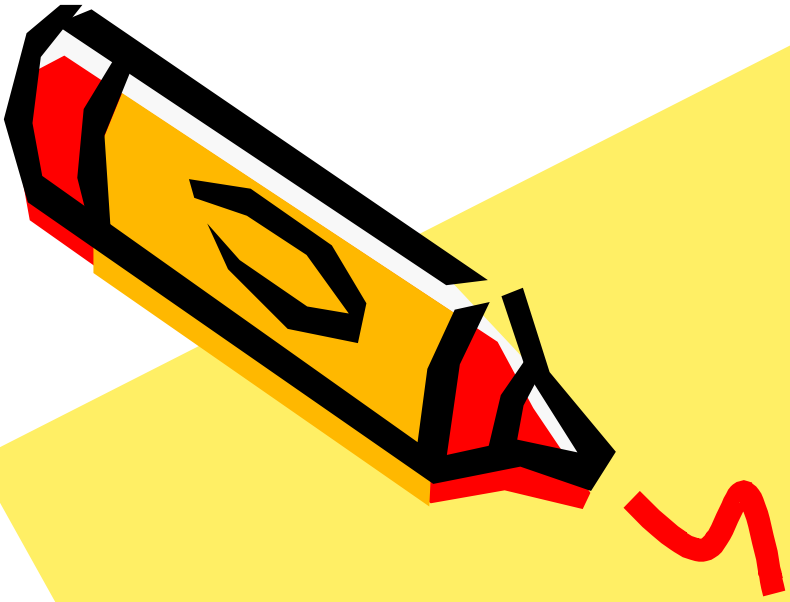
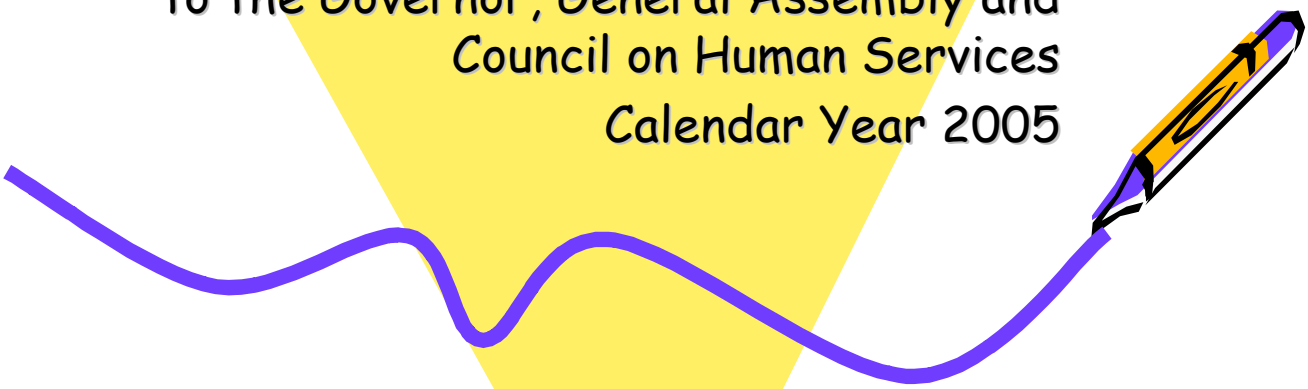


hawk-i

(Healthy and Well Kids In Iowa)

Annual Report of the ***hawk-i*** Board
to the Governor, General Assembly and
Council on Human Services
Calendar Year 2005



C O N T E N T S

ANNUAL REPORT OF THE *hawk-i* BOARD
DECEMBER 1, 2004 – NOVEMBER 30, 2005

ATTACHMENTS:

EXECUTIVE SUMMARY

Annual Report of the *hawk-i* Board to the Governor, General Assembly and Council on Human Services

Calendar Year 2005

Iowa Code Section 514I.5(g) directs the ***hawk-i*** Board to submit an annual report to the Governor, General Assembly, and Council on Human Services concerning the Board's activities, findings and recommendations. Highlights of the report are listed below:

Budget. As economic pressure continues to stress state and federal budgets, states continue to be faced with tough decisions. While there is sufficient federal funding for State Fiscal Year 2005, current projections are that Iowa will run out of federal funding the last quarter of Federal Fiscal Year (FFY) 2006 and expects another shortfall in FFY 2007. The Board continues to work closely with Iowa's Congressional delegation to emphasize the importance of reauthorizing funding of the SCHIP Program in FFY 2007.

Iowa's allotment of federal funds for the SCHIP Program (including both Medicaid Expansion and ***hawk-i***) was in excess of $32 million each year for 1998 through 2001. However, for the fifth straight year, Iowa's federal SCHIP allotment has decreased from the original allotment amount. Comparing FFY 1998 to FFY 2006 the allotment has decreased 16.8% even though enrollment has increased.

hawk-i Enrollment. The ***hawk-i*** Program continued to experience growth in 2005. The total number of children enrolled in the ***hawk-i*** Program as of November 30, 2004, was 18,565 compared to 20,230 as of October 31, 2005, an 8 percent increase. This increase represents the success the ***hawk-i*** Program has experienced in enrolling uninsured children.

hawk-i Outreach*.** Identifying uninsured children in Iowa through community outreach efforts remains a primary focus of the Board. The Iowa Department of Public Health continued to provide oversight of a statewide ***hawk-i grassroots outreach program. There continues to be a focus on successful avenues for outreach with schools, faith-based community organizations, medical providers and a special emphasis on outreach to underserved populations.

New Enrollment Initiatives. On July 1, 2005 the ***hawk-i*** Program's online application process was enhanced with the addition of online renewal capabilities. The Third Party Administrator sends out a preprinted renewal application form 60 days prior to the end of the 12-month enrollment period. The renewal notice includes a Personal Identification Number (PIN) to be used to securely access data online. This provides the family with the ability to securely renew their child's ***hawk-i*** coverage from their home anytime, day or night.

TANF High Performance Bonus. For the fifth consecutive year the Department will receive $6.3 million of a maximum $6.5 million federal high performance bonus for managing its welfare program. Iowa received two awards based on fiscal year 2004 data. The Department received a $2,651,992 TANF high performance bonus for coming in second in the nation for job retention and earnings gain and was also awarded $3,650,679 for being third in the nation for improvements to help children in low-income families receive ***hawk-i*** health care coverage. The automated referral process implemented on July 1, 2004 to enroll children who have become ineligible for Medicaid into the ***hawk-i*** Program has been credited with the increased enrollment of children.

Wellmark Foundation Grant. The Department received a two-year $100,000 grant from the Wellmark Foundation in June 2004. The grant funds a study to find out why people who apply for coverage under Medicaid and ***hawk-i*** don't ultimately become eligible. All phases of the grant study will be completed in May 2006. Additionally, in July 2005 the ***hawk-i*** Program's Third Party Administrator began conducting a disenrollment survey of families who lose eligibility because they didn't renew coverage or failed to pay the premium. Both initiatives will provide the Board and Department measurable results and continued opportunities to develop new effective strategies for continuous improvement to enroll children and keep them enrolled in the program.

CMS Site Visit. In May 2005, the Centers for Medicare and Medicaid Services (CMS) conducted a site visit of Iowa's SCHIP Program. The primary areas in the CMS review included application and eligibility processing, enrollment, renewals, quality assurance, case file reviews and follow-up items from onsite reviews in previous years. Based on the information gathered during the review, CMS found that the Department is effectively administering the ***hawk-i*** Program in accordance with the State Plan.

CMS Payment Error Rate Measurement Pilot (PERM). The Department participated in the CMS Payment Error Rate Measurement Pilot between October 1, 2004 and October 1, 2005. The demonstration project was initiated in response to the Improper Payments Act of 2002 requiring federal agencies to provide an annual estimate of improper payment and to report on agency actions to reduce improper payments in Medicaid and SCHIP. A total of 100 ***hawk-i*** capitation payments made to health plans were reviewed. Additionally, 33 cases were selected for the eligibility review portion of the demonstration. The results of the study identified no capitation payment or eligibility errors for the ***hawk-i*** Program.

Contract Awarded to MAXIMUS. On December 20, 2004, the ***hawk-i*** Board unanimously approved to award the Third Party Administrator contract to MAXIMUS. The primary role of the Third Party Administrator is to provide customer service, determine eligibility for the ***hawk-i*** Program, and manage the enrollment of eligible children into participating Health Plans. Under the contract agreement, the Department implemented several new internal quality processes and performance standards are required to ensure integrity of the ***hawk-i*** Program through internal and external audit processes.

Health and Dental Plans. As health insurance costs continue to rise across the country, Iowa remains focused on identifying resources to continue quality health coverage. Wellmark Blue Cross and Blue Shield of Iowa, John Deere Health Plan and Delta Dental of Iowa are commended for continuing to provide services to children enrolled in the ***hawk-i*** Program.

The ***hawk-i*** Board remains very committed to meeting challenges set forth by the Governor and Iowa General Assembly ensuring that Iowa's children have access to quality health care coverage. The Board has been supported in its work by the Department of Human Services, Department of Public Health, Department of Education, Division of Insurance, advisory committees, health plans, advocacy groups, and providers.

Respectfully submitted,

hawk-i Board

ANNUAL REPORT OF THE *hawk-i* BOARD
Calendar Year 2005

I. BUDGET:

A. Federal Funding Issues:

The State Children's Health Insurance Program (SCHIP) is funded with both state and federal funds. The original federal SCHIP legislation authorized funding for 10 years, so the Program will come up for reauthorization in 2007. Prior to Federal Fiscal Year (FFY) 2005, states were allocated federal funding based on the estimated number of uninsured children in the state who could qualify for the Program. In FFY 2006 the allocation formula was based on 50 percent of the number of low-income children for a fiscal year and 50 percent of the number of low-income uninsured children defined in the three most recent current population surveys of the Bureau of Census, with an adjustment for duplication. In order to draw down approximately $3.00 of federal funds, the state must spend approximately $1.00 in state funds.

Iowa's allotment of federal funds for the SCHIP Program (includes both Medicaid Expansion and ***hawk-i***) was in excess of $32 million each year for 1998 through 2001. However, for the fifth straight year, Iowa's federal SCHIP allotment has decreased from the original allotment amount. The FFY 2006 allotment is $26,986,944 million, a 16.8 percent reduction from the first year allotment.

