

HEALTHY AND WELL KIDS IN IOWA (*hawk-i*)
BOARD MEETING
MINUTES
September 16, 2002

BOARD MEMBERS:

Eldon Huston, Chair
Terri Vaughan, Vice-chair (absent)
Charlotte Burt (for Ted Stilwill)
Julie McMahon (for Stephen Gleason)
Susan Salter
Wanda Wyatt-Hardwick (absent)
Jim Yeast

LEGISLATIVE BOARD MEMBERS:

Senator Kenneth Veenstra (absent)
Senator Amanda Ragan (absent)
Representative Brad Hansen (absent)
Representative Jane Greimann (absent)

DEPARTMENT OF HUMAN SERVICES:

Anita Smith
Anna Ruggle
Shellie Goldman

ATTORNEY GENERAL'S OFFICE:

Marne Woods

GUESTS:

Barbara Fox-Goldizen
Kristine Klauer
Laura Arensdorf
Sara Schneider
Sonni Vierling
Chris McCarthy
Sam Leto
Lisa Huff
Carrie Nordling
Karen Brown
Alice Benge
Dee Bradley
Deb Kazmerzak
Sarah Taylor
Beth Jones
Ed Conlow
Denise Hill
Linda Lantz
Jane Borst

AFFILIATION

MAXIMUS
John Deere Health
John Deere Health
DHS - *hawk-i*
Dept. of Public Health - Covering Kids & Families
Iowa Health Systems
Legislative Fiscal Bureau
Healthcare Coverage 4 Kids
Des Moines Public Schools Outreach
Healthcare Coverage 4 Kids
SIEDA *hawk-i* Outreach Coordinator
hawk-i Outreach
State Public Policy Group/Outlooks
Dept. of Public Health - Covering Kids & Families
Dept. of Public Health - Covering Kids & Families
House Democratic Staff
Iowa Medical Society
Iowa Department of Public Health
Department of Public Health

MEETING CALLED TO ORDER:

The Healthy and Well Kids in Iowa (*hawk-i*) Board met on Monday, September 16, 2002, in the Oak Room, Des Moines Botanical Center, 909 E. River Drive, Des Moines, Iowa. Eldon Huston, Chair, called the meeting to order at 12:30 p.m.

WELCOME, INTRODUCTIONS, AND ROLL CALL:

Ms. Smith took the roll call, a quorum was present.

Audience members introduced themselves. Mr. Huston informed the guests that there would be an opportunity for public comment later in the agenda. Anyone wishing to address the Board should notify Mr. Huston.

APPROVAL OF THE AUGUST 12, 2002, MEETING MINUTES:

There were no changes to the August 12, 2002, meeting minutes. The Board approved the minutes as written.

REVIEW OF CORRESPONDENCE, REPORTS, OTHER STATE NEWS:

Ms. Smith reviewed the correspondence:

- August 15, 2002, news release from Iowa Health Solutions announcing they have achieved accreditation by the Joint Commission on Accreditation of Healthcare Organizations.
- September 6, 2002, letter from Covering Kids & Families to Trish Riley of the National Academy for State Health Policy. At the last Board meeting a report was provided from the Urban Institute that was released to coincide with the Covering Kids and Families Back to School Campaign. The report indicated that Iowa had enrolled 32,000 fewer kids than what the State's data showed. Most states believed that their numbers were also underreported and were concerned that they didn't have an opportunity to review and comment on the information before its release. As a result, the National Academy for State Health Policy drafted a letter to Covering Kids on behalf of the states. This September 6 letter from Covering Kids and Families indicates they will work more closely with states in the future, and outlines some specific steps they are taking, including scheduling regional meetings to include both Covering Kids and state representatives.
- August 13, 2002, "Des Moines Register" editorial that disagrees with CMS for issuing waivers to states to allow the use of SCHIP funds for the coverage of adults.
- August 19, 2002, Kaiser report that quotes the "Des Moines Register" editorial, and a similar article in the "San Diego Union Tribune". An August 26th Kaiser Report indicates that HHS approved a waiver allowing New Mexico to expand health insurance coverage to 40,000 adults, including childless adults ages 19 to 64.
- August 27, 2002, "New York Times" article stating the debate on the uninsured is likely to become more heated in Congress once the 2001 census data is released. Everything from universal health care coverage to tax credits are likely to be discussed. It does appear that there is some support to expand SCHIP.

