrode the Governor's veto of a bill and passed a law requiring employers with 10,000 or more employees in the state to spend a minimum of 8 percent of payroll costs on health insurance. Ms. Smith reported that legislators in over 30 states are having similar discussions. The bills give employers the ultimatum of either putting aside the required amount or paying the same amount to the state. The Retail Industry Leaders Association has filed lawsuits to overturn the Maryland and Suffolk County laws.

Montana - Has plans to add 2,000 additional children to their SCHIP program. This will be done through additional funding and an earlier cigarette tax increase that earmarked some of the funds specifically for SCHIP. Montana's Governor will soon make a decision on whether their SCHIP program should be insured by the state, or left in the hands of a private insurer, currently Blue Cross Blue Shield. Some advocates feel that the state can "self-insure" SCHIP and run the program at a lower cost.

Pennsylvania – Governor Rendell's budget proposal calls for allowing all Pennsylvania children to qualify for their SCHIP program either at no cost, or for sliding scale fees based on family size and income. Currently only low-income families qualify. For many families the premiums per child would range between \$23 and \$32 each month.

Families with incomes that exceed current CHIP guidelines would have to be uninsured for six months before qualifying for the program unless the parents lost a job that provided health insurance.

Tennessee – Governor Bredesen released a plan for a new program that would provide 150,000 uninsured children with health insurance. The Governor stated that funding will be made possible through cuts made in their TennCare program last year.

Washington - Currently, there are more than 13,000 uninsured immigrant children on waiting lists to get health insurance coverage. The state will be using a computer to randomly select 4,300 names from the list of eligible applicants. A second enrollment of about 3,000 could occur in July.

Other News:

Latino Outreach - An article in the journal of the “American Academy of Pediatrics” reported the findings of a study that showed that the use of community-based case managers were more effective in enrolling Latino children in Medicaid and SCHIP than traditional grassroots outreach efforts. The study showed that those with case managers were more likely to have insurance, be insured continuously, obtain insurance faster, and have their parents satisfied with their coverage.

Reports:

“Kaiser Commission on Medicaid and the Uninsured” report, “What Happens When Public Coverage is no Longer Available?” A new Health Affairs article and related policy brief conclude that cuts to public coverage programs like Medicaid and SCHIP would increase hospital emergency department use by the uninsured and leave most adult low-income enrollees without alternative insurance options.

A report from “State Coverage Initiatives”, “State of the States, Finding Their Own Way”, finds that the number of uninsured has continued to grow for the fourth year in a row. As echoed in other reports, expansions in Medicaid and SCHIP are credited with keeping the numbers from being even higher. The number of people with coverage through employers has dropped to the lowest level since 2000 and only 68.1 percent have insurance through employers.

Page 5 of the report contains a state map that shows the uninsured rate for each state. Iowa (population 2,966,334) is ranked third (with a 10.1% rate), behind Minnesota (5,132,799) 8.5% and Hawaii (1,275,194) 9.9%.

In our area:

Wisconsin – 10.4% (population 5,536,201)
 Nebraska – 11.0% (population 1,758,787)
 Missouri – 11.7% (population 5,800,310)
 Kansas – 10.8% (population 2,744,687)
 Illinois – 14.2% (population 12,763,371)

Texas (22,859,968) continues to be at the bottom of the list with a 25.1% uninsured rate.

ADMINISTRATOR'S REPORT:

Enrollment and Statistics:

Ms. Smith reported that the January enrollment numbers are not available at this time. MAXIMUS continues to experience system difficulties and they are not comfortable releasing enrollment numbers until they have been validated. The Board was given reports through December, 2005, and Ms. Smith indicated that these numbers are subject to change. The Medicaid numbers on the reports are correct; those are from the Department's system.

Actual enrollment in Medicaid is running a little higher than what was projected. *hawk-i* enrollment is running under projections. Total enrollment is 32,736 as of December 2005; projections were for 33,094.

SFY '06 Budget Update:

Ms. Smith reported that the SFY '06 CHIP Budget is on target. As of January, 2006, \$8.6 million (48%) of projections have been expended. Interest earned from the *hawk-i* Trust Fund totals \$116,015.

