

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

April 21, 2003

BOARD MEMBERS:

Eldon Huston, Chair
Susan Voss (for Terri Vaughan)
Charlotte Burt (for Ted Stilwill)
Mary Mincer Hansen (absent)
Susan Salter
Wanda Wyatt-Hardwick
Jim Yeast

LEGISLATIVE BOARD MEMBERS:

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

DEPARTMENT OF HUMAN SERVICES:

Anita Smith
Shellie Goldman
Anna Ruggle

ATTORNEY GENERAL'S OFFICE:

Marne Woods

GUESTS:

Kristine Klauer
Ron Askland
Sara Schneider
Barbara Fox-Goldizen
Wendy DeWitt
Ann Campean
Rhonda Boltz
Diane Ellis
Karen Brown
Lisa Huff
Sonni Vierling
Beth Jones
Sarah Taylor
Carrie Nordling
Angie Doyle Scar
Deb Kazmerzak
Mary O'Brien

AFFILIATION

John Deere Health
Mercy Medical Center
DHS - *hawk-i*
MAXIMUS
Iowa Health Solutions
Iowa Health Solutions
Lee County Health Department
Community Health Covering Kids
Center for Healthy Communities
Center for Healthy Communities
Dept. of Public Health - Covering Kids & Families
Dept. of Public Health - Covering Kids & Families
Dept. of Public Health - Covering Kids & Families
hawk-i Outreach - Des Moines Public Schools
hawk-i Outreach
Covering Kids Task Force
Visiting Nurse Services

MEETING CALLED TO ORDER:

The Healthy and Well Kids in Iowa (*hawk-i*) Board met on Monday, April 21, 2003, 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 MINUTES OF FEBRUARY 17, 2003, MEETING:

Susan Voss made a motion to approve the February 17, 2003, meeting minutes as written. Susan Salter seconded the motion. Unanimous approval was made by Susan Voss, Jim Yeast, Wanda Wyatt-Hardwick, Susan Salter, and Eldon Huston.

REVIEW OF CORRESPONDENCE, REPORTS, & OTHER STATE NEWS:

Ms. Smith reviewed the correspondence.

- February 13, 2003, response to Linda Zahrt, Monona County Public Health. Ms. Zahrt raised several issues and asked that the Board discuss them. Some of the issues were due to a misunderstanding of program policies. She also had questions about people who do not want Medicaid and people who have not been truthful with the Department. A question was also raised regarding the viability of the program in future years. Ms. Smith said that she had received no further communication from Ms. Zahrt so she assumes the responses in the February 13th letter satisfied the inquiry. Mr. Huston asked that someone from the *hawk-i* program contact Ms. Zahrt to let her know her concerns were brought to the Board's attention and inquire as to whether her concerns were adequately addressed.
- In March an informational letter and *hawk-i* application was included in a mailing to 1,800 food stamp families who had children not identified as Medicaid-eligible. These applications were marked so that it can be determined how many are received as a result of this effort. Ms. Smith said that some of these families may already be on *hawk-i* or have other insurance. A few applications have already been completed and returned.
- On March 10, 2003, the Health and Human Services press office announced President Bush's proposal to assist the uninsured. The announcement said that the proposal includes tax-based supports to help buy insurance and expands programs that provide direct health care to the needy. One of the key pieces of the proposal concerns modernizing Medicaid. Few details are available at this time, but it is the Department's understanding that with the Medicaid modernization concept states could continue running their Medicaid and SCHIP programs like they are today, or they could opt into a block grant plan. Under the block grant plan the SCHIP allotment would be co-mingled with the Medicaid funds and the state would get a set amount of funding to run both programs. While the state would have a lot of flexibility to make changes to the optional Medicaid coverage groups and benefits, the coverage groups and benefits that are currently mandatory under Medicaid

would remain so. The entitlement provisions for the mandatory groups would also remain in place so the state would be obligated, as with any entitlement, to serve any eligible person that applies.