Federal Fiscal Year Allotments

Federal Fiscal Year	Allotment	Dollar Variance from 1st FFY Allotment	Percent Variance from 1st FFY Allotment
1998	$32,460,463		
1999	$32,307,161	- $153,302	- .47%
2000	$32,282,884	- $177,579	- .54%
2001	$32,940,215	+ 479,752	+1.4%
2002	$22,411,236	- $10,049,227	- 30.9%
2003	$21,368,268	- $11,092,195	- 34.2%
2004	$19,703,000	- $12,757,463	- 39.3%
2005	$28,266,206	- $4,194,257	- 12.9%
2006	$26,986,944	- $5,473,519	- 16.8%

The federal legislation provides that if a state does not spend all of its allotment for a given year the unspent dollars go into a redistribution pool to be redistributed among the states that have spent their funding for that year. States have one year to spend any redistributed funds they receive. Any unspent redistributed funds remaining at the end of the one-year period revert to the U.S. Treasury. On September 30, 2004,

Congress did not act to retain $1.1 billion of unspent funding within the SCHIP Program. As a result, the funds were reverted to the U.S. Treasury, leaving fewer program funds for the states.

In January 2005, Iowa was awarded $4,570,803 in additional FFY 2002 redistributed dollars. On September 26, 2005, CMS advised states that the original FFY 2002 redistribution grant awards were being adjusted. For Iowa this meant a reduction of $191,591. The redistributed grant award has been exhausted and Iowa is currently using the FFY 2005 allotment.

As economic pressure continues to stress state and federal budgets, states continue to be faced with tough decisions. While there was sufficient funding for State Fiscal Year (SFY) 2005, current projections are that Iowa will run out of federal funding the last quarter of FFY 2006 and expect another shortfall in FFY 2007.

A copy of Iowa's allotment and expenditure history is attached.

B. State Funding Issues:

The total appropriation of state funds for SFY 2005 was $16,192,638 inclusive of $3,694,227 ***hawk-i*** trust fund dollars held in reserve at SFY 2004 year-end and $180,136 in trust fund interest and grants. Of this amount, $14,131,408 was expended. Thus, the ***hawk-i*** Program ended SFY 2005 with a balance of $2,061,232 in state funds in the ***hawk-i*** trust fund that were taken into account in the development of the SFY 2006 budget request.

A copy of the SFY 2005 expenditure report and the SFY 2006 budget are attached. These reports reflect state-only dollars.

Attachment 1: Allotment Expenditure History, Redistribution Letter to CMS, SFY 2005 Fiscal Committee Report, SFY 2005 Expenditure Report, and SFY 2006 Budget

II. *hawk-i* Enrollment:

The ***hawk-i*** Program continued to experience growth in 2005. From January 1, 2005, through October 31, 2005, the ***hawk-i*** Program received 15,754 applications; approximately 23 percent of ***hawk-i*** applications were referred to Medicaid. Although the Medicaid Expansion component of SCHIP (Title XXI funded) remained constant in 2005, the Medicaid Program experienced significant growth in the number of children participating.

A. Enrollment:

Program	Enrollment as of November 30, 2004	Enrollment as of October 31, 2005
Medicaid Expansion	14,938	15,397
hawk-i Program	18,565	20,230
Total SCHIP Enrollment	29,503	35,627

*Attachment 2: Organization of the **hawk-i** Program Chart, History of Participation of Children in Medicaid and **hawk-i**, Iowa's SCHIP Program Combination Medicaid Expansion and **hawk-i,** Enrollee Demographic Summary by Federal Poverty Level, Enrollee Demographic Summary by Age, Enrollee Demographic Summary by Gender*

B. Unduplicated Number of Children Ever Enrolled by Federal Fiscal Year:

The Department developed a table of the number of children enrolled (unduplicated) in the ***hawk-i*** Program at any time during the FFY (October 1 through September 30) by federal poverty level for FFYs 2000 through 2005. Each child enrolled in ***hawk-i*** is counted once regardless of the number of times he or she was enrolled or re-enrolled in the Program during the year. This unduplicated count represents the total children served by the Program rather than point-in-time enrollment.

Unduplicated Number of *hawk-i* Children Ever Enrolled by Federal Fiscal Year

	Federal Poverty Level				Total Children Served
	<=100%	>100%<=150%	>150%<=200%	>200%	
Federal Fiscal Year 2000	285	4,840	3,416	158	8,699
Federal Fiscal Year 2001	679	8,760	6,977	256	16,672
Federal Fiscal Year 2002	682	10,415	10,034	3	21,134
Federal Fiscal Year 2003	956	10,617	11,486	0	23,059
Federal Fiscal Year 2004	1,235	11,595	13,810	0	26,640
Federal Fiscal Year 2005	1,236	13,420	15,453	0	30,109

III. NEW ENROLLMENT INITIATIVES:

A. On-line Application Process:

The Department implemented an on-line version of the ***hawk-i*** application on January 1, 2004. Upon submission, the application automatically populates data into the Third Party Administrator's (TPA) database, thus eliminating data entry errors. When the application is submitted the applicant receives an application summary that explains what they need to do next and what verification they have to send in.

On-line Applications Submitted to *hawk-i*

Time Period	Paper Applications	Electronic Applications
January 2004 – December 2004	**12,922**	**4,824**
January 2005 – October 2005	**7,343**	**8,411**

As of October 31, 2005, approximately 8,411 applications have been submitted electronically. Of those submitted, 5,180 have been processed as complete applications by the TPA.

B. Online Renewal Application Process:

Enrollment in the ***hawk-i*** Program is for a 12-month period, unless there is a change in the case that results in disenrollment, such as failure to pay premiums. Families must renew coverage annually to remain the ***hawk-i*** Program.

On July 1, 2005, the Department implemented an option that allows families to renew coverage on-line. The new process includes the following steps:

- One week prior to the date the renewal is scheduled to be mailed, the TPA mails a postcard to the family reminding them to watch the mail for their renewal application.
- Sixty days prior to the end of the 12-month enrollment period, a renewal application form that is preprinted with information about the household is sent to the family. The renewal notice contains instructions for the family wishing to renew coverage online. The notice includes the appropriate member identifier and Personal Identification Number (PIN) to be used to securely access data online.
- If the renewal application form has not been received within 15 days from the date the renewal notification was sent, a reminder notice is sent to the family.

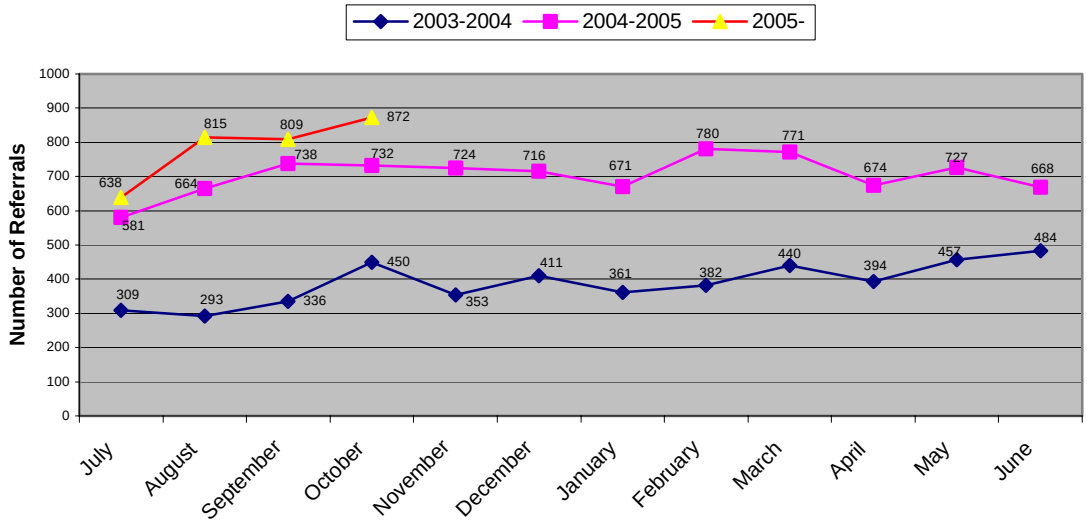
- If the renewal application has not been received within 30 days from the end of the 12-month enrollment period, at least two attempts are made to contact the family by telephone to remind the family of the renewal requirement.

C. Automated Medicaid Referral Process:

In July 2004 the Department implemented an automated referral process to enroll children who have become ineligible for Medicaid into the ***hawk-i*** Program.

The system was developed so that the DHS income maintenance workers in the county offices can refer children automatically through the DHS computer system to the ***hawk-i*** TPA. Until the implementation of the automated process, the workers had to make referrals through a labor intensive and cumbersome manual process that required workers to complete forms, copy all the paperwork, and mail or fax the applicant information.

Automated Referrals from Medicaid to *hawk-i*



For the 12-month period (July 2003 through June 2004) prior to implementation of the automated process, referrals from DHS income maintenance workers averaged 382 cases per month. Since implementation of the new process referrals have averaged 733 cases per month, an increase of 49 percent.

D. Disenrollment Survey

Beginning July 2005, the ***hawk-i*** Program's TPA began conducting a disenrollment survey of families who lose eligibility because they didn't renew coverage or failed to pay the premium. Within 30 days of disenrollment, the TPA mails a postage-paid disenrollment survey to the household. Data obtained from the responses to these questions are tabulated by the TPA and are reported to DHS on a monthly basis. Preliminary results of the first three months show that the primary reason for not

paying the premium is because the family forgot to sent it in. The primary reason the family does not renew coverage is because the child now has health insurance. The survey also indicates a very high satisfaction rate with the program.

Results of Disenrollment Survey

Failure to Pay Premium					
	August	**September**	**October**	**November**	**Cumulative**
Total # of Surveys Mailed to Households	75	70	60	83	288
Total # of Surveys Completed by Mail or Phone	22	13	18	20	73
Results of Completed Surveys:					
Which of the statements below best describes the reason you did not send in the ***hawk-i*** premium?					
• No longer needed coverage	0	3	2	5	10
• Cost	3	1	3	4	11
• Forgot to send in payment	10	4	7	6	27
• Child now has other insurance	9	5	6	5	25
Would you consider reapplying for ***hawk-i*** in the future?					
• Yes	22	13	18	18	71
• No	0	0	0	2	2
Would you recommend ***hawk-i*** for a friend or relative?					
• Yes	21	13	18	19	71
• No	1	0	0	1	2
Failed to Renew					
	August	**September**	**October**	**November**	**Cumulative**
Total # of Surveys Mailed to Households	133	173	180	145	631
Total # of Surveys Completed by Mail or Phone	51	57	54	49	211
Results of Completed Survey:					
Which of the statements below best describes the reason you did not send in the ***hawk-i*** renewal form?					
• No longer needed coverage	13	14	5	10	42
• Cost	0	0	0	0	0
• Forgot to send in the renewal application	5	11	11	12	39
• Child now has health coverage	33	29	37	27	126
• Did not send in proof of income	0	1	1	0	2
• Too difficult	0	2	0	0	2
Would you consider reapplying for ***hawk-i*** in the future?					
• Yes	49	56	54	48	207
• No	2	1	0	1	4
Would you recommend ***hawk-i*** to a friend or relative?					
• Yes	50	57	54	44	205
• No	1	0	0	5	6

E. Welcome Calls

Beginning July 2005, the ***hawk-i*** Program's TPA began making welcome calls to every family of newly enrolled children. The new calls are not directed to renewals or reinstatements, but to families who are either new to the Program or have not been covered by ***hawk-i*** for at least six months. The purpose of the calls are to make sure families understand how to access care and answer any questions. Families have been very receptive to the calls and the Department is encouraged that answering the family's questions early in the Program may prevent problems later.