Update on MAXIMUS Implementation:

Ms. Smith said that initially it was thought that implementation of the new system had gone well. However, within a couple of weeks signs indicated otherwise. Complaints were received about children not showing up on the health plan enrollment files. It was discovered that a programmer had put a work queue in the system that no one could see and the applications were going into that queue. Once this was discovered, quite a few of these problems were resolved. MAXIMUS is currently working on some questionable cases to get those resolved before they validate the enrollment numbers. Ms. Smith stated that MAXIMUS has brought in a tremendous amount of resources to help identify the problems and to get the computer system fixed. Bruce Caswell, President of Health Services for MAXIMUS in Reston, Virginia, has flown into meet with her and she is meeting with his counter-part next week. She has received assurances from them that everything will be fixed and they are doing everything possible that the enrollees are not affected and that the enrollment are being sent to the health plans correctly.

Ms. Smith said that the contract with MAXIMUS includes provisions that the system be up and running by November 1, 2005. Since it is not, penalties have been applied and a percentage of payment has been withheld from the monthly contract payments to MAXIMUS.

Federal Activity:

The Federal Deficit Reduction Act was passed and signed by the President on January 31st. The Act contained good news for SCHIP and Iowa. Fourteen states are scheduled to run out of money in FFY '06; Iowa is one of those states with a projected \$8.4 million federal funding shortfall. An appropriation of \$283 million for shortfall states was included in the Deficit Reduction Act. This funding, along with the estimated \$101 million redistribution funding, actually exceeds the anticipated shortfalls. The Act also requires proof of citizenship for all new approvals and recertifications for Medicaid as of July 1, 2006. Currently applicants are asked if they are citizens. If they respond yes, they are taken at their word. If their response is no, they are not a citizen, then proof of status is requested. While this requirement does not affect SCHIP directly, about 40 percent of those that apply for SCHIP are referred to Medicaid, so indirectly it will affect ***hawk-i*** applicants. The Department has established a work group to implement this new procedure.

The federal poverty levels were released and will be implemented for all applications and eligibility determinations on and after April 1, 2006.

The federal matching rate (FMAP) has gone down for FY '07 for both Medicaid and SCHIP. For Medicaid in '06 it was 63.61% and it is going down to 61.98%. For SCHIP it went down from 74.53% to 73.39%. That increases the amount of state money necessary to support the program.

State Legislative Activity:

House File 2025, if passed, directs the Department to apply for a waiver to cover parents of ***hawk-i***–eligible children. It would cover the parents of just the kids on ***hawk-i***. The Department responded that CMS is unlikely to approve a waiver that would cover the parents of higher-income children when the parents of children on Medicaid are not covered. When the Department made their fiscal estimate, they included the parents of kids on Medicaid as well as ***hawk-i*** and estimated that an extra \$151 million in state funding would be necessary to provide coverage for this group.

Study Bill 6449 would direct the Department to apply for a waiver to cover parents under the “Medicaid Expansion” portion of SCHIP. It would also include an additional \$500,000 for outreach. If approved, it would cover parents up to 50% of poverty under Medicaid expansion. However, SCHIP money could not be used because this is a Medicaid coverage group.

Inquiries have also been received about estimating the number of uninsured children in Iowa, questions about the federal SCHIP allotment, the per member/per month cost for ***hawk-i***, current outreach strategies and how additional outreach funds would be utilized, and the cost of expanding ***hawk-i*** to 250% and 300% of FPL. Estimates were \$26.3 million and \$31 million, respectively.

When asked what would be done if there was an additional \$500,000 in outreach funds, the Department responded that another media campaign would be pursued. In 2001

hawk-i was given additional funding to conduct a media campaign. The Department contracted with Porter and Associates who recommended a combination of radio and television advertising. The numbers of applications requested, and completed applications received, showed a dramatic increase over what they had been. Even after the media campaign ended the levels remained much higher. Ms. Smith said that as many, if not more, application requests were a result of radio advertisements rather than television. Analysis found these advertisements were educating and reaching out to new populations that were not being reached through traditional means.

“*hawk-i* 101”:

Ms. Salter stated that through discussions of the past several Board meetings it was felt that the Board, as well as the audience members, needed some history of the ***hawk-i*** program and how it got to where it is today.

Ms. Smith provided the Board with copies of Iowa Code Section 514I, a chart of the SCHIP allotments from FFY '98 through present, and health plan maps from 1999 and 2000. Susan Voss, Insurance Commissioner, was the Insurance Commission's representative on the Board at the time the program began, so she was asked to speak to the Board.

