

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

May 8, 2006

BOARD MEMBERS:

Susan Salter, Chair*
Dr. Bob Russell (for Mary Mincer Hansen)*
Dann Stevens (for Judy Jeffrey)*
Angela Burke Boston (for Susan Voss)*
Jim Yeast*
John Baker*
Angelita Ramirez (absent)

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
Shellie Goldman

ATTORNEY GENERAL'S OFFICE:

Diane Stahle

GUESTS:

Diane Schroeder
Linn Tague
Angie Doyle Scar
Nancy Lind*
Barbara Fox-Goldizen*

AFFILIATION:

Delta Dental
Wellmark Blue Cross Blue Shield of Iowa
State *hawk-i* Outreach Coordinator
John Deere Health
MAXIMUS

* *Participated by conference call*

MEETING CALLED TO ORDER AND ROLL CALL:

The Healthy and Well Kids in Iowa (*hawk-i*) Board met on Monday, May 8, 2006, in the Department of Human Services Offices, Fifth Floor Conference Room NE, Hoover State Office Building, 1305 E Walnut, Des Moines, Iowa. Susan Salter, Chair, called the meeting to order at 8:35 a.m. A quorum was present.

SFY 2007 CAPITATION RATES:

At their April, 17, 2006, meeting, the Board indicated that they wanted to review the final actuarial report before discussing the capitation rates requested by the health plans for the fiscal year beginning July 1, 2006.

Milliman, Inc. is the actuary the Department uses. They prepared two reports, one for *hawk-i* indemnity rates, and one for *hawk-i* managed care rates. These reports, and a

summary of the capitation rates requested by the three plans, were sent to the Board members in advance of the meeting.

Shellie Goldman discussed the reports with the Board. Milliman reviewed commercial trend rates and calculated the trend rates based on the upper payment limits. The result is the maximum amount that could be charged in a commercial setting. Based on that criteria, the rates requested by the health plans are well within the rate that Milliman gave to the Department. The actuaries also reviewed *hawk-i's* 2004 encounter enrollment data and trended that out based on commercial products.

Dann Stevens noted that the Milliman report indicates they felt there were problems with the claims and eligibility data provided to them by MAXIMUS because of the problems associated with the transition of computer systems. Therefore, Milliman used earlier data and trended it forward for SFY 07. Mr. Stevens asked if the Department was going to go back and have the actual data reviewed once it is available. Ms. Smith responded that at this time there are no plans to do so because the capitation rates requested by the health plans are well within the range of the actuarial projections.

Ms. Goldman discussed the capitation rates for SFY 2007 that have been requested by each health plan. All rates are based on per member/per month (PMPM). Maternity payment is a one-time delivery payment. Neither John Deere or Wellmark requested any change in the PMPM rate for children under the age of 1 or the one time payment for a maternity case. These amounts will remain at \$407.90 and \$5,000.00 respectively.

Ms. Smith explained that when the *hawk-i* program was implemented, there was some concern from the health plans about maternity costs. The discussion was that if a *hawk-i* member became pregnant, they would most likely qualify for Medicaid. Pregnancy-related services were not built into the *hawk-i* benefit package to establish the base rate. Because the Department cannot force someone that has been approved for *hawk-i* into Medicaid, these rates were negotiated.

Wellmark Indemnity

Wellmark Indemnity	SFY 2006 (current) Rate	% Increase SFY 2006/2007	Plan Proposed Rate SFY 2007
Under Age 1 (PMPM)	\$407.90	0.0%	\$407.90
Age 1 -18 Health and Dental (PMPM)	\$176.13	4.2%	\$183.60
Maternity Payment (Case Rate) One Time Payment	\$5,000.00	0.0%	\$5,000.00

John Baker made a motion to approve the 4.2% increase for Wellmark's indemnity plan. Dann Stevens seconded the motion. A roll call vote was taken. Susan Salter, aye; Dr. Russell, aye; Dann Stevens, aye; Angela Burke Boston, aye; Jim Yeast, aye; John Baker, aye. Motion carried unanimously.

John Deere Health

At their April 17, 2006, meeting, the **hawk-i** Board approved a new Wellmark managed care plan to be implemented July 1, 2006. As a result, John Deere Health sent a letter to the Department dated April 26, 2006, amending their SFY 07 premium proposal. Their letter indicated that their original proposal was created assuming that John Deere would have access to all of the **hawk-i** eligible members within their 40-county service area. They feel that the introduction of a second managed care provider into most of those counties could adversely impact enrollment and rates.

The letter also pointed out that the SFY 07 capitation rate Wellmark requested for their managed care plan was higher than John Deere's request. John Deere asked that the State consider adopting a rule that managed care entities competing in the same counties be paid the same rates. Also, that if the Department feels that the rate requested by Wellmark is acceptable, then John Deere should be granted the same rate. John Deere's second proposal asked for \$158.86 PMPM for health care.

