

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

February 16, 2009

BOARD MEMBERS:

Susan Salter, Chair
Dr. Selden Spencer, Vice Chair
Angela Burke Boston (for Susan Voss)
Jim Donoghue (for Judy Jeffrey)
Julie McMahan (for Thomas Newton)
Kim Carson (via conference call)
John Ortega (absent)

LEGISLATIVE BOARD MEMBERS:

Senator Amanda Ragan (absent)
Representative Ako Abdul-Samad (absent)

DEPARTMENT OF HUMAN SERVICES:

Anita Smith
Anna Ruggle
Shellie Goldman
Mike Baldwin

GUESTS:

Nancy Lind
Diane Schroeder
Jeremy Morgan
Lynn Tague
Angie Doyle Scar
Jenny Hodges

AFFILIATION:

AmeriChoice
Delta Dental of Iowa
MAXIMUS
Wellmark Blue Cross Blue Shield of Iowa
hawk-i Outreach Coordinator
Iowa Department of Public Health

MEETING CALLED TO ORDER AND ROLL CALL:

The Healthy and Well Kids in Iowa (*hawk-i*) Board met on Monday, February 16, 2009, at the Department of Human Services office, 1st Floor Conference Room SE, Hoover State Office Building, Des Moines, Iowa. Susan Salter, Chair, called the meeting to order at 12:35 p.m. A quorum was not 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.

CORRESPONDENCE, REPORTS & OTHER STATE NEWS:

Anita Smith introduced Jeremy Morgan to the Board. Mr. Morgan is the new *hawk-i* project director for MAXIMUS. Mr. Morgan previously worked for MAXIMUS at the Iowa Medicaid Enterprise in provider and member services.

Ms. Smith reported that the Department found five cases where erroneous payments totaling \$13,539.34 were made by MAXIMUS during SFY 08. According to the contract between MAXIMUS and the Department, MAXIMUS is financially responsible for any misspent dollars, so this amount was withheld from the December 2008 operations invoice.

Ms. Smith made reference to several recent reports that the Board might like to read. Most of them have to do with the impact of the recession on health care.

On February 5, 2009, President Obama lifted two Bush administration policy directives, one of which was the August 17, 2007, CMS letter. This directive was the one that required a state to prove that it had already covered 95 percent of their children before it could expand and had a 12-month waiting period before kids could be enrolled under any type of expansion.

ADMINISTRATOR'S REPORT:

Enrollment and Statistics:

Ms. Smith said that *hawk-i* enrollment is down and part of that is believed to be due to implementation of continuous eligibility in Medicaid. Medicaid enrollment is growing significantly. Ms. Smith said that at least two other states have reported declining CHIP and increasing Medicaid enrollments due to the economic downturn. Medicaid enrollment has increased by 14,000 kids since last July (6.8 percent) while *hawk-i* enrollment is down 11 percent.

Total SCHIP enrollment for January was 37,575; 17,597 enrolled in Medicaid expansion and 19,978 in *hawk-i*.

SFY '09 Budget Update:

Expenditures for the year are projected to be \$21,443,716. To date, total expenditures are 46.7 percent of projections, which seems low for this point in the fiscal year. Ms. Smith said it could be that some claims have not yet been processed. Interest earned from the *hawk-i* trust fund totals \$165,335.

Federal CHIP Reauthorization:

The reauthorization bill was signed by the President on February 4, 2009. The bill reauthorizes funding through September 30, 2014, and was designed to make the program more financially secure. Beginning with the FFY 2009 allotment, states have two years to spend their allotment instead of three years under the original legislation.

The bill includes a process for rebasing allotments every two years to ensure that funding is targeted to states that are using it. For FFY 09, the base allotment will be 110 percent of the highest of either the 2008 allotment, 2008 spending, or 2009 projected spending. For 2010 it will be the prior year's base, plus any contingency funding. 2011 is a rebasing year. The original legislation authorized funding for states ten years out regardless of whether they needed the money or not.