- September 9, 2002, "USA Today" report discussing increasing health care costs. Costs were kept down in the 1990's due to strong economic conditions and tight labor markets, but since this spring costs have increased dramatically, particularly in Iowa. A similar article appeared in the "Des Moines Register" on the same day entitled "A Bitter Pill". Nationally, health care costs have increased 12.9%, in Iowa they have increased nearly 19%. The Iowa employer benefit study showed for the first time that Iowa employers expect to eliminate health care coverage for employees due to increased costs. As families lose coverage they will most likely turn to SCHIP and Medicaid for coverage. Iowa's larger than national average increase is attributed to the higher elderly population, low Medicare reimbursement rates, and lack of competition among health plans.
- A National Governor's Association report identifying how other states are handling their Medicaid and SCHIP shortfalls. For example, Missouri has eliminated coverage for 36,000 low-income parents, lowering the eligibility limit from 100% of poverty to 77%. Nebraska's CHIP program (a Medicaid expansion) will reduce the number of people eligible for Medicaid in the state, approximately 12,750 adults and 12,00 children.

Ms. Smith noted there has been a multitude of articles about rising health care costs and she has additional articles available if anyone wishes to look through them.

UPDATE ON WELLMARK'S GENERIC DRUG PROGRAM:

Dr. Lee Ding, Wellmark's Pharmacy Director, updated the Board on the progress of implementing the new therapeutic and generic interchange prescription drug program.

Dr. Ding told the Board that Wellmark's customer service records show that between the time letters were mailed to *hawk-i* families informing them of the change (June 3, 200), and August 30, 2002, 132 phone calls were received. Only 8 of those were complaints. Mr. Huston asked about provider and pharmacy calls. Calls from providers and pharmacists are not tracked, but Dr. Ding said there have been very few. To date, he is aware of only two calls from pharmacists that have been elevated to his level.

Dr. Ding shared preliminary data with the Board that shows generic use has increased from 45.6% in June to 64.7% in August. During that same time brand drug usage decreased from 54.4% in June to 35.3% in August. Dr. Ding said that with the grandfathering in of certain medications currently used by *hawk-i* enrollees, an 80% generic usage might be more realistic than the previous goal of 90%. Dr. Ding said that since many pediatric illnesses are seasonal, it is still too soon to really measure the success of the generic program.

ADMINISTRATOR'S REPORT:

Budget:

Ms. Smith reported that state fiscal year 2002 has been closed out and reviewed the final expenditures. The total budget available was \$12,193,294, with projected

expenditures of \$10,737,523. Actual expenditures were \$9,369,624, leaving a projected \$2.8 million carryover in the trust fund.

The CHIP Budget for SFY 03 is \$14,460,743. This assumes the \$2.8 million carryover from 02. Expenditures are projected to be \$12,270,743 with \$1,398,623 expended to date. It is anticipated that \$2.2 million will be carried over to SFY 04. However, funding for HIPAA implementation was not considered at the time the budget for 03 was developed and those costs will have to be absorbed in the SFY 03 budget. The requirements of HIPAA are effective October 1, 2003.

Ms. Smith shared the SFY 04 and 05 budget request for *hawk-i* that was submitted to the DHS Council at their September meeting. The Council approved the budget as submitted and it now goes to the Governor for consideration. Ms. Smith reminded the Board that for every \$1 in state funds expended, \$3 in federal funds will be drawn down. Currently Iowa has approximately \$65 million in federal funding available. Ms. Smith explained that decision packages 1 through 5 are necessary to maintain current level and decision packages 6 through 14 build in the costs for growth. The budget assumes a 2.6% growth in SFY 03 and a 1.6% growth in SFY 04. To maintain current level for SFY 04, the Department requested \$13,146,551. The cost for projected enrollment increases brings the total SFY 04 budget request to \$16,220,655 (assumes a \$2.2 million carryover in the trust fund). For SFY 05, \$14,556,591 is needed to maintain current levels and a total budget request of \$21,499,239. Ms. Smith said that as the balance in the trust fund decreases, it becomes necessary to increase the amount of the general funds budget request to replace trust fund dollars. By SFY 05, there is no anticipated trust fund carryover. The total SFY 04 budget is \$63,485,929 (\$47,265,274 federal funds and \$16,220,655 state funds).