Ms. Smith said that although the states welcome more flexibility, there is concern that there is no flexibility for the mandatory groups and because the mandatory groups would be operating as an entitlement program with capped funding. Governor Vilsack is part of the National Governors Association's Medicaid redesign team and has been tracking this proposal as well. This legislation could significantly impact states' SCHIP programs so staff will continue to monitor its progress.

- March 28, 2003 "Des Moines Register" article - "Grassley, Nussle to Face Off Over Medicaid Budget". Ms. Smith said that at the same time that the Medicaid modernization bill is touted as covering more people and providing more flexibility to the states, the administration also proposed reducing Medicaid funding by \$92 billion. While this article focuses on a disagreement between two members of the same political party, this legislation could have had a huge impact on Iowa as well. The proposal would have reduced federal Medicaid and SCHIP funding in Iowa by \$863 million between federal fiscal years 2004 and 2013. It is the Department's understanding that 98% of the reduction was to be applied to Medicaid and 2% to SCHIP. 33% of the savings were to be realized in the first year, 2004. The administration's position is that the savings can be obtained through elimination of fraud and waste. If the bill passes, it would mean that Iowa's SCHIP funds would be reduced in total by \$17.2 million. Since the FFY 04 allotment is reduced by 33% already, the additional reduction would be \$5.7 million and \$11.5 million would be deducted in the remaining years. One question raised is that funding for SCHIP is currently authorized only through 2007. Does that mean more funds would have to come out of the SCHIP program or was it being assumed that SCHIP would be reauthorized to provide funding through 2013?

Charlotte Burt joined the meeting at this time.

Families USA issued a press released on Friday, April 18th, indicating that Congress has dropped the deep cuts in Medicaid and SCHIP that were part of the House-passed budget resolution. That means the proposal to cut Medicaid by \$93 billion over 10 years and the SCHIP cuts of over \$2 billion over 10 years are gone. SCHIP expiring funds from FFY 1998 and 2000 were restored.

- March 12, 2003, "Des Moines Register" opinion page article profiling several uninsured families. One of the families profiled has an insulin-dependent child who lost ***hawk-i*** coverage due to being over-income.
- On March 9, 2003, the "Cedar Rapids Gazette" ran several articles about ***hawk-i*** to coincide with "Covering the Uninsured Week". One article was entitled, "***hawk-i*** - A Blessing for Families." However, the article contained several errors. The article stated that ***hawk-i*** is a Department of Public Health program and included incorrect income guidelines.

- March 13, 2003, "Kaiser Health Policy Report" - Senator Jay Rockefeller has introduced a bill in Congress what would require parents to provide health insurance for their children. Under this bill, if a parent cannot prove that their child has health insurance they would be required to enroll them in a proposed "MediKids" plan. The plan design appears to be similar to Medicare but would also offer prescription drug coverage. It would be free to families with income less than 150% of poverty and cover kids up to 300% of poverty. It appears that it would be a federal program, but it is not clear if it would replace SCHIP.
- February 26, 2003, "Minneapolis Star Tribune" article - "Bush May Set Tougher School Lunch Rules". Ms. Smith told the Board that it appears there will be more federal audit activity in states and the Department is currently experiencing several audits. As with the proposed Medicaid cuts there is a perception that savings can be attained through the elimination of fraud and waste in government programs. One of the programs *hawk-i* has relied on to identify children who might be eligible is the free and reduced meal program. The administration believes that 27% of the children who get free and reduced meals are not eligible and they propose to impose tougher verification requirements on parents who apply. Many feel that imposing tougher verification requirements will result in keeping eligible people off rather than keeping ineligible people off. This is also contrary to the increased flexibility concept being proposed in the Medicaid modernization bill.
- A March 5, 2003, "New York Times" article says that a new study indicates the number of uninsured is much higher than previously estimated. The article cites several remedies being examined by lawmakers, including another plan to expand CHIP. However, there are no specifics on what the plan to expand CHIP entails.
- March 4, 2003, "Christian Science Monitor" - "Health Care Crisis Hurting the Middle Class". The article said that in the past 20 years the number of employers offering health insurance has dropped from 85% to 62% and that rate is accelerating as the costs keep increasing.
- February 22, 2003, "Baltimore Sun" - "ERs Treating More Non-Emergencies as Budget Cuts Impact Health Coverage". The article cites a study that shows a sharp increase in emergency room visits for treatment, which is the most expensive way to receive care. The hospital network is being burdened with the bulk of uncompensated care, which is further adding to the spiraling issue around the uninsured.