IV. DHS AWARDED WELFARE MANAGEMENT BONUS:

For the fifth consecutive year the Department will receive $6.3 million of a maximum $6.5 million federal high performance bonus for managing its welfare program. Federal officials said 42 states shared the annual $200 million bonus, with amounts depending on rankings in various categories and the size of the state's yearly federal welfare block grant.

Iowa received two awards based on FY 2004 data. Iowa received $2,651,992 for coming in second in the nation for job retention and earnings gain. DHS was also awarded $3,650,679 for being third in the nation for improvements to help children in low-income families receive ***hawk-i*** health care coverage.

The award was the result of the automated referral process to enroll children who have become ineligible for Medicaid into the ***hawk-i*** Program. Referrals to ***hawk-i*** nearly doubled within a year.

V. OUTREACH:

The Balanced Budget Act of 1997 requires states to conduct outreach activities. The Department continues to educate the public about the ***hawk-i*** Program by giving presentations to various groups who can assist in the Program.

A. Structure:

Effective September 1, 2003, the Iowa Department of Human Services (DHS) contracted with the Iowa Department of Public Health (IDPH) to provide oversight for a statewide ***hawk-i*** grassroots outreach program. In May 2005, the ***hawk-i*** Board unanimously voted to renew the contract with IDPH for another year.

DHS continued to provide the leadership resulting in an effective collaboration between DHS, IDPH, and the ***hawk-i*** Board. During this last year, IDPH and 25 local Title V child health agencies continued to focus on four issue areas: schools, faith-based organizations, medical providers and underserved populations. While the required focus was on these four areas, outreach branched out across the state to

include new creative mechanisms for ***hawk-i*** outreach. While enrollment numbers have continued to rise, IDPH understands the need to find new ways to reach families of children who may have not had the opportunity to previously learn about the ***hawk-i*** Program.

The following summary highlights some of the effective strategies implemented on both a statewide and local level.

B. Outreach to Schools:

Schools continue to be a highly successful avenue for outreach. Local coordinators planned or participated in back-to-school events across Iowa again this year. In one Polk County event, more than 1,800 participants received ***hawk-i*** information in backpacks filled with school supplies, accessed health services, and participated in other family activities focused on a healthy school year.

On a local level, outreach coordinators continued to foster critical relationships with school personnel, such as teachers and school nurses, who help coordinators identify uninsured children. Many local coordinators sent out "certificates of appreciation" to school personnel to thank them for all their help. Local efforts went beyond PTAs and after-school programs that had been engaged previously to include community colleges, school counselors, preschools, and daycares.

Program materials were included in the First Lady's literacy program that provides a multicultural book to every child in Iowa entering kindergarten. Both a ***hawk-i*** brochure and bookmark were included with this year's book selection.

On a state level, ***hawk-i*** information was made available at various conferences for teachers, school counselors, and nurses. Initial steps also took place to collaborate with Iowa's Early Care, Health and Education Systems Building Project.

Collaboration efforts with the Department of Education and DHS continue to allow schools and childcare providers who participate in the Free and Reduced Meals Program to make referrals to the ***hawk-i*** Program for outreach purposes. As a result of this effort, the ***hawk-i*** Program's third party administrator mailed out 8,885 applications.

C. Outreach to the Faith-based Community:

Outreach coordinators continue to work with local ministerial associations and churches across Iowa to partner in ***hawk-i*** outreach. Many coordinators are targeting churches that work with underserved populations. Frequently, these churches are very open to learning about community programs that are available to help meet the needs of their parishioners.

On a statewide level, presentations were given to various church groups. Information was made available to participants at the parish nurse and health ministries conferences.

D. Outreach to Medical Providers:

Outreach efforts continued to build upon previous collaborative efforts with medical providers. In the past year, outreach focused on developing collaborative efforts with oral health providers. The dental poster was revised and updated with the new ***hawk-i*** dental plan information. Local coordinators made this available to dentists across the state. For example, the local outreach coordinator from Unity Health System went beyond private dental practices to also include the community dental clinic in Louisa County's homeless shelter and the University of Iowa's College of Pediatric Dentistry Outreach Clinic in Muscatine County.

On a statewide level, collaboration took place with Delta Dental to have over 1,000 pieces of ***hawk-i*** information passed out at the statewide Dental Association conference. Outreach staff also met with representatives of the Iowa and Nebraska Primary Care Association to discuss and implement practices to ensure families of children seeking care at community health centers receive ***hawk-i*** information.

E. Outreach to Underserved Populations:

A heavy emphasis continued to be placed on outreach to underserved populations. Coordinators reached out to agencies, classes, churches, and festivals targeting underserved populations. Many agencies worked with their local New Iowan Centers and Spanish-speaking health clinics. Outreach coordinators also took information to many businesses that may be frequented by diverse populations such as beauty salons, check cashing services, and multi-cultural grocery stores. Materials were also made available in two different areas at Des Moines's popular Latino Festival that attracts people from across the state to celebrate Latino culture. A variety of Spanish-translated materials were created to assist in outreach efforts. Plans are currently underway for a mandatory multicultural outreach coordinator training that will be held in the spring of 2006. The multicultural health consultant from IDPH will conduct the training. The training will focus on outreach strategies that go beyond handing out a brochure.

F. Additional Activities:

1) Local and the state coordinators continue to work with private insurance agents. Local coordinators made visits to local offices and state staff made presentations at continuing education courses for private insurance agents.

2) Collaboration with local libraries continued to be great partnership with outreach. In the past year this collaboration took a three-prong approach: local coordinators worked with their local libraries and DHS distributed bookmarks to

all the libraries in conjunction with the Library Association publishing an article about ***hawk-i*** in their statewide newsletter.

3) Many coordinators worked with local clubs in their communities such as the Kiwanis and Rotary clubs. Materials were also made available again this year at two booths at the Iowa State Fair and tax preparation assistance sites across Iowa.

4) Outreach was conducted during a week in May for "Cover the Uninsured Week" at various events. On a statewide level, collaboration took place with Covering Kids and Families staff to create some new creative materials, products and best practices to assist in outreach efforts.

G. Newly Created *hawk-i* Outreach Materials and Best Practices

- **Tip of the Every Other Week**- Local coordinators receive a "tip of the every other week" via e-mail from state staff. The tips focus on information for best practices or timely events and initiatives for potential outreach.
- **Events Calendar** – This new piece helps outreach coordinators identify and conduct activities throughout the year. The calendar lists potential outreach events and ideas for outreach collected from various quarterly reports and previous outreach coordinator efforts. Reminders for quarterly reports and ***hawk-i*** Board meetings are also included on the calendar.
- **Spanish Fact Sheet** – The "leave behind piece" that was created in 2004 as an easy read handout for a broad audience was translated into Spanish to be used in outreach efforts focused on the Spanish-speaking population.
- **Teacher Fact Sheet** - Very similar to the English and Spanish "fact sheet" that was created last year, the teacher fact sheet was developed to target school personnel. The fact sheet also presents information about children with health care coverage are more likely to: miss less school, pay attention better, and perform better in their classes. This has been a big hit at the PTA and school personnel conferences.
- **Immigration Family Flier** – Covering Kids and Families took the lead on developing this attractive and consumer-friendly immigration flier for outreach to immigrant families. The flier defines a "lawful permanent resident" and outlines the immigrant qualifications for ***hawk-i***. Outreach coordinators can print and distribute the flier to families in their communities.
- **Immigration Pocket Guide for Outreach Coordinators** – Outreach staff also collaborated with Covering Kids and Families to also create an immigration pocket guide for outreach coordinators and other professionals to use in learning about citizenship requirements and to assist them with outreach to minority populations.
- **Occurrence Report** – The report is currently being used on a statewide level with local outreach coordinators. The occurrence report is used to report specific obstacles that coordinators come across in assisting families

obtaining ***hawk-i*** coverage. Outreach coordinators also use the occurrence report to detail positive occurrences.

- ***hawk-i* Board Meetings** – A new practice was implemented during the year to invite a local coordinator to a ***hawk-i*** Board meeting to discuss efforts in their area. There has been positive feedback from the coordinators who have presented.

H. Training:

Local coordinators have had effective training opportunities over the last year through two statewide conferences, one Iowa Communications Network Outreach Task Force meeting and Outreach Task Force regional meetings that took place in five locations across the state. Local coordinators are required to attend specific breakout sessions at the spring Public Health Conference and the fall Bureau of Family Health Fall Seminar and the Outreach Task Force meetings. The agendas for the Outreach Task Force regularly include an informative presentation, updates from DHS and IDPH staff, and a networking session. Three Outreach Task Force Outreach Task Force meetings in the past have been conducted over ICN. New regional meetings will be replacing the old ICN meetings. It is the intent of the regional meetings to be more personal and encourage networking and sharing of best practices. New coordinator trainings are also offered adjacent to the Outreach Task Force meetings. State outreach staff also conducted site visits throughout the year to offer technical assistance to local coordinators.

I. Key Activities of Covering Kids and Families for FY 2005:

Iowa was selected to participate for a second year in the national Covering Kids and Families Process Improvement Collaborative, led by the Southern Institute for Children and Families. A collaborative is a systematic approach to quality improvement in which organizations and experts test and measure practice innovations and then share their experiences in an effort to accelerate learning and widespread implementation of best practices. This collaborative focused on maximizing efficiency and effectiveness of Medicaid and SCHIP eligibility systems for adults and children. Fifteen teams throughout the nation worked together for an entire year. The Iowa team worked with other teams that have similar problems and goals. The teams then share experiences and work with experts.

VI. WELLMARK GRANT AWARDED TO STUDY APPLICATION BARRIERS:

The Department received a two-year, $100,000 grant from the Wellmark Foundation in June 2004. The grant funds a study to find out why people who apply for coverage under Medicaid and ***hawk-i*** don't ultimately become eligible.

