

July 31, 2025

Legislative Services Agency
State Capitol Building

RE: MEDICAID MANAGED CARE CONTRACTS — NOTIFICATION TO GENERAL ASSEMBLY.

The Department of Health and Human Services recently executed contract amendments with Wellpoint, Iowa and Iowa Total Care (ITC) and Molina Healthcare of Iowa (Molina) to administer the IA Health Link Program. These 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 rate changes through managed care contracts MED-24-006 (Wellpoint), MEDIOMC26002- (ITC) and MED-24-005 (Molina).

The following rating adjustments are expected to be made within a future rate amendment for the SFY26 contract period:

SFY26 capitation rates:

- Adjustments for legislatively approved policy changes expected to have an effective date within SFY26.
- Certified Community Behavioral Health Clinic (CCBHC) implementation.
- Reimbursement increases for newborn screening services.
- The associated impacts on the non-medical load for additional staffing ratio requirements and assessor transitions associated with the population receiving Habilitation services
- A legislatively mandated premium tax change, reducing the tax from 0.950% to 0.925%, is expected to occur effective January 1, 2026
- Adjustments to policy modification (e.g. inpatient hospital rate rebase, maternity unbundling, emergency room reimbursement associated with prudent layperson, home health acuity tiers).

CONTRACT CHANGES

The Department made additional scope of work revisions to the Managed Care Organization (MCO) contracts to update language, outline expectations, and provide clarity on regulations.

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The following additional contract actions were made within the SFY25 contract period:

- Contract language changes for legislatively approved policy changes,
- Alignment with changes for the HOME project,
- Rewrite of section D.4 Medical Loss Ratio to align with CFR,
- Added codes for ILOS per CMS guidance,
- Added language related to the ADA and Section 504 of the Rehabilitation Act - MOU with the National Federation of the Blind,
- Updated rates for SFY2026.

Please feel free to contact me if you need additional information.

Sincerely,

A handwritten signature in blue ink that reads "Carrie Malone".

Carrie L. Malone, J.D.
Director of Policy & Government Relations