

STATE OF IOWA DEPARTMENT OF
Health AND **Human**
SERVICES

Managed Care SFY24 Contract Summary

July, 2023

Executive Summary

The Department recently executed contracts and contract amendments with Amerigroup Iowa (AGP) and Iowa Total Care (ITC) and Molina Healthcare of Iowa (Molina) to administer the IA Health Link Program. These contracts and amendments were executed to include changes to rates and update contract language based on Iowa Legislation.

These contract amendments are still pending approval by the Centers for Medicare and Medicaid Services (CMS) and may be subject to change.

RATE CHANGES

The Department implemented the following rate changes through managed care contracts MED-16-018 (AGP) and MED-20-001 (ITC):

- **SFY23 capitation rates:**
 - The estimated aggregated fiscal impact of the SFY23 IA Health Link rate changes, net additional payments, is an annual increase of \$160.5M based on CY19 enrollment, which is the base data period used for rate development for SFY23 revised capitation rates.
 - Rates were revised to include additional policy changes due to the Iowa legislative appropriations for the SFY23 contract period.
 - The following changes were made to the SFY23 capitation rates based on the final state of the appropriations bill:
 - Rural Health Home (LUPA) will see a 0.1% rate increase (\$3.9M appropriation).
 - ICF/ID Fee will receive a 0.1% increase (\$19M appropriation).
 - BHIS will receive a 0.1% increase (\$8.3M appropriation).
 - ABA will receive a 0.02% increase (\$9.8M appropriation).
 - HCBS will receive a 0.7% increase (\$100,000 appropriation).

The Department implemented the following rate changes through managed care contracts MED-24-006 (AGP), MED-20-001 (ITC) and MED-24-005 (Molina):

- **SFY24 capitation rates:**
 - The estimated aggregated fiscal impact of the SFY24 IA Health Link rate changes, gross withhold, net additional payments, is an annual increase of \$142.2M based on SFY22 enrollment, which is the base data period used for rate development. Additional detail regarding rate increase from SFY23 to SFY24 is shown in Appendix I.
 - The following rating adjustments are expected to be made within a future rate amendment for the SFY24 contract period:
 - Acuity adjustment estimating the impact of the unwinding of the continuous eligibility requirement associated with the COVID-19 PHE
 - Prospective MCO-specific risk/relativity adjustment which will be applied in a budget neutral manner.
 - LTSS blend assumptions based on expected MCO attribution.

- Adjustments for legislatively approved policy changes that at the time of rate development were not yet signed by the Governor's office but are expected to have an effective date of July 1, 2023.
- We have also attached the rate certification letter for the SFY24 revised contract period (IA Health Link SFY24 Rate Certification 2023.06.16.pdf) that was submitted to CMS.

CONTRACT CHANGES

The Department has made the following revisions to the Managed Care Organization (MCO) contracts through:

SFY23:

MED-16-018-Amendment 22 (Amerigroup) – Effective July 1, 2022

- Revised SFY23 rates to account for legislative rate changes

MED-16-018 Amendment 23 (Amerigroup) – Effective January 1, 2023

- Mid-year rate updates and other contract updates
 - Updated Carve Out for 340b program
 - Drug encounter claim submission update
 - Member website update
 - ARPA Home and Community Based Services (HCBS) – directed payment for SFY22 and SFY23
 - Psychiatric Intensive Care (PIC) Medicaid rate revision

MED-16-018 Amendment 24 (Amerigroup) – Effective April 1, 2023

- Updating the base rate per diems and Quality Assurance Assessment Fee (QAAF) for nursing facility services, effective April 1, 2023 – June 30, 2023.

MED-20-001 Amendment 13 (Iowa Total Care) – Effective July 1, 2022

- Revised SFY23 rates to account for legislative rate changes

MED-20-001 Amendment 14 (Iowa Total Care) – Effective January 1, 2023

- Mid-year rate updates and other contract updates
 - Updated Carve Out for 340b program
 - Drug encounter claim submission update
 - Member website update
 - ARPA Home and Community Based Services (HCBS) – directed payment for SFY22 and SFY23
 - Psychiatric Intensive Care (PIC) Medicaid rate revision

MED-20-001 – Amendment 16 (Iowa Total Care) – Effective April 1, 2023

- Updating the base rate per diems and Quality Assurance Assessment Fee QAAF for nursing facility services

SFY24:

MED-24-006 New SFY24 Contract – Amerigroup – Effective July 1, 2023

- This contract was the result of the Request for Proposal (RFP) MED-23-005

MED-24-006 Amendment 1 (Amerigroup) – Effective July 1, 2023

- The Iowa Department of Human Services (DHS), listed as a party to this Contract, is hereby changed to a new entity, the Iowa Department of Health and Human Services (HHS). “Agency” as used in the Contract shall mean HHS.