The Department contracted with University of Iowa Public Policy Center to design and conduct a statistically valid study that will identify and assess the underlying reasons

that applicants in both the Medicaid and ***hawk-i*** Programs do not successfully complete the application process.

In 2005, the barriers to enrollment in Medicaid and ***hawk-i*** study was designed and four different modes of data collection were utilized:

1) An abstraction of case files was conducted; the abstracted data was analyzed to reveal administrative level details about denied applications, including demographics and what information was requested to be supplied by the applicant as well as what information was not supplied.
2) Five formal and one informal site visit were conducted. The site visits were conducted primarily to clarify the process by which people apply to state funded health insurance programs. County-based local DHS offices process applications for the Medicaid Program; counties were selected for formal DHS site visits based on geographic dispersion, and urban-rural status. The MAXIMUS office in West Des Moines processes applications to the ***hawk-i*** Program centrally. A site visit for the ***hawk-i*** Program was conducted at the MAXIMUS office.
3) In order to better understand the applicant's perspective on the process of enrolling in ***hawk-i*** and Medicaid, focus groups were conducted in the same counties where the site visits were occurring. Calls were made to 50 phone numbers per county for Medicaid and also for ***hawk-i***. The almost 400 recruitment calls that were made resulted in 10 participants in the focus groups.
4) The information gathered in site visits, focus groups, and case abstractions was used to develop a survey instrument. The first questionnaire was mailed in October 2005. A reminder postcard and follow-up questionnaire will be mailed to non-responders in December.

The University of Iowa Public Policy Center is expected to finalize their analysis in March 2006. Based on the findings, the Department will develop strategies to address barriers identified in the study. All phases of the grant study will be completed in May 2006.

VII. CENTERS FOR MEDICARE AND MEDICAID SERVICES SITE VISIT REPORT:

In May 2005, CMS conducted a site visit of Iowa's SCHIP Program. The main goal of monitoring is to assure compliance with statutory and regulatory requirements under Title XXI, and assure compliance with statutory and regulatory requirements of the State Plan. The review was conducted in accordance with the SCHIP state review protocol with a particular emphasis on the current status of and upcoming changes in the ***hawk-i*** Program. The primary areas in the CMS review included application and eligibility processing, enrollment, renewals, quality assurance, case file reviews, and follow-up items from onsite reviews in previous years.

Based on information gathered during the review, CMS found the State is continuing to make improvements to the ***hawk-i*** Program through quality improvement projects, contract monitoring, eligibility reviews, and system validation. The ***hawk-i*** Program is effectively administering the ***hawk-i*** Program in accordance with the State Plan.

VIII. PARTICIPATION IN THE PAYMENT ERROR RATE MEASUREMENT PILOT:

The Improper Payments Act of 2002 (Public Law 107-300) requires federal agencies to provide an annual estimate of improper payments and to report on agency actions to reduce improper payment in Medicaid and SCHIP.

In response to this requirement, the Centers for Medicare and Medicaid Services (CMS) began working with states on a demonstration basis to develop a national model to test the accuracy of state Medicaid and SCHIP payments and eligibility determinations.

Beginning in FFY 2002, there have been four years of demonstration, the first three of which were entitled “Payment Accuracy Measurement”, or “PAM”. In October 2004, CMS renamed the demonstration project from PAM to “Payment Error Rate Measurement”, or “PERM” to reflect their change in computing an accuracy rate to an error rate. The PERM demonstration also requires a full-scope eligibility review of a sub-sample of recipients to determine whether they were eligible as of the date of service as of the month for which a capitation payment was made.

The Department has participated in the last two years of the demonstration, in both years SCHIP was examined. The PERM demonstration project began on October 1, 2004, and ended on October 1, 2005. A total of 100 ***hawk-i*** capitation payments made to Wellmark, Iowa Health Solutions, and John Deere health plans were reviewed. Additionally, 33 cases were selected for the eligibility review portion of the demonstration. The results of the study identified no capitation payment or eligibility errors for the ***hawk-i*** Program.

Proposed federal rules were released in September 2004. The Department submitted comments to CMS on the proposed rules in October 2004 and August 2005. There was concern across all states that if the federal rules become law the fiscal impact to implement the requirements will be very costly to states. On October 5, 2005, CMS published an interim PERM rule with comment. The interim rule incorporated commenters’ suggestions to engage a federal contractor by contracting with that entity to complete the data processing, medical reviews, and calculate the state-specific error rates on claims made in the fee-for-service setting. It is anticipated that fee-for-service reviews will begin in fiscal year 2006.

Proposed federal rules have not been released for SCHIP managed care capitation or eligibility reviews. In fiscal year 2007, CMS expects to measure improper payments in managed care and eligibility components of Medicaid and SCHIP to be reported in fiscal year 2008. There continues to be concern across all states that the fiscal impact to

implement the managed care and eligibility components of SCHIP will be very costly to states.

IX. 2005 FOCUS STUDY - *hawk-i* DENTAL UTILIZATION:

The Clinical Advisory Committee was created by the Legislature as part of House File 2517 to advise the Board on coverage issues and outcome measures for the ***hawk-i*** Program.

As part of the quality assurance activities for the ***hawk-i*** Program for SFY 2005, the Department and Clinical Advisory Committee requested that the University of Iowa Public Policy Center conduct a study concerning the use of dental services by children in the ***hawk-i*** Program.

Study Questions:

1) Did enrollment in the ***hawk-i*** Program improve access to dental care for children based on responses to the pre/post evaluation survey?
2) What were the dental utilization rates for children in ***hawk-i*** based on the insurance encounter data and how were they affected by the method used to calculate the rates?
3) How soon did children receive dental services after enrolling in ***hawk-i*** and what factors were associated with receiving a dental visit sooner after enrolling?
4) What were the costs associated with providing dental services to children in ***hawk-i***, and was there a difference in the costs for children who received care sooner (a measure of pent-up demand)? Also, what was spent on different types of dental services (diagnosis and prevention vs. routine restorative care vs. extensive restorative care)?

Study Findings:

1) **Access to dental care for children in *hawk-i*.**

   Results of a survey comparing children before and after joining the ***hawk-i*** Program found significant improvement in several indicators of access to dental care. Although the percentage reporting need for dental care did not change, the proportion reporting unmet need and delays for needed care declined significantly after a year into the Program. The proportion with a regular source of dental care increased to 80 – 90 percent of children and the percentage with any dental visit also improved after joining the ***hawk-i*** Program. About three-quarters of children had a dental check-up, however, the percentage declined slightly over time.

2) **Utilization of dental services.**

   Dental utilization rates were lowest for children ages one to three years of age and for adolescents over age 12. Almost all children with a dental visit received a dental

check-up and about 85 percent received a dental cleaning or sealants. About a third received a restorative procedure such as a filling, and about one in five or six received a more complex procedure (root canal or crown). An evaluation of how the utilization rates were affected by the number of months in which children were enrolled in the Program indicated that rates are relatively consistent after children were in the Program between eight and eleven months.

3) **Time to first dental visit.**

The length of time it took children to receive a dental visit after first enrolling in ***hawk-i*** was evaluated using claims encounter data over a three-year period (SFY 2001-2003). Across health plans an average of 29 percent had a dental visit in the first six months, 48 percent after being enrolling for one year, and 83 percent after being enrolled for three years.

4) **Costs of the first episode of dental care for newly enrolled children in *hawk-i*.**

Costs of care for the first episode of dental care for children newly enrolled in ***hawk-i*** were evaluated using claims encounter and enrollment files for SFY 2001-2003. The first episode of care was defined as the four-month period following the initial dental visit after joining the Program.

Costs of All Dental Care Received During the First Episode of Care By Time of First Dental Visit by Plan

	Iowa Health Solutions			**John Deere**			**Wellmark**		
	Time of first dental visit after enrollment			Time of first dental visit after enrollment			Time of first dental visit after enrollment		
	1-3 Months	4-12 Months	13+ Months	1-3 Months	4-12 Months	13+ Months	1-3 Months	4-12 Months	13+ Months
Cost Categories									
Mean cost	$312	$274	$243	$236	$212	$193	$319	$259	$216
$0 - $100	23%	25%	27%	26%	27%	27%	24%	30%	34%
$101 - 200	31%	37%	37%	38%	40%	51%	31%	32%	33%
$201 - 500	28%	24%	24%	26%	24%	13%	28%	24%	23%
$501+	18%	15%	12%	10%	9%	9%	18%	13%	10%

The survey results clearly indicate children with dental coverage through the ***hawk-i*** Program has significantly improved their access to dental care services. The slight reduction in the percentage of children with a dental visit from 2001 to 2003 should be monitored to make sure this downward trend does not continue.

Dental utilization rates for children in ***hawk-i*** are generally more comparable than for children in those programs nationally. The 63 – 70 percent of children in ***hawk-i*** found to have had a dental visit in their first year in ***hawk-i*** from the follow-up survey is slightly lower than data from the National Health Interview Survey (NHIS), which indicated that 73 percent of children in Medicaid and other public programs had a

dental visit in the previous year. Unmet need, while significantly decreased, was still slightly higher than the 6.8 percent found in the NHIS for publicly-insured children. Dental utilization rates based on surveys are frequently higher than those found using administrative claims and encounter data, as was true in this study. Dental utilization rates in ***hawk-i*** are generally higher than the available national estimates based on administrative data.

The final report is available at http://ppc.uiowa.edu/health/hawk-i/index.htmlT.

X. *hawk-i* Contracts Awarded

A. MAXIMUS

On August 19, 2004, the Department issued a Request for Proposal for Third Party Administrative Services for the ***hawk-i*** Program. The primary role of the Third Party Administrator (TPA) is to provide customer service, determine eligibility for the ***hawk-i*** Program, and manage the enrollment of eligible children into participating Health Plans. The TPA processes and tracks the accurate disposition of all applications received and maintains ongoing enrollment in accordance with the procedures and rules established by the Department and adopted by the ***hawk-i*** Board.

On December 20, 2004, the ***hawk-i*** Board unanimously approved to award the TPA contract to MAXIMUS. Under the new contract, MAXIMUS proposed to implement a new integrated Oracle system. On November 1, 2005, the new system was implemented. The system offers the Department significant advantages over the old system in terms of quality management. The TPA is required to have quality management review processes in place to monitor workflow management, eligibility determinations, payment and financial accuracy, and document generation. Under the new performance-based contract, the TPA is required to provide the Department quarterly reports that include: 1) identifying problem areas and correction action plans initiated with specified timeframes for evaluation and resolution, 2) progress on previously identified corrective action plan, 3) areas of compliance and non-compliance, 4) contractual policies and procedures, and 5) resolution of all actual problems.