Almost every state is dealing with budget problems and issues in their SCHIP program:

- Alabama - Funding for the AIKids program is \$10 million short for SFY 04.
- Alaska - The Alaska Senate approved a bill that would lower the income limit for their Denali KidCare program from 200% to 175%.
- Connecticut - Effective April 1 SCHIP benefits for 23,000 parents of children participating in the Husky program were cancelled. However, a federal judge has issued a temporary restraining order to block the cancellation. A legal aid attorney

claims that the abrupt cancellation was a violation of federal law because recipients didn't receive proper notice.

- Idaho - Has increased their participation from 150% of federal poverty level to 185%. They believe this will save money in the long run by bringing in federal dollars to help pay for kids current being funded through the indigent care program. They also had one of the lowest income limits for SCHIP in the country.
- Florida - Is considering eliminating their SCHIP program entirely.
- Louisiana - Plans on expanding their LaChip program to include a new program called LaAccess. LaAccess is a plan to have states subsidize private insurance that would be targeting employees of small businesses.
- Massachusetts - Currently has a waiting list for their SCHIP program and are proposing cuts in benefits and an increase in cost sharing. Benefits proposed to be cut are dental care, eyeglasses, radiology, and outpatient surgery. They've already increased their premium once on March 1 from \$10 to \$12 and from \$30 to \$36. Under the latest proposal the lowest premium would be \$40. There wasn't any information on the amount of the highest premium. They have already cut 36,000 adults from their Medicaid program as of April 1.
- Missouri - On February 26th the Missouri House voted to eliminate their SCHIP program entirely. The current status of the proposal is unknown at this time.
- New Jersey - The New Jersey legislature has advanced a plan that will cut 57,000 adults from their SCHIP family care program.
- North Dakota - The legislature defeated a bill that would raise the SCHIP income limit from 140% to 200%. It was defeated but the Senate did pass a bill to expand SCHIP coverage to unborn fetuses.
- Texas - Initially there were proposals to eliminate the SCHIP program. Subsequent proposals would reduce the income limit from 200% of FPL to 150%. They would also impose a 90-day waiting period before coverage could begin and charge higher premiums and co-payments.

ADMINISTRATOR'S REPORT:

Budget:

Ms. Smith reported that year-to-date expenditures total \$7,359,696; 60% of projections. Interest earned from the *hawk-i* trust fund totals \$101,837.

Currently the appropriation's bill for DHS includes \$11,118,275 for SCHIP. This is \$340,137 less than in SFY 03 and \$750,000 less than the SFY 04 request. The total program reduction in dollars, however, is \$2,970,000 when considering the federal matching funds. Ms. Smith said the cut was made because there is an assumption that there will be more carryover dollars in the *hawk-i* trust fund than projected when the SFY 04 budget request was made. The appropriation amount also assumes receipt of \$200,000 in tobacco settlement funds as have been received for the past several years. The tobacco settlement bill currently includes \$200,000 for SCHIP. Ms. Smith believes whether *hawk-i* is sufficiently funded for SFY 04 will depend on three factors:

1. Will carryover dollars be what is projected?
2. Enrollment growth.

3. Premium rate negotiated with the health plans.

Enrollment & Statistics:

Total SCHIP enrollment as of March 31, 2003, was 27,638; 14,339 enrolled in **hawk-i** and 12,821 in Medicaid expansion. Enrollment continues to increase slightly every month. 55% are enrolled in managed care health plans and 45% in the indemnity plan.