MED-24-006 Amendment 2 (Amerigroup) – Effective July 1, 2023

- SFY24 rate and contract revisions
 - Section A17 updated with state agencies and program name changes
 - Member handbook availability updated
 - Updated incurred claims
 - Credibility adjustment – amended member months
 - Risk sharing corridor updated
 - Provider relations map updates
 - Provider credentialing and recredentialing updated to align with CMS guidelines
 - Deemed granting of prior authorization deleted
 - 340b timeframes for reimbursement updated
 - Drug rebate language revised
 - SFY24 Pay for Performance chart updated
 - Multi-systemic therapy and Family Functional Therapy added

MED-20-001 Amendment 15 (Iowa Total Care) – Effective July 1, 2023

- The Iowa Department of Human Services (DHS), listed as a party to this Contract, is hereby changed to a new entity, the Iowa Department of Health and Human Services (HHS). “Agency” as used in the Contract shall mean HHS.

MED-20-001 – Amendment 17 (Iowa Total Care) – Effective July 1, 2023

- SFY24 rate and contract revisions
 - Section A17 updated with state agencies and program name changes
 - Member handbook availability updated
 - Updated incurred claims
 - Credibility adjustment – amended member months
 - Risk sharing corridor updated
 - Provider relations map updates
 - Provider credentialing and recredentialing updated to align with CMS guidelines
 - Deemed granting of prior authorization deleted
 - 340b timeframes for reimbursement updated
 - Drug rebate language revised

- SFY24 Pay for Performance chart updated
- Multi-systemic therapy and Family Functional Therapy added

MED-24-005 – New SFY24 Contract Molina Healthcare – Effective July 1, 2023

- This contract was the result of the Request for Proposal (RFP) MED-23-005

MED-24-005 – Amendment 1 (Molina Healthcare) – Effective July 1, 2023

- The Iowa Department of Human Services (DHS), listed as a party to this Contract, is hereby changed to a new entity, the Iowa Department of Health and Human Services (HHS). “Agency” as used in the Contract shall mean HHS.

MED-24-005 – Amendment 2 (Molina Healthcare) – Effective July 1, 2023

- SFY24 rate and contract revisions
 - Section A17 updated with state agencies and program name changes
 - Member handbook availability updated
 - Updated incurred claims
 - Credibility adjustment – amended member months
 - Risk sharing corridor updated
 - Provider relations map updates
 - Provider credentialing and recredentialing updated to align with CMS guidelines
 - Deemed granting of prior authorization deleted
 - 340b timeframes for reimbursement updated
 - Drug rebate language revised
 - SFY24 Pay for Performance chart updated
 - Multi-systemic therapy and Family Functional Therapy added

Appendix I

SFY23 to SFY24 Rate Increase (See Exclusion Detail)¹ = 2.2%
\$142.2M Total Share (TC)²
\$39.2 M State General Fund Share (SGF)³

Base Data Change (CY19 to SFY22) = 3.1%
\$200.2M (TC); \$55.2M (SGF)

Includes benefits and fee schedule changes effective during SFY22.

Base Data Adjustments = -0.6%

-\$37.8M (TC)
-\$10.4 (SGF)

Repricing

FQHC/RHC/IHS
 Rural Health Home LUPA
 ICF/ID
 State Resource Center
 Iowa Health Homes
 BHIS
 ABA Repricing
 HCBS Rate Increase

Benefits

Non-MAGI and MAGI Short and
 Long Nursing Facility Coverage
 Pharmacy Insulin Price Decreases

**COVID-19 / PHE Related Program
 Changes = 0.9%**

\$56.1 (TC)
\$15.5M (SFG)

Benefits

Eliminate COVID-19 Meals
 Decrease in COVID-19 Testing
 Eliminate Rx 90-Day Supply

**Trend & Other Program
 Changes = -2.7%**

-\$174.3 (TC)
-\$48.1M (SGF)

Repricing / Benefits

Nursing Facility and QAAF
 Psychiatric Intensive Care Unit
 Multi-Systemic Therapy
 Family Functional Therapy
 Includes Leap Year Adjustment

Trend

SFY23 reflected 42 months of trend
 between Base Period and SFY23
 SFY24 reflects 24 months of trend
 between Base Period and SFY24
 Decrease driven by base increase
 and base to contract trend months.

Other Rate Changes = 1.5%

\$98.0M (TC)
\$27.1M (SGF)

Non-Medical Load

1. Based on comparison of SFY23 Health Link capitation rates effective April 1, 2023 (includes NF and QAAF Impact). **Excludes – Impact of July 1, 2023 appropriation increases (MH/SA, NF, and PMIC) and the impact of acuity (per capita cost increase due to PHE unwinding).**
2. Total funds are estimated based on impact of SFY22 enrollment. Actual funds will vary based on enrollment within the SFY24 contract period.
3. Estimate State Share = 27.60% estimated aggregate FMAP including regular, enhanced, and phased down PHE enhancement through December 31, 2023.