John Baker asked if the letter from John Deere asking for the same rate as Wellmark was considered a proper, legal request since they had already submitted their proposal. Ms. Smith said that is currently under review. In the past the Board has tried to keep the rates for like plans the same.

Mr. Stevens asked if the provider networks were reviewed and whether they are identical. Ms. Goldman responded that yes, the provider networks have been reviewed and are both well within the adequate access criteria. No, they are not identical networks. For the counties where John Deere and Wellmark are offering managed care, **hawk-i** enrollees can review each plan's provider panel before they make their decision.

Angela Burke Boston said that she supported John Deere's request for the revised proposal because she didn't feel that **hawk-i** applicants should be competing based on price. Ms. Smith responded that for the participant it would be transparent because their cost is the same no matter which plan they participate in. Ms. Smith said her concern is if the Board does this for John Deere this year, then John Deere should be prepared to accept whatever rate comes up next year. If one plan comes in higher than another, it is not likely that the Department would continue to bump up the lower rate to match the higher rate. If both plans expect to be paid the same, the Department would most likely go towards the lower proposal rather than the higher.

Mr. Stevens said he was not comfortable with giving a blanket motion of the same rate without looking at panels and actuarial reports. This year the panels may be very similar, but there may be situations in the future where a plan's provider network may dominate and another plan has a minimal panel that barely meets access requirements. Mr. Stevens said he didn't think he would want to pay two such plans the same rate.

Ms. Goldman responded that the Department has always reviewed the plans on adequate access, not on the number of providers they have.

Ms. Smith explained that these rates are just for SFY 07 and just for these plans. If another plan comes in at a later date, their rates would be negotiated for their contract. At this point in time, no other plan has expressed interest in offering their product. Mr. Stevens said that his concern was not with the rates being requested, but rather with John Deere's request that the Department adopt an administrative rule to pay managed care entities competing in the same counties the same rates.

John Deere Health	SFY 2006 (current) Rate	Proposed % Increase SFY 2007	Plan Proposed SFY 2007
Under Age 1 (PMPM)	\$407.90	0.0%	\$407.90
Age 1 -18 Health Only (PMPM) First Proposal	\$143.36	7.0%	\$153.40
Age 1 -18 Health Only (PMPM) Second Proposal	\$143.36	10.8%	\$158.86
Maternity Payment (Case Rate) One Time Payment	\$5,000.00	0.0%	\$5,000.00

Ms. Goldman added that the under age 1 payment would stay at \$407.90 as well as the one time payment for maternity of \$5,000.00.

Angela Burke Boston made a motion to approve John Deere's revised proposal for a 10.8% increase, bringing the PMPM rate to \$158.86. John Baker seconded the motion. A roll call vote was taken. Susan Salter, aye; Dr. Russell, aye; Dann Stevens, aye; Angela Burke Boston, aye; Jim Yeast, aye; John Baker, aye. Motion carried unanimously.

Delta Dental of Iowa

Ms. Smith reported that Delta Dental has requested a 5% rate increasing bringing the PMPM rate to \$17.41.

Delta Dental of Iowa	SFY 2006 Current Rate	% Increase SFY 2006/2007	Plan Proposed SFY 2007
Age 0- 18 Dental Only (PMPM)	\$16.58	5%	\$17.41

Jim Yeast made a motion to approve Delta Dental's 5% rate increase request. John Baker seconded the motion. A roll call vote was taken. Susan Salter, aye; Dr. Russell, aye; Dann Stevens, aye; Angela Burke Boston, aye; Jim Yeast, aye; John Baker, aye. Motion carried unanimously.

Wellmark Health Plan of Iowa (WHPI) (or Blue Access):

	SFY 2006 Current) Rate	% Increase SFY 2006/2007	Plan Proposed SFY 2007
Wellmark Health Plan of Iowa (WHPI)			
Proposal to expand into 33 counties July 1, 2006			
Under Age 1 (PMPM)	\$407.90	0.00%	\$407.90
Maternity Payment (Case Rate) One Time Payment	\$5,000.00	0.0%	\$5,000.00
Health PMPM	N/A	N/A	\$158.86
Dental PMPM	N/A	N/A	\$18.45
Total Health and Dental			\$177.31

Ms. Smith told the Board that Wellmark's new managed care plan will provide both health and dental coverage. The proposed rate is \$177.31 PMPM.

Mr. Baker noted that the dental rate is more than that requested by Delta Dental.