Ms. Smith pointed out that since October 1, 2002, the number of children covered under Medicaid expansion has increased by 844. This is a result of the "Waxman kids" that were completely phased into Medicaid as of October 1st. The "History of Participation of Children in Medicaid and **hawk-i**" report shows that up until October, 2002 the numbers enrolled in Medicaid expansion were fairly steady. There has been a growth of 7,381 children on Medicaid since July 1.

The "County by County SCHIP Enrollment" report shows more and more counties closer to their enrollment goals. The bulk of the counties are in the 50 to 70% range, a few months ago most counties were in the 40 to 50% range. Only 4 counties are under 40% and those are the same four counties that have traditionally had lower enrollment: Adams, Adair, Johnson, and Lyon. Montgomery County is in the 81 to 90% range.

The monthly application and referral report shows a lower percentage of **hawk-i** applications being referred to Medicaid. When the program began, 60% of the applications were being referred to Medicaid, then remained steady at 40%. The March report shows 27.9%. That trend is also reflected in the demographic summary by county. Currently a higher percentage of **hawk-i** enrollees are above 150% of poverty (57%) than have been in the past. This is reflected by the fewer numbers being referred to Medicaid and news reports that more middle class families are losing health insurance coverage.

The number one reason for denial of **hawk-i** applications is because they were referred to Medicaid or receiving Medicaid. Refusal to cooperate with Medicaid has dropped to number 8. Failure to provide information has jumped to number two. This indicates that **hawk-i** needs to work more effectively with families to make sure they get the requested information sent in so their application is not denied. Medicaid noncompliance is the third highest reason for denial. Families are referred to Medicaid and do not cooperate with the Medicaid eligibility process.

Legislative Update:

House Amendment 1312 was attached to the DHS appropriations bill (HF 667) and provides that the director, with approval of the Board, may contract with participating insurers to provide dental only services. In determining whether to provide such approval to the director, the Board shall take into consideration the impact on the overall program of single source contracting for dental services. Currently all of the **hawk-i** health plans are required to provide dental services as part of their benefit package. This amendment would give the Board the option to carve that benefit out and contract with a single entity to provide the dental services.

Mr. Huston said that when the *hawk-i* program first started the Board did discuss contracting directly with a dental provider for a separate dental program. Most of the health plans did not want to split out dental and the Board stayed with the individual plans.

Ms. Smith said the intent of the original legislation was to allow enrollees choice among health plans. Therefore, the Department has always operated under the premise that any health plan willing to participate in the program to provide the covered benefits, accept the premium rate, and otherwise meet the program requirements could participate. This amendment would allow for a single-service contract. If passed, and if the Board desired to carve dental out, it appears that a Request for Proposal (RFP) would have to be issued for bids to get a single contractor.

The DHS *hawk-i* technical amendment passed the House with one amendment, to reduce the required number of Board meetings from 10 to 6 per year. The Senate had some concerns with the bill. Ms. Smith and Deb Bingaman met with Senators Tinsman, Schuerer, and Boettger to discuss their issues. The biggest concern was the proposed language that says the Board may charge cost sharing. There was concern that the language could be interpreted to mean that the Board would not charge any cost sharing. The language was changed to say that the amounts of cost sharing would not be less than \$10 per individual and \$20 per family if not otherwise prohibited by federal law.

There was also discussion about the elimination of the 6-month waiting period. The Code section that addressed the period was struck, but there was language in another section of the bill that said "the child was not covered in the prior 6 months under a group health plan", which would have kept the 6 month waiting period in. There was discussion about whether eliminating the 6-month waiting period was a positive move. Agreement was reached that the 6-month waiting period could be struck, but reports on the impact of doing so will have to be submitted to the Legislature by June 2005. Questions about whether the child has been insured during the previous 6 months and why coverage was dropped appear on the application. The Department will ask MAXIMUS to begin tracking that data so reports can be generated. One amendment was filed to add the Clinical Advisory Committee benefit enhancement to the bill. The amendment was defeated. The bill is scheduled to return to the House for concurrence with the Senate changes.