Ms. Smith explained that when the federal SCHIP legislation was passed, states were given three options. They could take their existing Medicaid program and expand it to 200% of FPL, or whatever level they chose; they could create a separate child health program outside their Medicaid program; or they could take a combination approach. At that time, Don Hermann was Iowa's Medicaid Director. Ms. Smith said that she and Mr. Hermann both felt strongly they needed to do something to fix the “stair step eligibility” that Medicaid has where sometimes one child in a family is eligible for Medicaid and another is not. Medicaid is an entitlement program, so if the state chose to expand Medicaid, the kids would get the same benefits as anybody else in Medicaid and the state is obligated to serve all the come.

Prior to the legislation being passed, the Insurance Division had gotten a Florida Healthy Kids replication grant. Florida was the first state to try to cover uninsured children as a class by themselves. They developed a program around school districts and funded it through counties and premium payments from families. Eligibility was income based. Florida's program received so much national attention, the Robert Wood Johnson Foundation offered grants to states to see if they could develop similar programs.

The State Public Policy Group facilitated meetings and roundtable discussions in several communities to gather input and made recommendations to the Legislature. A lot of principles that ultimately went into the development of the ***hawk-i*** program came from that effort. People want insurance that looks like every one else's, they don't want to have to go to the DHS office to apply. They will pay something if they can. The final report was made to the Legislature in April 1997 and the federal SCHIP legislation got passed in August. Because so much work had already been done for the grant, when it came to designing a SCHIP program much of the work was already done. The

Legislature did not want to do a full-blown expansion, but the Department was able to convince them of the need to level out Medicaid so there was not the stair step problem. Legislators were adamant that SCHIP look like commercial insurance to the greatest extent possible. Representative Brad Hansen felt very strongly about this and that the State couldn't demand or require carriers to participate, that any willing insurer could participate if they chose to. The goal was that there be as much competition as possible so families could choose. When discussions with health plans started, they were somewhat leery. Ms. Voss said that an actuary was hired to determine accurate rates and affordability to the families had to be considered. There was a feeling from the health plans that they couldn't possibly administer such a plan and cover their costs.

Ms. Smith said there was also the perception that these kids would be the really sick kids and utilization would be high. There was concern that there was no cost sharing and that is how the plans regulate utilization whether it is through deductibles, co-insurance, or premiums. The health plans also felt that the benefit package was very rich. While not as rich as Medicaid, it is richer than many commercial plans.

Ms. Salter asked who set the benefits. Ms. Voss responded that the Legislature set the benchmarks and benchmark equivalents.

Ms. Smith said the health plans indicated development of a product would take at least 18 months and the State was giving them less than 6 months to get an board. An agreement was reached that would let the health plans take an existing product and tweak it to meet the requirements of the legislature. They could impose their regular utilization management techniques to control costs, such as prior authorization, drug formularies, and limits on benefits.

Another agreement that was reached is the rule that managed care won't compete with indemnity plans in the same county. Since there is no difference in cost to the family, the managed care plans felt that they could not compete with Wellmark if families were given a choice between a managed care plan with restricted access, and Wellmark's indemnity plan what would allow them to go to any provider who takes Wellmark. That is why the contracts are designed the way they are. If a managed care plan moves into an indemnity county, all new enrollments are enrolled in the managed care plan and as the indemnity enrollees come up for renewal they will be moved into managed care.

The *hawk-i* program began January 1, 1999, in 16 counties with one health plan, Iowa Health Solutions. Ms. Smith said there were a lot of questions and concern about why the program was not offered statewide and why certain health plans were not participating. Ms. Smith said that unlike Medicaid, SCHIP does not have a state wideness requirement. Ms. Voss added that there were a lot of discussions with a lot of carriers as to what it would take for them to participate. Many discussions were held with Wellmark, who came on Board March 1, 1999, with their indemnity plan.

Ms. Salter asked what incentive was there for an insurance company join the *hawk-i* program, is it profitable? Ms. Voss said that she believed that Iowa Health Solutions was interested in participating because they wanted to expand their role in Iowa. At the time they were primarily located in the eastern part of the state and were looking to

expand in the managed care market. Initially the capitation rates were around \$70 per month, so low that many plans didn't think they could do it. Ms. Salter asked how that \$70 rate was set. Ms. Voss responded that an actuary reviewed the benefit package and \$70 was what they felt would be a reasonable amount. At the time, Wellmark Foundation's "Caring Kids" program was serving this population. Eventually John Deere joined *hawk-i*, and Wellmark offered a managed care product, Unity Choice.

Ms. Smith said that Wellmark's Unity Choice was an option for only a year or so, then they went strictly to indemnity. At one point in time residents of five counties had a choice from three plans. Now there is no choice in any county.