Diane Schroeder from Delta Dental asked to speak to the Board. Ms. Schroeder stated that the last information Delta Dental received did not provide a Wellmark Blue Dental PMPM rate for dental coverage for *hawk-i*. Ms. Schroeder said that an adjustment has been made to the medical to neutralize the difference between the medical carriers. Ms. Schroeder told the Board that she would like to see the same consideration given to Delta Dental as was given to John Deere and accept her verbal request as a second proposal. She requested that the Board make the Blue Dental and the Delta Dental equal and increase their rate to \$18.45 PMPM.

Mr. Baker said the Board bumped John Deere up \$5 per month to match Wellmark's managed care plan and they are competing in the same areas. Ms. Goldman explained that there will not be competition between dental plans in managed care counties. It will be either Delta Dental if the family chooses John Deere as their health care plan, or Blue Dental if they choose Wellmark as their plan. If a family chooses Wellmark they do not have the option of choosing Delta for dental coverage and vice versa. Mr. Baker asked if Delta could extend into additional counties. Ms. Schroeder explained that they could not. Under the current formula, Delta is the option for the John Deere plan and Wellmark is the packaged price. Delta Dental could not move into other counties unless John Deere expanded into those counties. Ms. Schroeder told the Board that Delta Dental's assumptions were the same as John Deere's when submitting their request for SFY 07 rates, that they had access to all of those children in those counties. When the Department requested the plans submit their rates for next fiscal year, they did not know that Wellmark would be introducing their managed care plans to compete in those counties. Ms. Schroeder said again that she feels consideration should be given to increase the Delta Dental PMPM. Ms. Schroeder said that Delta would stand on the \$17.41 that the Board just approved, but when they revisit the PMPM rate next year, they will take the diminished enrollment rate into consideration when submitting the request for SFY 08.

Mr. Stevens said that earlier in the discussion it was indicated if there was a competition of rates in the future they would negotiate to the lower rate. Mr. Stevens asked if there was any reason they could approve the Wellmark request at a reduced rate to make the dental portion \$17.41 to match Delta's rate, rather than the \$18.45 as outlined on the handout.

Linn Tague from Wellmark asked to speak to the Board. Ms. Tague said that at the April Board meeting Wellmark did not have the breakout of what portion of the \$177.31 capitation rate was for health care and prescription drug coverage (\$158.86) and how much was for dental coverage (\$18.45). Ms. Tague said she would like to back Ms. Schroeder's comment that the Board just accepted John Deere's second proposal for the \$158.86 rate because they feel they may have lesser enrollment due to the competition that will now exist. Delta Dental's actuaries will have the same concerns because by default, Delta Dental will end up with the same enrollment numbers that John Deere has. Ms. Tague said she feels it would be fair for the Board to approve one rate. As far as the \$17.41 rate, whether Wellmark could accept that lower figure, she would need to consult with Wellmark's actuaries. Ms. Tague reminded the Board that they had approved 20 additional counties for John Deere Health effective March 1. If Wellmark had not decided to offer their managed care product through *hawk-i*, then Wellmark stood to lose about 3,050 enrollees over a one-year period when those enrollments were switched from Wellmark indemnity to John Deere. Wellmark believes that by rolling out their WHPI product, they will not grow their enrollment, but maintain the enrollment they have today. Based on prior discussions, she believes the \$18.45 rate is pretty firm.

Mr. Stevens said that if there is no competition between dental carriers it would imply that Delta Dental and the dental portion of Wellmark are the same. If that were the case, then why wouldn't the \$17.41 proposal by Delta still be applicable?

Ms. Schroeder responded that Delta Dental made some assumptions. The original calculations that were done when they initiated the relationship with the *hawk-i* program were based on a larger, statewide number of enrollees. As the project rolled out, they have been limited to counties where managed care is offered, about 22 counties. In those counties, enrollees were able to choose John Deere health and John Deere dental, or Iowa Health Solutions (IHS) health and IHS dental, or they could choose their health plan from either John Deere or IHS and select Delta as their dental provider. After IHS left the program, enrollees were enrolled in John Deere health and chose between John Deere dental and Delta. Earlier this year, John Deere decided to no longer offer dental and gave approximately 5,000 enrollees to Delta. Delta Dental has only had that increased enrollment since March 1, 2006. Ms. Schroeder said that Delta Dental was encouraged by that increased enrollment, even though it was far below the original projections when they approached the Board several years ago about offering their product. Ms. Schroeder said that Delta Dental does support Wellmark in those additional counties because it gives *hawk-i* enrollees an opportunity to choose. However, with that choice, all of those children currently enrolled in Delta will have the option of switching to Wellmark's health plan and Delta will lose those enrollees.