Wellmark Generic Drug Program Update:

Ms. Smith informed the Board that Dr. Lee Ding from Wellmark has left his position and no longer will be the Wellmark representative providing these reports to the Board. The generic drug usage continues to increase every month, with 72% usage in March. The average generic drug utilization since implementation in July 2002 is 71.88%. The goal is 90%.

Ms. Smith said that while the generic drug usage continues to increase, the total number of enrollees receiving brand name prescriptions not covered are 2 1/2 times the number of denials prior to the generic drug program.

Mr. Huston noted that the Board previously discussed whether to approach Wellmark to determine if they could pay the portion up to the cost of the generic drug amount rather than the family pay the total cost of the brand name. Mr. Huston asked if that has been discussed as a contract amendment.

Anna Ruggle reported that the Clinical Advisory Committee is recommending that all the health plans cover brand name drugs up to the generic cost. However, each of the health plans have indicated that would increase the amount of the capitation rate. Wellmark believes that would be a step backwards because prior to implementation of the generic drug program, that is what they were doing. The other health plans do not cover brand name drugs if there is a generic equivalent.

Susan Voss asked if staff knows what types of diseases are associated with the brand name drugs not being covered. Ms. Voss said she would be curious to know whether it is specific types of pediatric treatment, or all across the board.

Ms. Smith responded that the information is available and she will request it.

Mr. Huston asked if there has been any feedback from families that have to pay the cost of brand name drugs. Ms. Ruggle said that other than a few comments that came from the survey process, no.

Susan Salter asked if staff has any idea how the process to get an exception is working. Ms. Ruggle said that the report from Wellmark initially said that 714 requests for brand name drugs were denied. That number was later revised to 374. The difference between the two numbers, 340, are the reinstatements. Ms. Ruggle said that the Clinical Advisory Committee does want someone from Wellmark to attend one of their meetings so that they can get a better understanding of the program. The Committee's next meeting is in July.

Mr. Huston said he thought it would be good to have the other two health plans provide the Board with their procedure as well so the Board knows if there is some consistency. Ms. Smith said she will ask staff to prepare a side-by-side comparison of the three plans.

Revised Application Update:

The first printing of the revised application has been completed and the envelopes will be delivered to Anamosa this week for assembly. The first applications should be mailed April 25th. Ms. Smith said she has received permission to continue the development of an electronic application that goes along with the new application format. MAXIMUS has been asked to provide an estimate to develop and implement an electronic application. It was felt that besides better customer service, an electronic

application is in line with the Governor's electronic-government goal. It could also help reduce printing costs.

IHS CONTRACT AMENDMENT:

Ms. Ruggle told the Board that Iowa Health Solutions has requested to expand *hawk-i* coverage into Dallas and Madison Counties. This request has gone to the Insurance Division and they have approved it. The Iowa Foundation for Medical Care has also approved. This expansion would be effective for applications received on or after May 1 for enrollment effective June 1, 2003. Coverage in Dallas and Madison Counties currently is under managed care contracts with John Deere.

Susan Voss made a motion to approve the Fourth Amendment to the Contract with Iowa Health Solutions for Health Care Services for the *hawk-i* Program to include Dallas and Madison Counties. Wanda Wyatt Hardwick seconded the motion. Unanimous approval was made by Susan Voss, Jim Yeast, Charlotte Burt, Wanda Wyatt-Hardwick, Susan Salter, and Eldon Huston.