States can receive allotment increases when they have approved plans to expand eligibility and benefits, but those plans have to be on file and approved by HHS by August 31 of each year. Iowa's projected allotment for 2009 is \$68.4 million. Any redistribution amounts must be used in the year the distribution was received and provides performance bonuses funded with unused redistribution dollars to states that significantly increase their enrollment and adopt simplification strategies.

Dr. Spencer arrived at the meeting at this time.

The Center for Budget Operations estimates that about 80 percent of the children that enroll as a result of reauthorization are kids who would have been eligible under current rules had they applied. The funding provides \$100 million for outreach; \$10 million will be used for a national campaign and the remainder will be issued through state and local grants. There are no state matching requirements to receive the outreach funding, but states must spend at least as much on outreach as they have in the past year. PERM will now be matched at 90 percent federal dollars and will not apply to the 10 percent administrative cap.

The bill makes it easier for states to cover children over 200 percent of the federal poverty level (FPL). States can cover kids up to 300 percent of FPL and still receive the enhanced federal matching dollars. If states expand beyond 300 percent, they will only receive funds at the Medicaid matching rate.

The reauthorization bill includes new mandates:

- Verification of citizenship and identity. States are required to provide benefits pending eligibility verification and documentation.
- If states have mental health and substance abuse benefits they are required to cover those services at the same level as they would physical health. For example, if a plan has 30-day in patient psychiatric limit for mental health and they don't impose that for physical health, they cannot do it that way any more. The bill did not impose mental health parity.
- CMS will develop some quality of care health outcomes for children and states will have to report on those outcomes.
- Dental coverage must be included.

- A grace period for late premium payments before disenrollment. Ms. Smith said the Department needs clarification on what that means. Currently there is a once a year grace granted to *hawk-i* families that pay late and they are reinstated.
- CHIP managed care plans must meet Medicaid managed care requirements.

Options for states:

- States can use Express Lane eligibility processes to determine eligibility for Medicaid and CHIP using the other agency's eligibility criteria. However, it does require the family's affirmative assent that they want the program. The Medicaid screen and enroll provisions still apply as do the citizenship and identity verification requirements.
- Removes the five-year bar for legal permanent residents.
- Allows states to cover pregnant women in their own right because they are pregnant.
- Reduces some of the barriers to providing premium assistance through employer plans but the coverage has to be equivalent to what is provided through the state's CHIP program.
- Allows states to provide dental only wrap around packages.
- Provides a technical fix for presumptive eligibility – previously the cost for presumptive eligibility for children was paid for out of the state's CHIP allotment and it has been changed so that it is funded with Medicaid,
- Allows states the option to decide how to fund their Medicaid expansions. CMS had provided clarification at one point that "once a CHIP kid always a CHIP kid". When states that had expanded Medicaid using CHIP dollars began running low on CHIP dollars they wanted to use Medicaid dollars to stretch CHIP money. CMS did not allow states to do that.

The bill also eliminates waivers for family-based coverage and phases out coverage of childless adults effective January 1, 2010, and parents of children who are eligible September 30, 2011.

HF 2539 Update:

HF 2539 directed the Department to expand coverage to children up to 300 percent of FPL under *hawk-i* and infants in Medicaid. Original estimates were that it would cost \$10 million. Due to CHIP reauthorization and other factors, this estimate has been revised based on the following assumptions:

- Federal funding is available at approximately 75%
- The per month per child premium will be \$20 with a \$40 family maximum
- Continuous eligibility is not included in the appropriation
- There are 5,000 uninsured children between 250 and 300% of FPL
- Gross income will be considered
- A 75% take-up rate over a three-year period. Not everyone will apply on day one and there will not be 100% enrollment at any one time.

The number of eligible children was originally based on the Lewin Group's estimate that Iowa has 53,000 uninsured children at all income levels and 9,000 of those have a family income of between 250 and 360 percent of FPL. Since then new census data shows fewer uninsured children; 39,989, with 5,000 with income between 250 and 300 percent of FPL.