Ms. Voss said that as she looks back, this was new territory for everyone. It was a whole new program and the Board really wanted to operate it like a private entity. Things weren't working right with the original third party administrator, so the "Request For Proposal" process had to be started again and a change was made. It took awhile to get everything in place. There was also pressure to get enrollments and expand or else the federal allotment would be reverted. Ms. Smith explained that the federal law was passed in August, 1997, and the allotments were available for FFY '98, which was October 1, 1997. For Iowa this was \$32.4 million, based on an estimate of 65,000 uninsured kids. What Congress failed to recognize was that most, if not all, states needed authorizing legislation because this is an optional program, not mandatory. Legislatures had to approve the program and appropriate the state funding. Medicaid expansion was implemented the following July, and the second federal allotment became available in October, 1998, so Iowa was sitting on \$54 million. By the time *hawk-i* was implemented January 1, 1999, close to \$90 million in available federal funding was available. Ms. Voss said they also faced the challenge of how to educate the population about the program. It was a struggle to get people to understand the program and get children enrolled.

Ms. Salter asked about the Clinical Advisory Committee. Ms. Smith said that there was a sense at the time that they did not want to do a Medicaid expansion because of the entitlement component. The advocates were concerned that a commercial benefit package would not meet the needs of the children. The Legislature created the Clinical Advisory Committee to advise the Board on the benefit package. This was a way for the provider community to provide input on whether the benefit package was adequate in meeting the needs of the population. Ms. Voss added that there were specific issues about children's health and pediatrics the Legislature wanted to be covered, so the Iowa Code includes language that the Committee would meet on a regular basis and make recommendations.

Ms. Salter said that she has been confused about the Committee's role and this Board. What should the Board expect of them and what should they do? Ms. Ruggle said they are to advise the Board on clinical and quality issues. They review some of the carriers and the types of coverage. They reviewed the benefit packages of the plans. They have conducted surveys and have requested and reviewed special studies such as the ones on asthma and ADHD. These studies are done to meet federal requirements.

Ms. Salter then asked how the Children with Special Health Care Needs Committee worked into that. Ms. Ruggle responded that this Committee was established in the enabling legislation to make recommendations to the Board and to the General Assembly by January 1, 1999, concerning “the provision of health insurance coverage to children with special health care needs”. At their January 19, 1999, meeting, the Board voted unanimously to ask that this committee continue and the Code was amended to make this a permanent Committee. One representative from the Special Health Care Needs Committee serves on the Clinical Advisory Committee. The Special Health Care Needs Committee did make recommendations to enhance the **hawk-i** benefit package, which the Board approved and asked to have submitted to the Legislature for approval. However, even though the Board approved the recommendation, the budget request still has to go through the DHS Council and they have not approved it for submission as a budget request. Thus, the Committee more or less has been on hold for the last several years.

Ms. Salter said that she thinks the Board should make a decision on whether this Committee is needed, and if so, they should meet. If the Committee is no longer needed, then the Board should ask that the requirement be changed. Ms. Smith said that one impact of the Deficit Reduction Act is that states have an option to allow families up to 300% of FPL with special needs children to buy into Medicaid. Originally it was felt there would be a lot of special needs children in the **hawk-i** program, which has not been the case. Ms. Salter asked how many special needs children are enrolled in **hawk-i**. Ms. Ruggle responded that there was no way to know an exact number, but the latest **hawk-i** survey showed that 10 percent of the parents responded that their child has special health care needs.

CONTRACTS FOR APPROVAL:

John Deere Amendment:

Ms. Ruggle told the Board that the Fourth Amendment to the Contract with John Deere would allow John Deere to expand into 20 additional counties effective March 1, 2006. The counties are: Appanoose, Boone, Buchanan, Clinton, Davis, Greene, Guthrie, Jasper, Jefferson, Keokuk, Lee, Louisa, Lucas, Marion, Monroe, Muscatine, Poweshiek, Story, Van Buren, and Wapello. Any residents of those counties submitting new applications or renewals on or after March 1, 2006, for an effective date of April 1, 2006, or later, will be enrolled in John Deere. Families in those counties that are currently enrolled in Wellmark will stay enrolled in Wellmark until the time of their renewal, at which time they will be switched to John Deere.

Angela Burke Boston made a motion to approve the amendment to the John Deere contract. Wanda Wyatt Hardwick seconded the motion. Unanimous approval was made by Angela Burke Boston, Charlotte Burt, Jim Yeast, Wanda Wyatt Hardwick, and Susan Salter.