SFY 2004 CAPITATION RATES:

Ms. Smith reported that Wellmark has requested a 13.5% increase in the capitation rate for the state fiscal year beginning July 1, 2003. *hawk-i* staff and the Department's actuary met recently with Wellmark representatives and their actuary. The actuaries were in agreement with the claims experience, however, there was a difference in the administrative costs. Wellmark subcontracts the dental coverage and they are asking for a 4.51% increase in their dental, a 13% request in administrative costs, their profit margin is 4%. Wellmark justified their request indicating that Wellmark has increased administrative costs to do business with the *hawk-i* program and having to deal with MAXIMUS, encounter data, and various other things that the state requires that are not required in their commercial business. Wellmark also indicated that they do not treat *hawk-i* any differently than their other books of business. Ms. Smith said the Department asked Wellmark if they would consider reducing their administrative costs for this program and Peter Roberts, Group Vice President, Provider Relations and Health Management at Wellmark, indicated they would discuss it. Ms. Smith told the Board that the contract with Wellmark requires 60 days notice, so an agreement needs to be reached before May 1. If an agreement is not reached, the contract will terminate as of June 30th.

Mr. Huston recalled that last year Wellmark requested more than the Board was able to grant. At that time there was a discussion as to various areas where money might be saved and through those discussions came the idea for the generic drug program. Mr. Huston asked if there was any possibility of having the same kind of discussion this year to determine areas where money might be saved that could include administrative costs and profit margin. Mr. Huston said he feels the Board has an obligation to go back and see if there is some area of compromise that can be reached with Wellmark.

Ms. Voss questioned why there should be an increased administrative cost for Wellmark at this point in the program since they have already set up their systems to deal with a

government program. Ms. Smith responded that she is not sure it is an increased cost, but an administrative cost just like their other business. Wellmark representatives indicated that this program incurs more administrative costs than others and their other books of business are supplementing those costs.

Ms. Smith said that Mr. Roberts indicated that if the Board wanted him to do so he would talk to John Forsythe, Chairman/Chief Executive Officer of Wellmark, about reducing the administrative margin for the state. Ms. Smith said she told Mr. Roberts she was confident that the Board would make that request so he should proceed with that discussion. Mr. Huston asked Ms. Smith to contact Mr. Roberts and let him know that the Board would be happy to send a member to meet with him and that he would be happy to contact Mr. Forsythe directly and express the Board's interest in looking at this issue. It was decided that after these discussions occurred a special Board meeting will be scheduled prior to the May 1 deadline to discuss the SFY 04 capitation rates.

PUBLIC COMMENT:

There were no public comments.

GRASSROOTS OUTREACH UPDATE:

Angie Doyle Scar, *hawk-i* outreach coordinator, updated the Board on recent outreach activities.

Statewide Outreach Activities: *hawk-i* enrollment materials were made available through outreach efforts at the Iowa Cultural and Language Conference; Parish Nurse Conference, Iowa Rural Health Clinics Conference, and at a resource fair at the North Central Correctional Facility at Rockwell City. The Iowa Rural Health Clinic Conference featured a breakout session on *hawk-i*. A *hawk-i* ad was placed in the "Iowa Parent and Family Magazine - Kids Fest" edition. Iowa Foster and Adoptive Parents Association and Iowa Rural Health Clinics Association have agreed to place *hawk-i* articles in their statewide membership newsletters.

Local Outreach Activities: A listserv has been established for local *hawk-i* outreach coordinators to better facilitate collaboration and sharing of best practices. Site visits have been conducted at five local agencies. Site visits will continue to be scheduled to offer assistance in local outreach efforts.

Agencies have submitted their second quarter reports reflecting activities for January through March. The reports are currently being reviewed and staff will conduct follow-up with agencies that may need additional guidance in their outreach efforts.

Planning for 2004 Outreach Activities: Agencies are currently working on their Guidance for Continuation Applications for FY 2004 which are due May 12, 2003. A *hawk-i* action plan is required as part of the continuation application.

Training: Outreach coordinators and local agency staff attended a statewide training held in Ames on March 26th. The meeting provided *hawk-i* program updates and

opportunities for sharing effective local outreach strategies. Local outreach coordinators will meet with the Covering Kids & Families Outreach Task Force on May 8, 2003. A writing workshop will be conducted during the meeting that will offer tools to help coordinators learn to write more effectively.