The original cost was estimated to be \$12.1 million, and has now been reduced to \$1.2 million for SFY 10. The Department has been asked to provide estimates based on a 90 percent take-up rate over three years and a 95 percent take-up rate over one year to factor in the provisions of SF 48 that impose a parental mandate to require children to have health insurance coverage.

Ms. Salter asked how many undocumented or legal permanent resident aliens are in Iowa. Ms. Smith responded that Dr. Leighton Ku, Director of the Center for Health Policy Research at George Washington University recently provided an estimate of legal permanent resident aliens and undocumented aliens in Iowa up to 300 percent of FPL. Based on his experience and data, he estimates that there are 11,600 noncitizen children below 300 percent of FPL in Iowa. He estimates about a third of those will apply for public coverage.

Senator Hatch asked the Department to estimate costs for the state to cover these children. Because Dr. Ku's estimate was only for the total number below 300 percent of FPL, it is unknown how many would be enrolled in Medicaid or *hawk-i*. The Department applied the estimated cost per child enrolled in Medicaid (\$2,940.97) and the cost per child enrolled in *hawk-i* (\$2,540.91) and arrived at a blended average cost per eligible child for SFY 2010 of \$2,740.94 to arrive at a total cost to the state of \$2.3 million. This total includes documented and undocumented, but does not include pregnant women, which would be a significantly higher cost per member.

State Legislative Update:

Senate File 48, if passed, will make significant changes to Medicaid and *hawk-i*. The bill includes provisions that

- redefine who is eligible to get benefits as a state employee including self-employed child development home providers. Some small employers, direct care workers, and other groups will be included in the state employee pool. The Department pointed out that CHIP reauthorization did not change the law about providing coverage to people who are eligible for health insurance through the state, so if more people get defined as state employees for the purposes of being

able to buy into state employee coverage, their children may no longer be eligible for *hawk-i*.

- creates the Iowa Choice Insurance Exchange to ensure all children, and other Iowans, have access to affordable health care coverage.
- provides funding to cover all eligible children under Medicaid, *hawk-i*, and Medicaid expansion by December 31, 2009.
- requires all parents of children less than 19 to indicate on their income tax return whether their children have health care coverage. The exchange is modeled after the Massachusetts health insurance exchange, which is more of a routing agency. If a taxpayer indicates they do not have health insurance coverage for their children, they shall submit an application within 90 days of receipt of enrollment information. It is not clear who would monitor or enforce this provision.
- authorizes presumptive eligibility for children under Medicaid.
- allows averaging three years of income for self-employed families to establish eligibility for medical assistance programs.
- extends the length of time to submit renewal forms under Medicaid.

Stimulus Bill:

Ms. Smith said that at this time the Department believes the *hawk-i* budget should be able to sustain Governor Culver's across-the-board budget cut of 1.5 percent in SFY 09. There is a proposed across-the-board budget cut for SFY 10, however, at this time the Department does not know what the impact of that will be. Once the impact of the CHIP reauthorization and stimulus bills is determined, an analysis of the impact can be completed.

Iowa will get \$550 million in additional funding for Medicaid through an enhanced Federal Financial Participation (FFP) rate. The additional funding includes a maintenance of effort requirement which means states cannot reduce eligibility or change processes to make it more difficult for people to apply or retain eligibility. Many states have already made cuts, and will be given a period of time to restore those cuts if they are going to take advantage of the stimulus funding. CHIP, Iowa Family Planning Network, and other programs already receiving an enhanced rate, do not qualify for additional funding.

Kim Carson joined the meeting via telephone conference call.

ROLL CALL:

Ms. Salter asked Ms. Smith to take roll. A quorum is now present.

APPROVAL OF DECEMBER 15, 2008, MINUTES:

Jim Donoghue made a motion to approve the December 15, 2008, minutes as written. Selden Spencer seconded the motion. Unanimous approval was made by Angela Burke Boston, Selden Spencer, Jim Donoghue, Kim Carson, and Susan Salter.