Delta Dental Amendment:

The Fourth Amendment to the Contract for Dental Services with Delta Dental also provides that Delta Dental of Iowa will now provide dental coverage in the twenty additional counties covered by John Deere.

Jim Yeast made a motion to approve the amendment to the Delta Dental contract. Angela Burke Boston seconded the motion. Unanimous approval was made by Angela Burke Boston, Charlotte Burt, Jim Yeast, Wanda Wyatt Hardwick, and Susan Salter.

Wellmark Amendment:

The First Amendment to the Contract with Wellmark, removes the twenty counties from the coverage area under Wellmark.

Jim Yeast made a motion to approve the amendment to the John Deere contract. Wanda Wyatt Hardwick seconded the motion. Unanimous approval was made by Angela Burke Boston, Charlotte Burt, Jim Yeast, Wanda Wyatt Hardwick, and Susan Salter.

OUTREACH UPDATE:

Karen Wielert from the Hawkeye Area Community Action Program in Cedar Rapids, spoke to the Board about recent outreach efforts.

Ms. Wielert told the Board that one of their successful outreach efforts is in collaboration with the six-county area Head Start Program. ***hawk-i*** materials are included in their enrollment packets and she periodically attends Head Start parent meetings to make presentations and answer questions about ***hawk-i***.

Outreach is also conducted through Family Resource Centers and well-child clinics. Ms. Wielert said she often meets with families when they come in for well-child screenings and explains the ***hawk-i*** program.

Other successful outreach strategies include working with the St. Lukes Hospital emergent care and dental center, the United Way, the Cedar Rapids neighborhood associations, and the Cedar Rapids schools. The emergency contact forms in the Cedar Rapids schools asks parents if they would like more information about health insurance. Those that indicate interest are forwarded to Ms. Wielert for follow-up. She is working with other school districts in the area to have this question included on their emergency contact forms too.

Ms. Salter asked about the school free and reduced lunch program and ***hawk-i*** applications. Sarah Dixon from the Covering Kids Task Force, responded that the guidelines for the free and reduced lunch program are very similar to those of ***hawk-i***. Children from families up to 130% of FPL get free meals, children 130% to 185% qualify for reduced price meals. The Covering Kids & Families Task Force prepared an Issue Brief (#10, December 2005) asking policy makers to make the connection stronger

between the lunch program and *hawk-i*. Legislation has been proposed that would direct the Department of Education and school districts to provide the Department of Human Services with application information necessary to assist children in obtaining health insurance either through Medicaid or *hawk-i*. Only 91 of the 367 school districts in Iowa voluntarily provided this information to the Department in the 2004-2005 school year.

Ms. Smith said that she receives a quarterly list of food assistance recipients with children who are not on Medicaid. If these families are eligible for food assistance, they would be eligible for free and reduced meals. A letter and a *hawk-i* application are sent to these households.

Ms. Dixon reported that the Task Force also released Issue Brief #9, "Shortfalls in Federal Funding and its Impact on *hawk-i*", February, 2006. This brief looked at SCHIP reauthorization that will be before Congress in 2007, the funding mechanism, and the impact on Iowa.

Ms. Smith said that that will be attending a meeting in Washington D.C. this month entitled, "SCHIP at 10". As SCHIP comes up for reauthorization, states will be making recommendations on changes. The number one issue is to ensure adequate funding, or at the least a constant funding source. Recommendations were also made about coverage of state employees, immigrant children, and single service plans such as dental only.

Ms. Dixon said the Task Force issued their "2006 Winter Report: How Iowa Insures its Children" This is the seventh and final year of the project funded by the Robert Wood Johnson Foundation. The report focuses on how Iowa insures children and the gains that were made because of the grant. The report talks about the process improvements that have been implemented as well as outreach accomplishments.

The Task Force recommends that the Iowa General Assembly maintain Medicaid and *hawk-i* at their current levels of service. In addition to contributing to the health and well being of Iowa's children by providing health care coverage, they play a role in the overall development of a child including improved school readiness, attendance, and school performance. The report also highlights enrollment numbers and the link between outreach efforts.

Ms. Salter asks what happens now that the Task Force is ending. Beth Jones indicated that Covering Kids and Families has applied for a Wellmark Grant to continue their work. They will find out in April whether the grant request is approved.

NEW BUSINESS:

There was no new business to present before the Board.

The next regularly scheduled meeting is Monday, April 17, 2006, at 12:30 p.m. in the Levitt Room, Des Moines Botanical Center in Des Moines.