Enrollment & Statistics:

The "History of Children in Medicaid and *hawk-i*" report shows the growth in Medicaid in SFY 02 was 13,472 kids. *hawk-i* grew by 3,065 kids. Overall there are 17,037 more kids with health care coverage at the end of June 2002, than in July 2001.

Mr. Huston asked if there was any way to have an unduplicated count. Ms. Goldman is working on getting that information. However, it may be difficult to have an accurate record due to the change in third party administrators.

hawk-i enrollment in August was 13,536. Ms. Smith said that while there has been some growth, there has been some leveling off the last several months. This can be attributed in part to more children leaving *hawk-i* and moving to Medicaid, and may also be reflective of the delay in renewing the outreach contracts. Staff will continue to monitor the trends.

Mr. Huston noted it could be a trend in the summer months and enrollment will increase again as school resumes.

Proposed Federal Legislation:

There are two proposals currently being discussed in Congress concerning reauthorization of SCHIP funding. States were given allotments based on estimates of eligible uninsured kids. Based on CMS' estimate of 67,000, Iowa's allotment has been approximately \$32 million. The SCHIP legislation was part of the Balanced Budget Act so in order to ensure the budget would be balanced in five years, the legislation included the "CHIP dip". In year 5, the amount of the allocation is reduced. States were aware their allocations would be reduced, they just did not know by how much. Iowa will receive \$22.4 million in FFY 02 rather than the previous \$32 million. States had up to three years to spend each year's allotment, then it would revert back and be available for redistribution to states that had spent their allotment. Those states then had one year to spend the redistributed funds or they were reverted to the United States Treasury. After the first three-year period, 41 states were scheduled to revert unspent funds. As a result, the Beneficiary Protection and Improvement Act (BIPA) was passed. This allowed states to keep up to 60% of the money they would otherwise have to revert from FFY 98 and 99 allotments. BIPA is due to expire and there are no other provisions that would allow states to keep any part of the funds scheduled to revert. Iowa is currently spending FFY 00 funds. Added to the \$32,382,884 allotment is a carryover from FFY 99 (\$4,787,171) for a total of \$37,170,055. As of the third quarter of FFY 02, \$16,067,994 remains unspent.

The legislation currently under discussion would change the formula, the time limits for spending the redistributed funds, the order for spending money, the priority of spending redistributed funds, and how to fix the "CHIP dip". One proposal before Congress is "Save our SCHIP Act". The other bill is sponsored by Rockefeller, Chafee, Kennedy and Hatch. The proposals are very different, although the retention formulas are similar. Iowa's position is that the Rockefeller, Chafee, Kennedy, Hatch bill would be more beneficial to Iowa. The "save our SCHIP Act" is more beneficial to states that aren't spending their allotments and will have a lot of carryover funds. That Act would allow states up to three years to spend retained funds instead of the current one year. It also allows states to spend up to 10% of their retained funds on outreach activities, which cannot be done under current legislation. States would also be allowed to spend retained funds in any order and this would reduce the amount of money that could potentially be redistributed to other states. The Rockefeller, Chafee, Kennedy and Hatch proposal is more beneficial to states that are spending all of their allotments because it is fixing the "CHIP dip". Several states have been approved for HIFA waivers so there is less money to revert. Under the "Save our SCHIP" Act, states would have up to three years to spend their retained funds, putting fewer dollars in the redistribution pool for those states that are spending their allotments. Projections are that by 2005 Iowa will be spending all of their allotment, so the bill most beneficial would be the Rockefeller, Chafee, Kennedy, and Hatch amendment. Ms. Smith told the Board that this position has been relayed to the National Governors Association and Senator Grassley's office.