Jane Borst reminded the Board that the outreach funds are being handled differently this year. When reviewing the fiscal year-to-date expenditures it would appear that outreach is significantly under-expended. In previous years the funds were given to the outreach agencies in advance and any unspent funds reimbursed at the end of the fiscal year. Now the agency makes the expenditure, bills the Department of Public Health, who in turn submits an invoice to DHS. This results in about a 3-month delay between the time service is rendered and the time a bill is submitted to DHS. Ms. Borst indicated that at this point in time it appears that two or three agencies may not expend their entire amount this fiscal year due to staffing delays, but the unspent amount will be less than \$10,000.

Ms. Borst requested that the Board consider an amendment to the contract with Public Health to provide for the outreach funds allocation for next year. Ms. Borst indicated if that action were taken in May, then Public Health can amend their contracts with the agencies in June to provide for the period of July through September. This way, there should not be any interruption in outreach activities.

COVERING KIDS UPDATE:

Sonni Vierling provided the Board members with the Covering Kids & Families Now Task Force's "Issue Brief #1, Medicaid Continuous Eligibility". This issue brief was sent to all members of the Iowa General Assembly and is the first in a series of issue briefs that are intended to better inform policymakers about issues relating to Medicaid and *hawk-i*.

The issue brief gives an overview between the difference in elimination of monthly reporting and 12 months of continuous eligibility for Medicaid and explains Iowa's current policies.

Ms. Vierling said the task force is very excited about the issue briefs and plans on a series of topics that are of interest not only to task force members, but to the general public as well. The next topic will be HHS guidelines for covering the unborn and mother under SCHIP and what that would mean for Iowa. The task force will be discussing and finalizing that issue brief at their May meeting. Future topics are presumptive eligibility and self-declaration of income. The task force will also be looking at Medicaid reform.

Beth Jones shared the new "Covering Kids and Families in Iowa Family Education Packet". This was developed by the Polk County pilot site in response to research that shows families need information on the value and concept of health insurance. Most of the documents are family-friendly. The reading level is about 7th grade with the exception of the glossary, which was difficult to get any lower. This publication is being used by both pilot sites and being introduced in the schools. It has been presented at

the school nurse and public health conferences held this Spring. They will also be distributed at the Iowa PTA conference in May and the school administrators' conference in August. The document will also be available on the Covering Kids website. Ms. Jones said she is hopeful there will be an extension of their Wellmark grant and they can get more and more information to families through outreach coordinators.

Representative Greimann joined the meeting at this time.

CLINICAL ADVISORY COMMITTEE UPDATE:

Anna Ruggle reported that the Clinical Advisory Committee met on April 1. Committee member Dr. Rhys Jones, a dentist in Cedar Rapids, had concerns with dental access, particularly with Iowa Health Solutions health plan. Dr. Jones also expressed his concern about the dollar limit the health plans have on dental. Dr. Jones feels children need more than the \$1,500 worth of services that is currently being offered per year. Ms. Ruggle said that the Committee just heard these concerns and have not made any recommendation concerning dental access. Ms. Ruggle said that the Dental Society has met with Iowa Health Solutions to help work out some of the issues Dr. Jones raised.

The Committee has determined they will look at attention deficit hyperactivity disorder (ADHD) and will be working with the University of Iowa's Public Policy Center on outcome measures on children with *hawk-i*. At this point they are in the preliminary stages and are still gathering information on the number of *hawk-i* kids that might be receiving ADHD drugs.

Ms. Ruggle said that a Board member has asked the Clinical Advisory Committee chair, Dr. Julianne Thomas, to look at Wellmark's generic drug program. There was a lot of discussion and the Committee does recommend to the Board that all health plans pay at least the generic cost of a brand name drug. They also suggested that a comparison chart listing the different benefits offered by the health plans be developed. The current comparison chart does not get into benefit-specific information. When the comparison is finalized it will be shared with the Board.

Ms. Voss asked if there was a specific problem with dental access. Ms. Ruggle answered that Dr. Jones has said many dentists in Cedar Rapids do not want to accept Iowa Health Solutions. Ms. Ruggle said that this has been reviewed and it is her understanding that Iowa Health Solutions does have a sufficient number of dentists.