The Department defined and measures several performance standards under the new contract (example: eligibility determination accuracy requiring MAXIMUS to maintain an eligibility decision error rate of 3 percent or less. If any performance standard is not met, the Department may withhold a portion of the monthly operations cost.

In addition to internal quality review processes and performance standards, MAXIMUS is required to ensure the integrity of the ***hawk-i*** Program through internal and external audit processes. MAXIMUS is contractually obligated to subcontract with an independent auditing firm to perform a compliance audit of the eligibility and

financial system. The audit will be conducted on June 30, 2006, and a report of their findings is due to the Department by August 1, 2006.

B. Iowa Foundation for Medical Care

On March 14, 2005 the Department released a Request for Proposal to combine quality of health care analysis into one contract. Three contracts were scheduled to expire on June 30, 2005: 1) University of Iowa Public Policy Center did analysis of data and prepared reports on the follow-up survey functional health survey, core performance measures and the annual health focus study; 2) The Iowa Foundation for Medical Care (IFMC) performed an annual medical chart review; and 3) MAXIMUS, the health plans' provider network analysis. The Department believes that blending all health analysis under one contract would provide administrative efficiencies and a comprehensive and coordinated approach to utilization management, quality of care, and cost control.

On June 20, 2005 the ***hawk-i*** Board approved a health quality data analysis contract with IFMC. IFMC will perform analysis of health plans provider networks, baseline and follow-up survey functional health analysis, analysis of encounter data with core performance measures and focus study, and medical chart review based on the Clinical Advisory Committee's selection of a clinical area of focus.

Annually, IFMC will compare all data analyzed, identify trends and patterns, and outline areas of excellence and areas for quality improvement. The data will be analyzed across health and dental plans.

XI. HEALTH/DENTAL PLANS:

Four health/dental plans provided benefits to the ***hawk-i*** Program enrollees during the period covered by this report: Iowa Health Solutions, John Deere, Wellmark, and Delta Dental.

A. Iowa Health Solutions

On December 14, 2004, Nevada Care, Inc. (Iowa Health Solutions) sent a letter to the Department requesting to withdraw from the ***hawk-i*** Program effective February 1, 2005. Prior to notifying the ***hawk-i*** Program of their withdrawal, they gave the state notice that they were also withdrawing from the Medicaid Program effective February 1, 2005. The ***hawk-i*** Board accepted Iowa Health Solutions' request to withdraw at the December 20, 2004, Board meeting.

The Board approved the following transition plan:

- Children in counties where both Iowa Health Solutions and John Deere Health provided coverage transferred to John Deere.

- Wellmark agreed to expand their enrollment area and provide coverage to children in counties where Iowa Health Solutions was the only choice of coverage.

B. Delta Dental

On February 1, 2005, Delta Dental began offering dental services as a choice in John Deere managed care counties. Families enrolled with John Deere Health Plan are required to choose either John Deere's dental plan or Delta Dental. If the family does not make a choice within ten days of receiving their approval letter, a dental plan is selected for them. Once a dental plan has been selected for the family, the family has 30 days to switch dental plans.

C. Health Plan Enrollment

As of October 29, 2005, the ***hawk-i*** Program enrollment by health and dental plans was:

John Deere	7,614
Wellmark	11,312
Delta Dental*	2,637

*Offered as a choice in John Deere Health Plan counties.

D. Capitation Rates

The Board approved a 3.9 percent capitation rate increase for Wellmark and an 8 percent increase for John Deere Health Plan effective July 1, 2005. Delta Dental did not receive an increase in their capitation rate because their rate was effective February 1, 2005. The table below outlines the historical and current per member per month (PM/PM) rate by federal and state funding and the annual percentage increase in capitation rates.

History of Per Member Per Month Capitation Rate for *hawk-i*

State Fiscal Year (SFY)	Managed Care Monthly Capitation Rate		Managed Care Capitation Percent Increase (SFY)	Indemnity Monthly Capitation Rate		Indemnity Capitation Percent Increase (SFY)
	Federal Share	State Share		Federal Share	State Share	
SFY '00	$84.97			$110.63		
	$63.00 74.14%*	$21.97 25.86%*		$82.02 74.14%*	$28.61 25.86%*	
SFY '01	$90.92		7%	$118.37		7%
	$67.16 73.87%*	$26.76 26.13%*		$87.44 73.87%	$30.93 26.13%	
SFY '02	$106.52			$131.98		
	$78.82 74.00%*	$27.70 26.00%*	17%	$97.67 74.00%*	$34.31 26.00%*	12%
SFY '03	$119.30			$155.87		
	$88.82 74.45%*	$30.48 25.55%*	12%	$116.05 74.45%*	$39.82 25.55%*	18%
SFY '04	$131.23			$169.59		
	$98.09 74.75%*	$33.14 25.25%*	10%	$126.77 74.75%*	$42.82 25.25%*	9%
SFY '05 (7-1-2004)	$148.30			$169.59		
	$110.47 74.49%*	$37.83 25.51%*	13%	$126.33 74.49%	$43.26 25.51%	0%
SFY '05 (1-1-2005)	John Deere			Wellmark		
Health Only	$132.74		N/A			
	$98.88 74.49%*	$33.86 25.51%*				N/A
Health and Dental	$148.30			N/A		
	$110.47 74.49%*	$37.83 25.51%*				
SFY '05 (1-1-2005)	Delta Dental					
	$15.94					
	$11.87 74.49%*	$4.07 25.51%*		N/A		N/A
SFY '06 (7-1-05)	John Deere			Wellmark		
Health Only	$143.36					
	$106.85 74.53%*	$36.51 25.47%*	8%			
Health and Dental	$160.16			$176.13		
	$119.37 74.53%*	$40.79 25.47%*	8%	$131.27 74.53%	$44.86 25.47%	3.9%
	Delta Dental					
Dental Only	$15.94					
	$11,87 74.49%	$4.07 25.51%	0%			

*SCHIP FMAP Rates Effective October 1st

Attachment 3: County Health Plan Map and Enrollment by Health Plan Chart

XII. *hawk-i* BOARD MEMBERSHIP:

On May 12, 2003 Governor Vilsack signed H.F. 49 requiring the number of ***hawk-i*** Board meetings to change from ten times per year to no less than six, and no more than twelve, per calendar year effective July 2003. The Board meets on the third Monday of every other month, meeting agenda and minutes are available on the ***hawk-i*** Program web site at www.hawk-i.org.

***hawk-i* Board Membership in 2005**

Name	***City***	***Term Ending Date/ Type of Appointment***
Susan Salter, Chair	Mount Vernon	April 30, 2007
Wanda-Wyatt-Hardwick	Clinton	April 30, 2006
Jim Yeast	Dubuque	April 30, 2007
John Baker	Waterloo	April 30, 2006
Judy Jeffrey	Director Iowa Department of Education	Statutory
Charlotte Burt	Designee of Director of Education	
Mary Mincer Hansen	Director Iowa Department of Public Health	Statutory
Julie McMahon, Vice Chair	Designee of Director of Public Health	
Susan Voss	Commissioner of Insurance Iowa Department of Commerce	Statutory
Angela Burke Boston	Designee of Commissioner of Insurance Division	
Ex officio members from the General Assembly		
	Senate	
Amanda Ragan	Mason City	April 30, 2006
James Seymour	Woodbine	April 30, 2006
	House	
Mary Mascher	Iowa City	April 30, 2006
Gerald Jones	Silver City	April 30, 2006

*Attachment 4: Healthy and Well Kids in Iowa (**hawk-i**) Board Bylaws, Healthy and Well Kids in Iowa – **hawk-i** Board Members*

XIII. HIGHLIGHTS OF 2005 BOARD ACTIVITIES & MILESTONES:

December 2004

The Department informed the Board that NevadaCare, Inc. (Iowa Health Solutions) notified the Department that they would like to withdraw from the ***hawk-i*** Program effective February 1, 2005. The Board unanimously approved a motion to accept Iowa Health Solutions' request.

The Board unanimously approved a contract with Delta Dental. The contract allows families in managed care counties to choose to receive separate dental services

through Delta Dental of Iowa rather than through the health plan. The contract became effective February 1, 2005.

The Board unanimously approved an amendment to the Wellmark contract. The amendment allows Wellmark to expand their enrollment area into the counties previously served by Iowa Health Solutions where John Deere is not available.

The Board unanimously approved an amendment to the John Deere contract. The capitation rate was amended so that if the family chooses to get coverage through Delta Dental, as opposed to participating in John Deere's dental plan, a different cap rate will be paid.

The Board unanimously approved the contract for Administrative Services for the ***hawk-i*** Program between the Department and MAXIMUS. The base term of the contract consisted of two phases: 1) The Implementation Phase, which began on January 1, 2005, and ended on June 30, 2005 and, 2) The Operations Phase, which began on July 1, 2005, and ends on June 30, 2008. There are three one-year renewal options.

January 2005
The ***hawk-i*** Board did not meet in January.

February
The Department informed the Board that U. S. Department of Health & Human Services (HHS) did a redistribution of federal dollars totaling $643 million in unspent FFY 02 SCHIP allotments. Those funds were redistributed among 28 states, one of which was Iowa. HHS first looked to see if there were any states that would not have sufficient funds to get them through the current year, and there were five states: Arizona, Minnesota, Mississippi, New Jersey, and Rhode Island. Those states were made whole so they would have sufficient funding through FFY 2005. The remaining funds were distributed among the 28 states that had expended all of their FFY 2002 allotment. As a result, Iowa received an additional $4,570,803. There are seventeen states projected to run out of funds in FFY 2006, including Iowa. At that point in time states will have been notified if they are eligible for any FFY 2003 redistribution dollars.

Three states that had insufficient funding for FFY 2005 cover parents and/or childless adults through the Health Insurance Flexibility and Accountability (HIFA) demonstration initiative. The primary goal of the HIFA demonstration initiative is to encourage new comprehensive state approaches that will increase the number of individuals with health insurance coverage within current-level Medicaid and SCHIP resources through a section 1115 waiver approach. HIFA waivers allow states, when approved by HHS, to cover adults. New Jersey's plan to add even more parents and childless adults to their Program further taxes the availability of redistribution dollars for other states. Senator Grassley is very much opposed to these HIFA waivers because the intent of the SCHIP legislation was to provide coverage to children.

The Department reported to the Board that several legislative bills were reviewed that would extend coverage to parents in the ***hawk-i*** Program. Two bills directed the Department to apply for a waiver to cover parents under ***hawk-i***. However, the Department did not believe that CMS would approve a waiver to cover parents under ***hawk-i*** without first covering the parents of children on Medicaid. The cost of covering parents both under Medicaid and ***hawk-i*** were estimated at $141 million.