Ms. Smith said another proposal that could affect this program is the TANF reauthorization bill because it includes provisions that gives states the option to provide coverage to legal permanent resident aliens.

COVERING KIDS UPDATE:

Sonni Vierling told the Board that under the new Covering Kids and Families grant, the Covering Kids Now Task Force will continue to meet. This Task Force is a think tank of various professionals who discuss policy and program barriers for both Medicaid and **hawk-i**. Ms. Vierling introduced Deb Kazmerzak of Outlooks, a subsidiary of the State Public Policy Group. Ms. Kazmerzak will be facilitating and coordinating the Covering Kids Now Task Force.

Ms. Kazmerzak updated the Board on their activities:

- They are trying to fill several vacancies on the Task Force.
- The Task Force will be reviewing priorities set in the past and a discussing the winter report to the Legislature.
- A follow-up to this spring's educational meeting was held. Overall, the education community does not see that doing outreach for **hawk-i** and Medicaid is their job. They are, however, very supportive and see the value of having healthier children in school and having access to health insurance. There are also varying degrees of participation in **hawk-i** outreach among the schools. Some have partnerships with outreach workers while on the other hand there are school administrators who simply are not aware of **hawk-i**. Ms. Kazmerzak said there does not seem to be any clear channel to get to the right person in the schools. School nurses are very supportive, very involved, and very interested in facilitating **hawk-i** coverage for school children. However, in some cases, they do not feel it is sanctioned from their administration. Without that support, they do not feel it is an appropriate way to use their time. It has been suggested that the Iowa State Education Association be contacted and provided with newsletter articles as well as working with the athletic associations to try to work through school sports to introduce **hawk-i** to parents that way.

Ms. Vierling added that although some of the representatives from education indicated they do not have the staff or resources to do outreach and follow-up, they are open to asking the question, "does your child have health insurance". Ms. Vierling said through that meeting it was also discovered that some of the tools school nurses need are outdated, or they had not been available to them. Covering Kids will be gathering and updating these tools to share with outreach workers for outreach to schools.

Mr. Huston asked Ms. Kazmerzak to provide the Board and the audience with an explanation of what the State Public Policy Group does. Ms. Kazmerzak said the Public Policy Group was founded approximately 18 years ago by a former state senator, Tom Slater. When serving in the Legislature, Senator Slater found that groups that did not have political savy or money weren't as effective in their lobbying efforts. The Public Policy Group works in many areas, but health care has been a cornerstone for many years. Ms. Kazmerzak said her background is in social work.

Ms. Smith explained that before the federal CHIP legislation was passed, Iowa received a Robert Wood Johnson grant to look at developing a child health insurance program

similar to one in Florida. As part of that project, the State Public Policy Group facilitated public forums to gather input, and prepared a report to the legislature containing recommendations.

PUBLIC COMMENT:

There were no public comments.

GRASSROOTS OUTREACH:

Local Contracting & Monitoring Process:

Jane Borst, Iowa Department of Public Health, gave an overview of the outreach application process for the child health agencies. If the Board approves the contract between DHS and Public Health at today's meeting, Public Health is prepared to issue guidance to local agencies on September 19th. A technical assistance ICN session is scheduled on September 20th to lead agencies through the application components. The applications are due October 15th, and the notice of award will take place by October 30. The contract period starts October 1, 2002. The October 1 date was selected because some communities were able to secure funding for the first three months of the fiscal year which ends September 30th.

- Funds will be distributed on a county-by-county basis. The allocations are based on the number of children below 200% of poverty.
- One person in the agency must be named as the outreach and enrollment coordinator. That person will be the single point of contact for ongoing outreach and enrollment activities.
- Each agency will be required to fill out a county-by-county assessment for each of the counties they serve. There are three main components to the assessment:
 - school based activities;
 - health provider resources; and
 - faith-based.
 Agencies are asked to identify where gaps exist and to invite current stakeholders to participate.
- Description of current outreach and enrollment activities and describe plans they will implement to seek cooperation from other community stakeholders.
- In addition to coordinating and conducting community based outreach and enrollment activities, the applicants will be asked to coordinate with and attend designated Covering Kids outreach task force meetings. They will be asked to convene stakeholders in developing community-based outreach and enrollment plans that build on existing capacity and resources and avoid duplication of effort.
- Applicants will be asked to identify planned expenditures, itemize specific expenses, and to describe other sources of funds to be used in accomplishing the action plan.