Ms. Goldman asked if the two plans would like to discuss their dental package. Ms. Tague said that she did not have the specific benefit breakouts with her. However, she has compared them, and Delta and Wellmark are essentially the same. Ms. Tague said that when Wellmark first got into the dental business, they were with Delta Dental. At some point, then Delta had a separate entity, Aware Dental Services. Aware is who Wellmark uses, and Aware is actually the parent of Delta, and offers their own dental services. Because of this, Wellmark has not deviated very much from what was the original Delta Dental design. Other than the provider networks, which are still very close to one another, there is not a lot of difference in the benefit design and coverage.

Dr. Russell indicated that since both plans are so similar he would be concerned about paying one plan more than another. Dr. Russell suggested maybe a compromise would be in order.

Mr. Stevens asked about enrollment numbers in the 33 counties where Wellmark and Delta would be. Ms. Goldman said it would be 38 counties. Linn Tague said that some of the counties WHPI is moving into are currently Classic Blue indemnity counties. Over the 12-month period beginning July 1, 2006, they would begin to move those children from Classic Blue to Blue Access.

Ms. Goldman asked if Mr. Stevens question was relative to the number of counties where enrollees would have a choice. Mr. Stevens said his question was what impact if they lowered the rate from \$18.45 to \$17.41 would they be asking Wellmark to take a \$1,000 month hit or a \$10,000 hit per month.

Mr. Stevens stated that the Board had already passed the \$17.41 rate and he thinks the Board should ask Wellmark to go down to the \$17.41 rate for this year and the Board can reconsider rates next year.

Ms. Tague said it would be hard to estimate any change in enrollment because the kids don't automatically transition on July 1. They will transition during a 12-month period and during their renewal period they will have a choice. This choice will vary among enrollees based on various factors. It could be based on physician. It will be very difficult to project enrollment changes until they have a year's experience. Wellmark's actuaries don't feel that their enrollment will fluctuate much, but they do feel they will be able to maintain enrollment by offering their managed care product due to the changes that were made March 1, 2006.

Ms. Salter said that the Board could raise Delta Dental's rate. Mr. Stevens asked if it was possible to have a rate review at the 6-month point in the contract. Ms. Smith responded no, the contracts state this will be done annually. Mr. Stevens suggested the Board go with the lower rate and review when they have more data.

Ms. Smith said that she knew that Anna Ruggle had a discussion with Wellmark on how firm these rates were. At that time, Wellmark responded that they were firm.

Ms. Goldman confirmed for the Board that Ms. Schroeder's verbal proposal today should be treated the same as a written proposal.

Ms. Burke Boston made a motion to reconsider the Delta Dental rates that the Board just approved in the amount of \$17.41. The motion died for a lack of a second.

Mr. Yeast said he thinks the people have not done their homework and the Board is trying to be fair. He stated he would approve the rates as submitted.

John Baker made a motion to approve the Wellmark managed care rate at \$177.31 PMPM. Jim Yeast seconded the motion. A roll call vote was taken. Susan Salter, aye; Dr. Russell, aye; Dann Stevens, aye; Angela Burke Boston, nay; Jim Yeast, aye; John Baker, aye. The rate increase was approved by a vote of 5-1.

To summarize, the Board has approved the SFY 07 capitation rates as follows:

	Current Rate Paid SFY 2006	% Increase Requested for SFY 2007	Rate for SFY 2007 as Approved by <i>hawk-i</i> Board
Wellmark Indemnity			
Under Age 1 (PMPM)	\$407.90	0.0%	\$407.90
Age 1 -18 Health and Dental (PMPM)	\$176.13	4.2%	\$183.60
Maternity Payment (Case Rate) One Time Payment	\$5,000.00	0.0%	\$5,000.00
John Deere Health			
Under Age 1 (PMPM)	\$407.90	0.0%	\$407.90
Age 1 -18 Health Only (PMPM) Second Proposal	\$143.36	10.8%	\$158.86
Maternity Payment (Case Rate) One Time Payment	\$5,000.00	0.0%	\$5,000.00
Delta Dental of Iowa			
Age 0- 18 Dental Only (PMPM)	\$16.58	5%	\$17.41
Wellmark Health Plan of Iowa (WHPI)			
Proposal to expand into 33 counties July 1, 2006			
Under Age 1 (PMPM)	\$407.90	0.00%	\$407.90
Maternity Payment (Case Rate) One Time Payment	\$5,000.00	0.0%	\$5,000.00
Health PMPM	N/A	N/A	\$158.86
Dental PMPM	N/A	N/A	<u>\$18.45</u>
Total Health and Dental			\$177.31

The meeting was adjourned.

The next *hawk-i* Board meeting is scheduled for Monday, June 19, 2006, at 12:30 p.m. at the Des Moines Botanical Center, Levitt Room, 909 Robert D. Ray Drive, Des Moines, Iowa.