The Department advised the Board that three contracts would expire at the end of the current fiscal year. The three contracts provide quality of health care analysis ***hawk-i*** children are receiving. The Board discussed issuing a Request for Proposal (RFP) combining the functional health assessment, outcome measure reports, focus study, provider analysis, and medical record review under one entity. The Board unanimously approved that an RFP be issued at the combined cost of the current contracts.

March
The ***hawk-i*** Board did not meet in March.

April
The Department informed the Board that on March 22, 2005, the Secretary of Health and Human Services, Michael Leavitt, approved the Department to pursue a waiver to expand coverage to various populations. In order to qualify under this new coverage group a person does not have to be categorically related (aged, blind, disabled, or a parent of a covered child). It will cover people up to 200 percent of poverty and covers limited services. These primarily will be catastrophic services, not primary preventative care. Treatment can only be received at the University of Iowa, Broadlawns, or the four mental health institutes. Everyone who participates in the program will have a premium.

The Department advised the Board that the CMS regional office will perform a site visit on May 5th and 6th. CMS conducts a site visit every two years.

May
The Board approved SFY 2006 capitation rate increases of 3.9 percent for Wellmark indemnity and 8.8 percent for John Deere managed care plan.

June
The Board unanimously approved to accept the proposal for quality data analysis by the Iowa Foundation for Medical Care. The new contract was issued as a result of the Request for Proposal issued by the Department on May 3, 2005. This contract is for the period July 1, 2005, through June 30, 2008, with two one-year extension options in the contract.

July
The ***hawk-i*** Board did not meeting in July.

August
The Department reported to the Board that there has been some discussion about Congress reauthorizing SCHIP early because of funding issues and states are cautiously optimistic that additional federal dollars will be available. The ***hawk-i*** budget for SFY 2007 is being prepared with the assumption there will be sufficient federal funds to match against the state appropriation. The need for SFY 2007 is estimated to be approximately $86.1 million (federal and state). Current estimates are that there will be $37.1 million available in federal dollars. If additional federal funds are not available, it is estimated that $41.2 million in state funds would be needed to fund the Program at the current service level.

The Department informed the Board that CMS issued their final report on July 10, 2005. The final report was one of the most favorable reports that the state has ever received. There was one minor finding with the wording of a letter that is sent when children are eligible based on income but do not qualify because they currently have health insurance. The letter was revised and CMS approved the change.

The Board unanimously approved amendments to the administrative rules. The amendments were made to reflect changes in technology that have already been implemented, align and clarify ***hawk-i*** rules with corresponding Medicaid rules, and add language to allow matching of health insurance data with the ***hawk-i*** enrollment file.

September
The ***hawk-i*** Board did not meet in September.

October
The ***hawk-i*** Board did not meet in October.

November
The ***hawk-i*** Board did not meet in November.

XIV. LEGISLATIVE UPDATE:

Health Insurance Data Match

Legislation was passed in 2004 that requires any health plan doing business in the State of Iowa to provide a list of their enrollees to the State. The list can be matched to the Medicaid files in order to identify anyone with a third party resource so that other insurance can be billed first and then Medicaid would pick up the non-covered service.

In 2005 the Legislature passed HF 825 expanding the matching provision to ***hawk-i***. This will help identify children who should not be enrolled in ***hawk-i*** because they have other insurance. Rules have been promulgated and are scheduled for final review by the Administrative Rules Review Committee in February 2006. If approved, the matching provision will become effective in March 2006.

Attachment 1: *Allotment Expenditure History, Redistribution Letter to CMS, SFY 2005 Expenditure Report, and SFY 2006 Budget*

IOWA'S SCHIP ALLOTMENTS

	FFY 1998 (began October 1, 1997)	FFY 1999 (began October 1, 1998)	FFY 2000 (began October 1, 1999)	FFY 2001 (began October 1, 2000)	FFY 2002 (began October 1, 2001)	FFY03 (began October 1, 2002)	FFY 04 (began Oct. 1, 2003)	FFY 05 (began Oct. 1, 2004)	FFY 06 (began Oct. 1, 2005)
Allotment*	$32,460,463	$32,307,161 +$3,957,863 carryover from FFY 1998 Total $36,265,024	$32,382,884 +$4,787,171 carryover from FFY 1999 Total $37,170,055	$32,940,215 +$4,222,574 carryover from FFY 2000 Total $37,162,789	$22,411,236 +$2,138,741 carryover from FFY 2001 Total $24,549,977	$21,368,268 + $4,379,212 redistributed from FFY02 Total $25,747,480	$19,703,423 + ? unknown amount redistributed **from FFY03 (estimate)** **Total $?**	$28,266,206 + ? unknown amount redistributed **from FFY04 (estimate)** **Total $?**	$26,986,944 + ? unknown amount redistributed **from FFY05 (estimate)** **Total $?**
Expenditures *	$26.3	$24,846,556	$28,724,249	$32,885,307	$24,549,977	$25,747,480	**$?** (estimated)	**$?** (estimated)	**$?** (estimated)
Unspent Funds*	~~$ 6.1~~ **($2.2) reverted** $3.96** carried over to FFY 1999 $0	~~$11,387,171~~ **($6.6) reverted** $4.8** carried over to FFY 2000 $0	~~**$8.4 reverted**~~ **($4.2) reverted** $4.2 *** carried over to FFY 2001 $0	~~**$4,277, reverted**~~ **($2.1) reverted** $2,138,741 carried forward to FFY '02 $0	**$0 reverted** $4.4 million redistributed	$0 reverted *$? unknown amount redistributed*	$0 reverted *$? unknown amount redistributed*	$0 reverted *$? unknown amount redistributed*	$0 reverted *$? unknown amount redistributed*
Months of Federal Fiscal Year	10-11-12-1-2-3-4-5-6-7-8-9	10-11-12-1-2-3-4-5-6-7-8-9	10-11-12-1-2-3-4-5-6-7-8-9	10-11-12-1-2-3-4-5-6-7-8-9	10-11-12-1-2-3-4-5-6-7-8-9	10-11-12-1-2-3-4-5-6-7-8-9	10-11-12-1-2-3-4-5-6-7-8-9	10-11-12-1-2-3-4-5-6-7-8-9	10-11-12-1-2-3-4-5-6-7-8-9

* In Millions

10/1/97 Funding Available

10/1/98 Funding Available

10/1/99 Funding Available

10/1/00 Funding Available

10/1/01 Funding Available

10/1/02 Funding Available

10/1/03 Funding Available

10/1/04 Funding Available

10/1/05 Funding Available

1/98 – 4/98 LEGISLATIVE SESSION

7/1/98 Medicaid expansion to 133% of FPL

1/1/99 ***hawk-i*** program to 185% of FPL implemented

7/1/00 ***hawk-i*** income limit increased to 200% of FPL

** 12/18/00 Beneficiary Improvement & Protection Act (BIPA) passed. States keep 60% of 1998 & 1999 funds scheduled for reversion.

Must be spent within 1 year.

9/30/02 End of 3-year-period to spend FFY 2000 allotment. BIPA does not apply.

***** 7/31/03 S 312 & HR 531 sent to President for signature. Restores 50% of FFY 2000 funds to states.**

9/30/05 FFY 2002 Redistribution Adjusted by CMS Original redistribution $4,570,803 reduced by $191,591

9/30/00 End of 3-year-period to spend FFY 1998 allotment.

9/30/01 End of 3-year-period to spend FFY 1999 allotment.

9/30/03 End of 3-year-period to spend FFY 2001 allotment.

9/30/04 End of 3-year-period to spend FFY 2002 allotment.

9/30/05 End of 3-year-period to spend FFY 2003 allotment.

Fields of Opportunities

STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

October 10, 2005

Dennis G. Smith, Director
Center for Medicaid and State Operations
7500 Security Blvd.
S2-26-12
Baltimore, MD 21244-1850

Dear Mr. Smith,

The state of Iowa was notified of the restructuring of redistributed FFY 2002 SCHIP funds during a teleconference meeting with CMS and other states on September 26, 2005. While a few states are getting additional funding, the majority of states including Iowa are losing redistribution dollars to accommodate a few states' increased expenditure needs. The expenditure needs were based on the most recent projection reports submitted to CMS by all states.

The original FFY 2002 redistribution amounts were identified in the January 19, 2005 Federal Register/Volume 70, No. 12. States were given until February 15, 2005 to comment. However, Iowa received a grant award letter dated February 7, 2005, eight days prior to the deadline for submitting comments. When the grant award letter was received, Iowa assumed that all funds were certified and available for expenditure. Iowa has historically received the amount that was granted and has developed future budgetary needs on the assumption of the availability of the grant award.

Iowa's FFY 2002 redistribution grant award was originally $4,570,803. On January 21, 2005, Iowa notified CMS that the state was electing to spend redistributed dollars prior to using other allotments. As of today, the FFY 2002 $4,570,803 redistributed grant award has been exhausted and Iowa is currently using the FFY 2005 allotment.

The FFY 2002 redistribution grant award has now been reduced from $4,570,803 to $4,379,212 (a reduction of $191,591). This reduction in funds means adjustments will need to be made to future allotments in order to pay back any excess funds originally granted to the state.

Notifying states of the restructuring and redistribution adjustments at such a late date, four days from the close of the federal fiscal year, places Iowa and other states in a precarious position because, in many cases, legislatures have adjourned and budgets have been developed. The original grant award was used when developing future budgeting needs.

The new redistribution grant award reduction in federal funding, along with the revised FMAP for Iowa (a .37% reduction) and overall growth in the number of children receiving coverage creates even more strain on the state's budget. Based on current estimates Iowa projects a $25 to $30 million federal dollar shortfall in SFY 2007.

In order for states to accurately develop budgets to meet the needs of their most vulnerable citizens, it is essential that states be able to rely on the finding identified in grant award letters and receive sufficient notice of any adjustments.

Thank you for your attention to this matter.