ADMINISTRATIVE RULE AMENDMENTS FOR NOTICE:

Mike Baldwin presented proposed amendments to the *hawk-i* program's administrative rules to be filed as Notice of Intended Action.

The proposed amendments increase the *hawk-i* income limits to 300 percent of the federal poverty level and implement the changes to the premiums that the Board approved at their December 15, 2008, meeting. The premiums for children with gross family income between 250 and 300 percent of the federal poverty level will be \$20 per month per child up to a maximum of \$40 per family.

Mr. Baldwin told the Board that the other rule amendments being Noticed are simply to reformat the rules contained in Chapter 86. The Attorney General's Office suggested that the chapter be reformatted to include the definitions in rule 441-86.1.

Jim Donoghue made a motion to approve the rule amendments and file as Notice of Intended Action. Angela Burke Boston seconded the motion. A roll call vote was taken. Susan Salter, aye; Selden Spencer, aye; Angela Burke Boston, aye; Jim Donoghue, aye; Kim Carson, aye. Motion carried.

PUBLIC COMMENT:

There were no requests for public comment.

BOARD BYLAWS:

In December, the Board had a discussion of their bylaws and discussed the role of their Clinical Advisory and Children with Special Health Needs Committees. The Board asked staff to confer with Assistant Attorney General Diane Stahle, and to draft proposed amendments to the Board bylaws based upon their discussion in December.

Ms. Smith said that the Attorney General's Office has suggested that Departments incorporate the role and procedures of their boards into their administrative rules, rather than have bylaws.

Iowa Code Section 514I.5 contains the duties of the *hawk-i* Board and the role of the Clinical Advisory Committee. Ms. Smith said that when the *hawk-i* program was created, it was a new concept and done through a commercial model as opposed to Medicaid. There was a lot of concern that the benefit package fit the needs of children. As a result, legislators decided to create the Clinical Advisory Committee to advise the Board. The Committee was to use the analysis of the encounter data and the survey reports to:

- determine the health status of children,
- to measure if children are really healthier after receiving coverage through *hawk-i*,
- ensure the program/health plan meet children's needs, and
- make benefit recommendations to the Board.

The Legislature wanted a separate group to evaluate the needs of children with special health care issues. The original legislation requested a one-time report from these committees. However, the Board decided that they would like to continue to have a committee available to them to make recommendations and to review survey data. Ms. Smith said that Medicaid has since implemented a coverage group for children with special health care needs up to 300 percent of FPL, so chances are that most special needs kids are going to be eligible for Medicaid.

Ms. Smith said that if the Board wants to amend the Iowa Code and eliminate the language about the Clinical Advisory Committee they could direct the Department to submit that change to the General Assembly.

Ms. Salter asked Board members if they had any thoughts.

Dr. Spencer stated that he doesn't feel the Board needs a separate Children with Special Health Care Needs Committee, but would like to continue to have the Clinical Advisory Committee. Dr. Spencer said that although the federal government will be monitoring outcomes, perhaps the state could do better than the federal government, particularly in the area of childhood obesity.

Ms. Salter stated that it seems that most children with special health care needs would be covered under Medicaid. Ms. Burke Boston asked if the term "special health care needs" has been defined for the CHIP program. She wants to make sure none of the children with special needs fall through the cracks. For example, children with attention deficit order.

Ms. Smith said that staff will provide the Board with a copy of the administrative rules that describe the duties of the *hawk-i* Board. The Board can then compare the rules with their bylaws and determine if any administrative rule amendments would be necessary to incorporate the bylaws. The Board asked if staff could ask Assistant Attorney General Stahle to attend the April meeting for the discussion.

NEW BUSINESS:

There was no new business.

The next regular *hawk-i* Board meeting is scheduled for Monday, April 20, 2009, at 12:30 p.m. at the Hoover State Office Building, 1st Floor Conference Rooms, E 13th and Walnut, Des Moines, Iowa.