Mr. Huston stated that the Committee's recommendation that all the health plans pay at least the generic cost of brand name drugs is something the Board has already discussed. Mr. Huston asked how to proceed with that recommendation if the Board decides to support the recommendation. Ms. Ruggle responded that all three health plans have indicated the recommendation would increase the capitation rate. Staff would need to determine what that increased cost would be and whether it was within the *hawk-i* budget.

Mr. Huston suggested the discussion be held after staff provides the report from the health plans that shows what brand name drugs **hawk-i** enrollees are using, and what the costs are.

HIPAA COMPLIANCE FOR *hawk-i*

Shellie Goldman reported that she has been working towards the implementation of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) for almost two years. Title 1 was the first portion put in place and protects insurance coverage for workers and their families when they change or lose their jobs. The regulation addresses pre-existing conditions and portability of health insurance coverage. When changing insurers the insured gets a letter stating they have been covered by a health plan for a certain period of time. When changing plans any pre-existing conditions are usually waived because it is "continuous coverage". Title 2 of HIPAA is the administrative simplification portion and impacts **hawk-i** directly. This provision requires the Department of Health and Human Services to establish a national standard for electronic health transactions and addresses security and privacy of health data. For example, claims a doctor would submit to an insurance company. CHIP is named as a health plan in the regulations. A health plan is defined as an entity that provides or pays the cost of medical care.

There are three HIPAA components that **hawk-i** must be in compliance with:

- 1) privacy,
- 2) electronic transactions, and
- 3) security.

The privacy component became effective on April 14, 2003. A notice of privacy practices for **hawk-i** was developed and distributed to approximately 8,200 households. The notice informs individuals about the uses and disclosures of health information that may be made by the health plan (DHS or MAXIMUS). It also explains how an individual can exercise their rights (i.e. their right to exercise restrictions on certain uses and disclosures, to receive confidential communications, inspect and copy protected information, and to amend their health information). It also explains the health plan's legal duty with respect to protected health information; for example, disclosing it for national security reasons. The **hawk-i** privacy notice is available in English and Spanish and is posted on the **hawk-i** website. When a child is approved to receive benefits under **hawk-i**, a notice will be sent to the family. The Department has established a privacy office so all questions relating to someone's rights, access to their information, etc., will be referred to that office.

Because **hawk-i** is a named health plan, the program is required to convert the current payment and enrollment electronic formats that are sent to the health plans into HIPAA "standardized transaction sets". MAXIMUS is working closely with the Department and is doing a lot of work with the health plans to implement these transaction sets. The two that apply to **hawk-i** are the 820 transaction set, for the payment of premiums to the health plans, and the 834 transaction set which is for enrollment and disenrollment. The implementation date for the transaction sets is October 16, 2003.

The last component is security and will be implemented no later than April 21, 2005. The purpose is to adopt national standards for safeguards to protect the confidentiality, integrity, and availability of electronically protected health information. For instance, e-mails are electronic devices and information sent by e-mail cannot identify a person in connection with a health care diagnosis because e-mails usually are not encrypted. The transaction sets that are sent electronically with protected information must be encrypted. The cost associated with implementation will be billions and billions of dollars industry-wide. The largest expenditure to the *hawk-i* program is implementation of the 820 and 834 transaction sets, which is expected to be \$264,000. The total cost to the *hawk-i* program and DHS for mailing of notices is approximately \$5,000. All but \$1,000 of that mailing will be paid for by the HIPAA project office.

Ms. Smith added that while the total cost for *hawk-i* this fiscal year will be \$265,000, it is in the millions of dollars for Medicaid. MAXIMUS is having to go through this process in the other states where they have business so the costs are being prorated,

NEW BUSINESS:

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

The Board's next meeting is Monday, May 19, 2003, at 12:30 in the Oak Room at the Des Moines Botanical Center.