Sincerely,

Kevin W. Concannon
Director

cc: Governor's Office

SCHIP Budget
SFY 2005
SFY 05 FINAL

FY 2005 Appropriation	$12,118,275	
Amount of hawk-i Trust Fund dollars added to appropriation	$3,694,227	
Amount funded by Tobacco Trust Fund	$200,000	
Total state appropriation for FY 2005	$16,012,502	
donations	$-	
Pam/Perm Grant dollars earned	$17,839	
Wellmark Grant dollars	$50,101	($100,000 total for FY05)
total	$16,080,442	

State Dollars

Budget Category	Projected Expenditures	YTD * Expenditures
Medicaid expansion	$5,621,381	$4,598,762
hawk-i premiums	$8,659,906	$8,923,154
Fiscal agent costs of processing Medicaid claims	$110,253	$60,859
Outreach	$127,550	$125,374
hawk-i administration	$474,752	$423,257
Earned interest from hawk-i fund	$-	-$112,196
Totals	$14,993,842	$14,019,209

hawk-i Trust Fund Balance (In State Dollars)	
Amount in hawk-i Trust Fund held in reserve at FY 04 year end	$3,694,227

CHIP Budget
SFY 2006
Nov-05

FY 2006 Appropriation	$	16,568,275	
Amount of hawk-i Trust Fund dollars added to appropriation	$	2,061,232	actual
Amount funded by Tobacco Trust Fund	$	200,000	
Total state appropriation for FY 2006	$	18,829,507	
donations	$	-	
Pam/Perm Grant dollars earned	$	-	
Wellmark Grant dollars	$	45,039	Grant period over 5-31-2006
total	$	18,874,546	

State Dollars

Budget Category	Projected Expenditures	YTD * Expenditures
Medicaid expansion	$5,938,800	$1,730,351
HAWK-I premiums	$11,131,164	$4,400,969
Fiscal agent costs of processing Medicaid claims	$111,554	$0
Outreach	$127,350	$7,588
HAWK-I administration	$610,821	$107,663
Earned interest from HAWK-I fund	$ -	-$62,525
Totals	$ 17,919,689	$6,184,046

HAWK-I Trust Fund Balance (In State Dollars)	
Amount in HAWK-I Trust Fund held in reserve at FY 05 year end	$2,061,232

Attachment 2: Organization of **hawk-***i Program Chart History of Participation of Children in Medicaid and* ***hawk-i****, Iowa's SCHIP Program Combination Medicaid Expansion and* ***hawk-i*** *, Enrollee Demographic Summary by Federal Poverty Level, Enrollee Demographic Summary by Age, Enrollee Demographic Summary by Gender*

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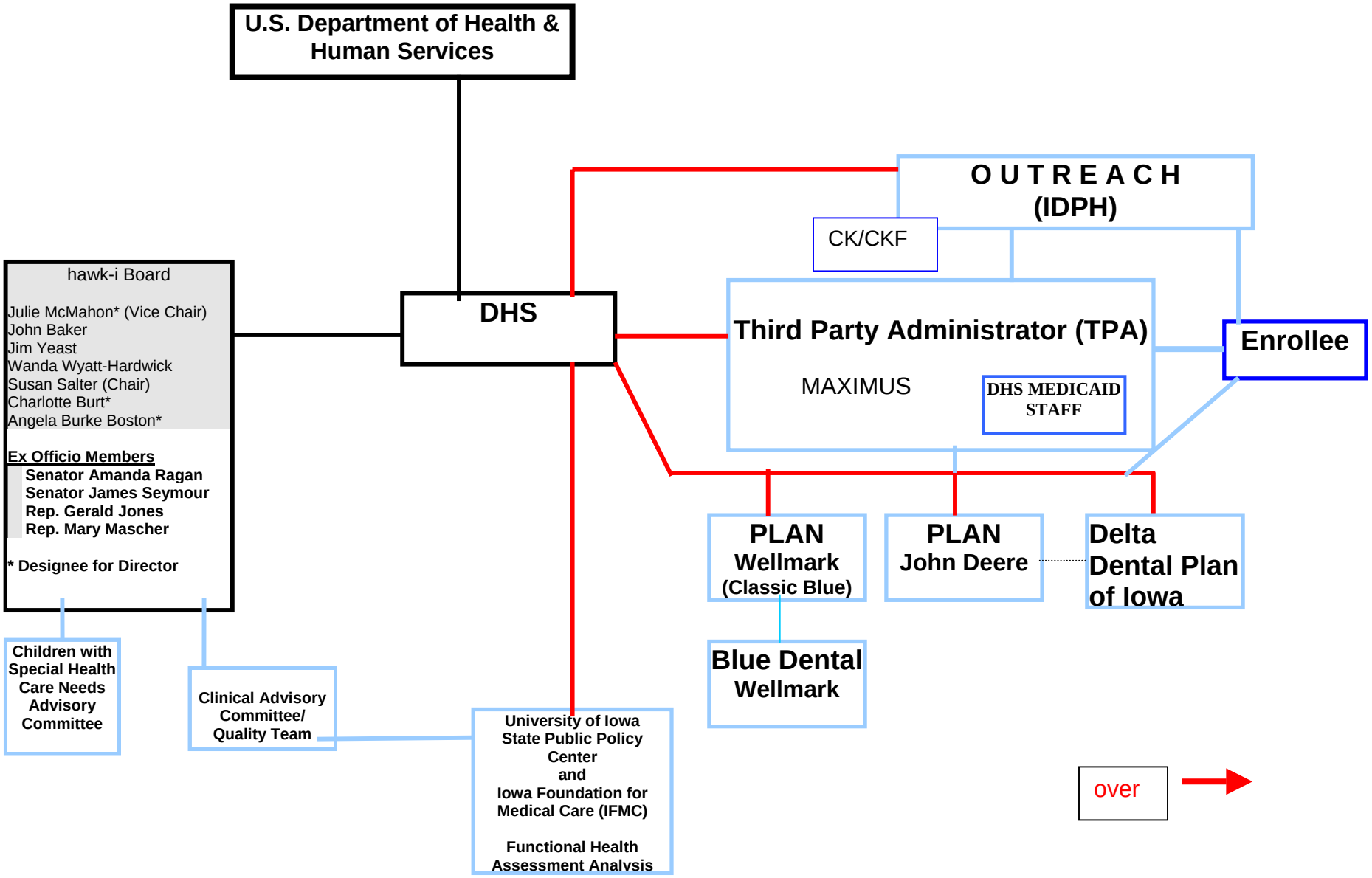
Organization of the ***hawk-i*** Program



Referral Sources/Outreach Points

Any entity that is accessed by children or their families is potentially an outreach point where applications and information about the program could be available. In addition to local DHS offices, schools, daycare centers, WIC sites, etc., other potential sources through which information could be provided may include organizations that deal with children (Girl Scouts, Boy Scouts, Little League, Big Brothers and Sisters, YMCA, etc.) and places frequented by children and their families (churches, fast food restaurants, roller skating rinks, & toy stores). Applications would be sent to the TPA.

Function of the outreach points:
1. Disseminate information about the program.
2. Assist with the application process if able.

***hawk-i* Board**

The function of the ***hawk-i*** Board includes, but is not limited to:
1. Adopt administrative rules developed by DHS
2. Establish criteria for contracts and approve contracts
3. Approve benefit package
4. Define regions of the state
5. Select a health assessment plan
6. Solicit public input about the ***hawk-i*** program
7. Establish and consult with the clinical advisory committee
8. Establish and consult with the advisory committee on children with special health care needs
9. Make recommendations to the Governor and General Assembly on ways to improve the program

DHS

The function of DHS includes, but is not limited to:
1. Work with the ***hawk-i*** Board to develop policy for the program
2. Oversee administration of the program.
3. Administer the contracts with the TPA, plans, and U of I.
4. Administer the State Plan.
5. Coordinate with the TPA when individuals applying for the ***hawk-i*** program may be Medicaid eligible and when Medicaid eligible recipients lose eligibility.
6. Provide statistical data and reports to CMS.

Third Party Administrator (TPA)

The functions of the TPA include, but may not be limited to:
1. Receive applications and determine eligibility for the program.
2. Staff a 1-800 number to answer questions about the program and assist in the application process.
3. Coordinate with DHS when it appears an applicant may qualify for Medicaid.
4. Determine the amount of family cost sharing.
5. Bill and collect cost sharing.
6. Assist the family in choosing a plan.
7. Notifying the plan of the enrollment.
8. Provide customer service functions to the enrollees.
9. Provide statistical data to DHS.

Plans

The functions of the plan(s) are to:
1. Provide services to the enrollee in accordance with their contract.
2. Issue insurance cards.
3. Process and pay claims.
4. Provide statistical and encounter data to the TPA.

Clinical and Children with Special Health Care Needs Advisory Committees

1. The Clinical Advisory Committee is made up of health care professionals who advise the ***hawk-i*** Board on issues around coverage and benefits.
2. The Children with Special Health Care Needs Advisory Committee is made up of health care professionals, advocates, and parents who provide input to the ***hawk-i*** Board on how to best meet the needs of children with special health care issues.

Medicaid Staff

The function of the Medicaid staff who are co-located at MAXIMUS is to determine Medicaid eligibility when a person who applies for ***hawk-i*** is referred to Medicaid.