Marne Woods questioned the contract award date of October 30, 2002, with a contract period beginning October 1, 2002. Ms. Woods said that by October 1, new contracting rules would be in effect and that there could be no payment for services before the date the contract is signed. Ms. Borst said that these would be amendments to existing contracts with the Department of Health so that the proposed dates would not work under the terms of the existing contracts, then the dates would have to be adjusted. The legal counsels for the agencies will consult and resolve the issue.

Revised County Enrollment Projections:

Shellie Goldman presented the new Medicaid expansion and ***hawk-i*** outreach enrollment goals by county for SFY 03. These numbers were reached by using the projections presented at last month's Board meeting. The estimates are based on the estimated number of uninsured children 0 to 19 under 200% of federal poverty level. It is estimated that 32,500 Iowa children are uninsured. Of those, 11,700 would fall into the Medicaid category, 6,825 would fall under Medicaid expansion, and 13,975 under ***hawk-i***. Based on trended growth rates and economic data, enrollment goals for SFY 03 were set. For Medicaid expansion 3,608, and for ***hawk-i*** 5,563. Total enrollment goals were reached by taking the current enrollment as of July 2002, and adding the projected enrollment as of June 30, 2003. The total enrollment goal for Medicaid expansion is 18,863 and for ***hawk-i*** 27,576, for a total under Title 21 of 46,439.

Ms. Burt asked how these projections will be tied to the outreach contracts and if the numbers have a connection with the amount of the grant. Ms. Borst said that the projections would be made available to the agencies applying. The agencies can review the projections for the counties they are applying for and, for example, state that in the next 8 months they expect to reach "x" number of children. If the amount of the outreach funds available is too small, the applying agency might say they could only reach 30% of the projection.

Ms. Smith said that the Department of Public Health used the approved formula to arrive at the funding by county for FY 03. These amounts were then compared to what DHS used for each of the last 3 fiscal years. The total amount remains the same, \$300,000, but it is being distributed a little differently based upon the new population numbers.

Contract for Approval:

Anna Ruggle provided an overview of the contract between DHS and the Department of Public Health to provide outreach services that is being brought before the Board for consideration.

The term of the contract is September 1, 2002, through June 30, 2004. The compensation is not to exceed \$350,000. The term of the contract may be extended for additional two one-year terms.

Jim Yeast made a motion to approve the contract. Susan Salter seconded the motion. Unanimous approval was made by Charlotte Burt, Julie McMahon, Jim Yeast, Susan Salter, and Eldon Huston.

IOWA RESULTS OF RETENTION & DISENROLLMENT SURVEY:

Ms. Smith reviewed the results of Iowa's participation in a CHIP retention and disenrollment survey. Iowa participated in this survey because the National Academy for State Health Policy (NASHP) asked states if there were certain issues the states wanted to study to make their programs better. Seven states, including Iowa, wanted to look at why families disenroll and the barriers to getting and keeping kids enrolled. The seven states that participated were Alabama, Arizona, California, Georgia, Iowa, New Jersey, and Utah. NASHP subcontracted with Lake, Snell, Perry & Associates to report on the national findings, conduct the surveys, and develop state-specific reports.

The study showed that, overall, the experience of CHIP participants in Iowa does not differ greatly from that of enrollees in other states. Other findings include:

- "Lapsing" is a much smaller problem than states thought it was. States are over-estimating the number of families lapsing. The reasons that parents say their children are no longer eligible for *hawk-i* may be totally different than the reasons the program records indicate. Some were getting other insurance, or the children were no longer living in the household. In Iowa, 140 families were to be surveyed, but 109 of the past participants reached from the "lapsed families" sample were ineligible for the survey because they said they left for reasons that, if valid, would make them ineligible for *hawk-i*. 37% said their child got private insurance. 36% said they are no longer enrolled because change in income made them ineligible. 24% reported that their child had moved to Medicaid. 5% said their child was no longer eligible because of age.
- It was initially suggested that the children lapsing from CHIP programs are children who are not using services. This has not proven to be the case. Ms. Smith said that this is an area that *hawk-i* really needs to focus on, because the fact these higher utilization kids are leaving and remaining uninsured will all have a negative impact on the family. Iowa does, however, appear to be doing better than other states in this area.
- *hawk-i* gets high rating from parents. 83% of current enrollees and 65% of lapsed families give the program a rating of "very good" or "better". Current enrollees are especially enthusiastic about the program. *hawk-i* gets high marks for its basic medical care. Parents are slightly less positive about *hawk-i*'s prescription drug coverage. Still, the majority of lapsed families rate the drug coverage "very good" or "excellent". Similarly parents are slightly less positive about the program's dental benefits.
- An overwhelming majority of the lapsed families say they want back in the program. Many families indicated they are no longer eligible because they have other insurance but what they are getting through their employer is not as good as the

CHIP program. They appreciate *hawk-i*'s low cost, care, coverage, and access, and when surveyed they were asked to describe what they liked best: affordability, comprehensive coverage and benefits, access to doctors and specialists.

- The report indicates the causes of lapsing are complex and both programs and parents play a role. The two categories identified are families' hectic lifestyles and misinformation and mistakes in the program. Most lapsed families (78%) say whatever their action it was not their intention to leave *hawk-i* (78%).
- *hawk-i*'s renewal process is not a problem, but some families do find it difficult. Lapsed families that say they were terminated because they did not complete the renewal process were asked why they didn't renew. Responses were: they never received renewal documents; they sent in their materials but *hawk-i* said they didn't get them; they just didn't get around to doing the paperwork; and they didn't know they had to renew. Ms. Smith said that prior to the survey being completed, Iowa had already taken steps to help families with the renewal process. Renewal reminders are printed on the 10th month of the payment coupons. A pre-printed renewal application is sent to the family 60 days in advance and the family is asked to update any out of date information and to send in updated income information. If the information is not sent in within 15 days a reminder letter is generated. If no response, the family receives two follow-up phone calls and a notice of cancellation.
- Parents found the amount of the premium is reasonable and parents do not object to paying premiums, but sometimes parents find it hard to pay their premiums. Many families did not know that if their income went down they could ask to have their premium adjusted.
- The data gathered for this report does not support that "healthier" children are more likely to leave CHIP. The full 7-state data actually showed that lapsed families are "sicker" than enrollees. This finding is difficult to interpret and something that Lake, Snell, Perry & Associates will look at in a future research project.

Ms. Smith said that because many of the concerns in the report have already been addressed it is hard to determine how many of the findings are valid today.

Mr. Huston asked if it was possible for staff to summarize this report and provide the summary to the Governor's Office and key legislators because so many express concern about the kids who have left the program. Ms. Smith said that she thought people were surprised when they saw the findings because they show that disenrollment is not necessarily a bad thing; children can leave the program for "good" reasons (e.g. obtained other insurance). There have been discussions about MAXIMUS conducting a disenrollment survey. In the proposal, families will be contacted and asked why they are no longer participating. This will help ascertain if disenrollment is due to an administrative barrier that needs to be addressed, because of change in income, or obtaining other insurance.

NEW BUSINESS:

Mr. Huston asked that a discussion of the Clinical Advisory Committee's recommended benefit changes be placed on the agenda for the October Board meeting. Mr. Huston wanted the new Board members to have an opportunity to review the recommendations before the discussion. The cost estimates have been updated by the actuarial service as of September 9, 2002. Mr. Huston asked about the status of the Board's technical corrections to the Code of Iowa. Ms. Smith responded that these corrections have been submitted to the Code Editor and will be a part of their technical corrections bill this year.

Ms. Smith said that the new *hawk-i* application was sent to several outreach workers for comment. Once their comments are received, any necessary changes will be made and the application can then be sent out for translation into Spanish.

There was no other new business to present before the Board.

The Board's next meeting is Monday, October 21, 2002, at 12:30 in the Oak Room at the Des Moines Botanical Center.