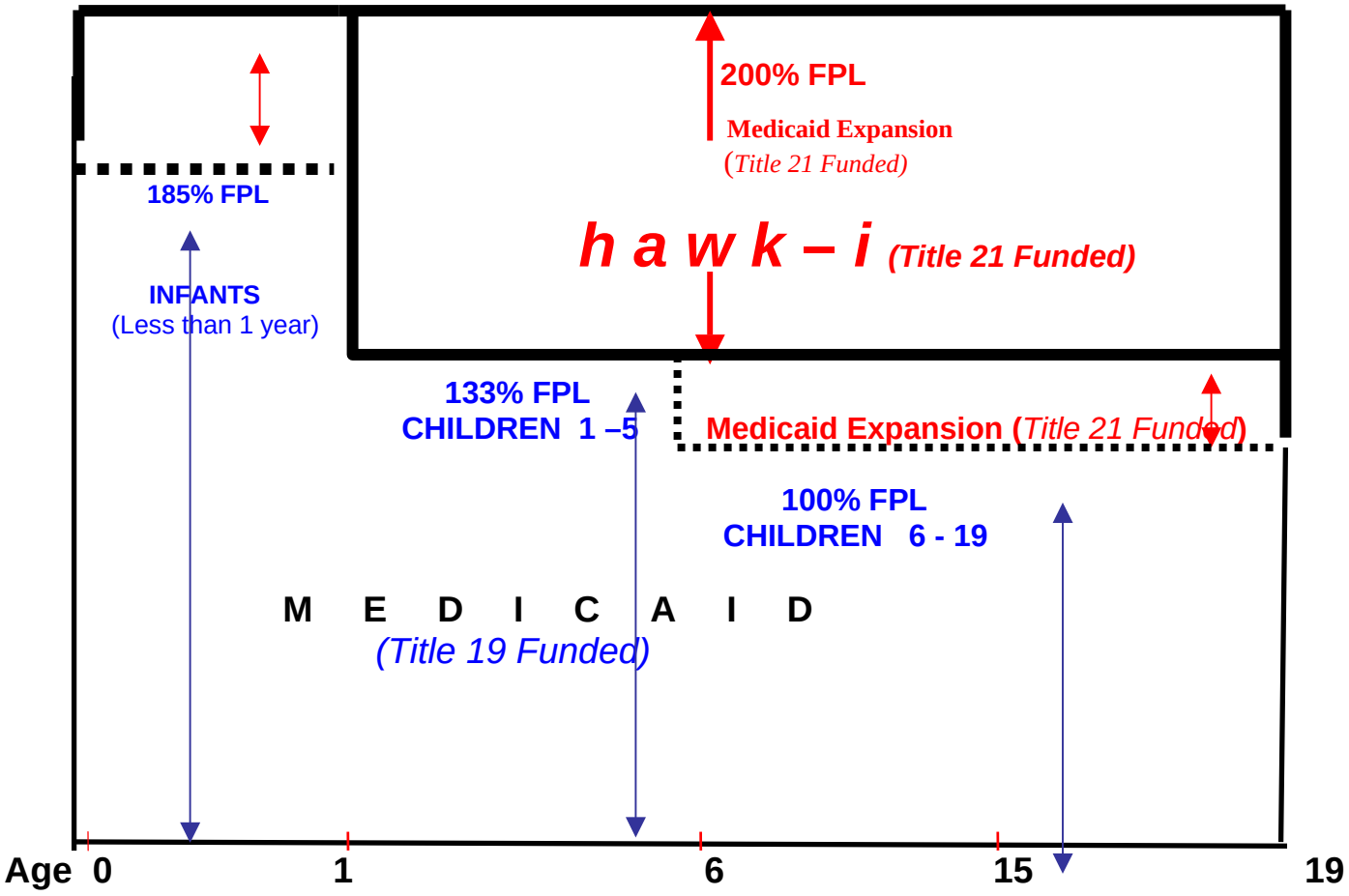
History of Participation of Children in Medicaid and *hawk-i*

		SCHIP (Title XXI Program)	
Month	**Total Children on Medicaid**	**Expanded Medicaid***	***hawk-i Program (began 1/1/99)***
SFY 99	91,737		
SFY 00			
Jul-99	104,156	7,891	2,104
SFY 01			
Jul-00	106,058	8,477	5,911
SFY 02			
Jul-01	126,370	11,316	10,273
SFY 03			
Jul-02	140,599	12,526	13,847
SFY 04			
Jul-03	152,228	13,751	15,644
SFY 05			
Jul-04	164,047	14,764	17,523
SFY 06			
Jul-05	171,727	15,482	20,412
Aug-05	172,614	15,506	20,298
Sep-05	173,692	15,551	20,349
Oct-05	174,606	15,397	20,230
		Total SCHIP Enrollment	35,627

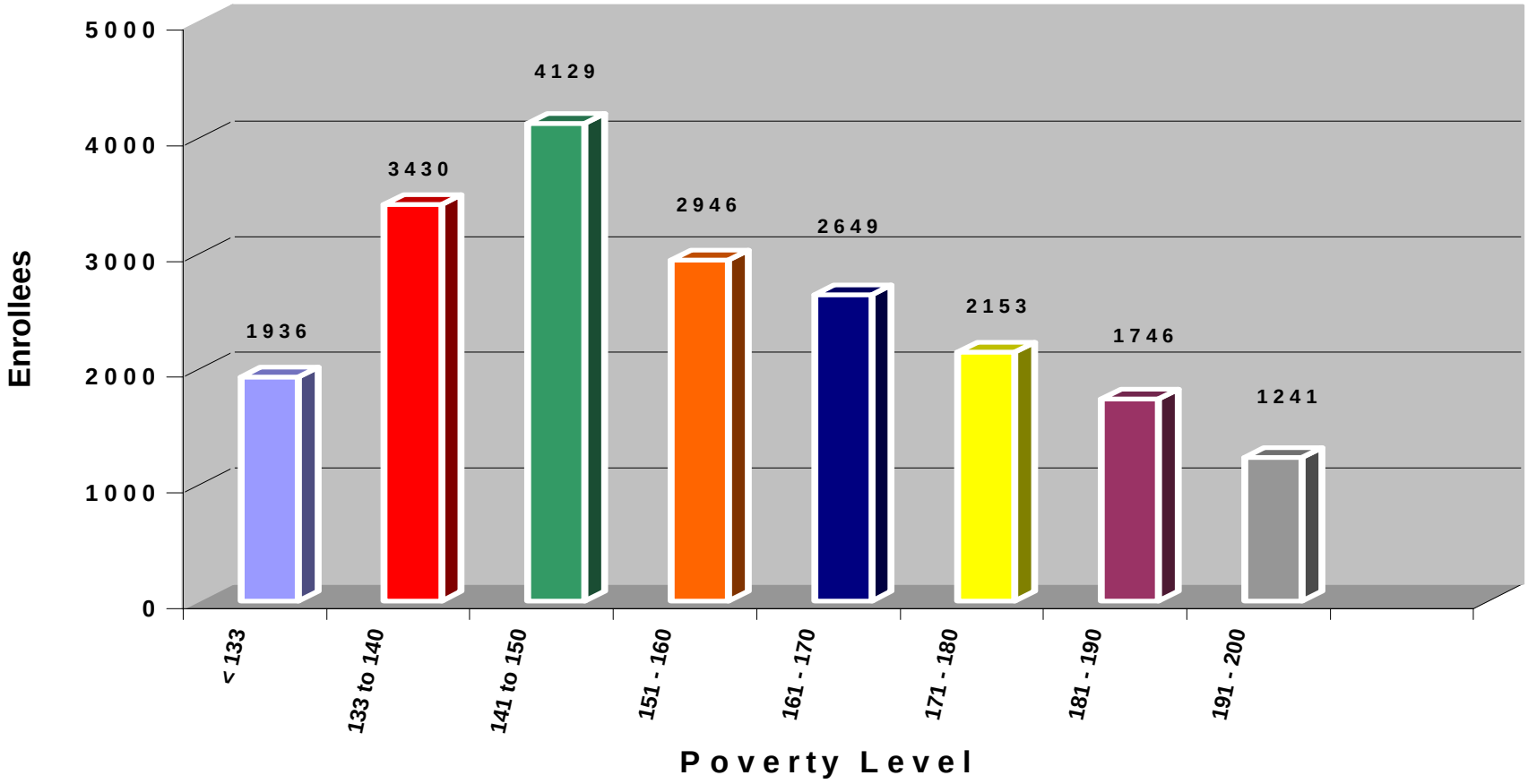
Total growth in Medicaid enrollment from SFY 99 to present =	82,869
Total growth in hawk-i enrollment from SFY 99 to present =	20,230
Total children covered	103,099

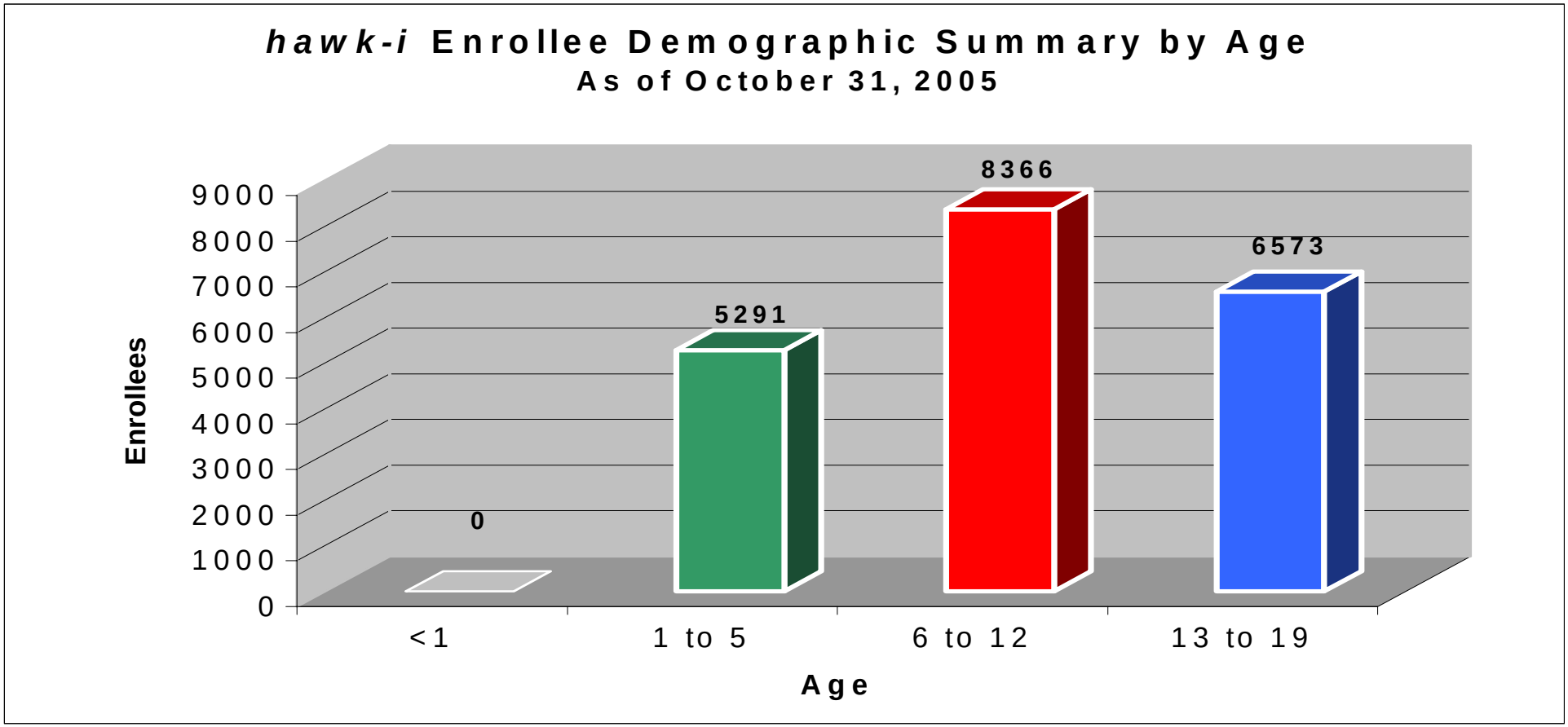
*Expanded Medicaid number is included in "Total Children on Medicaid" number

IOWA'S CHIP PROGRAM
COMBINATION MEDICAID EXPANSION AND *hawk-i*



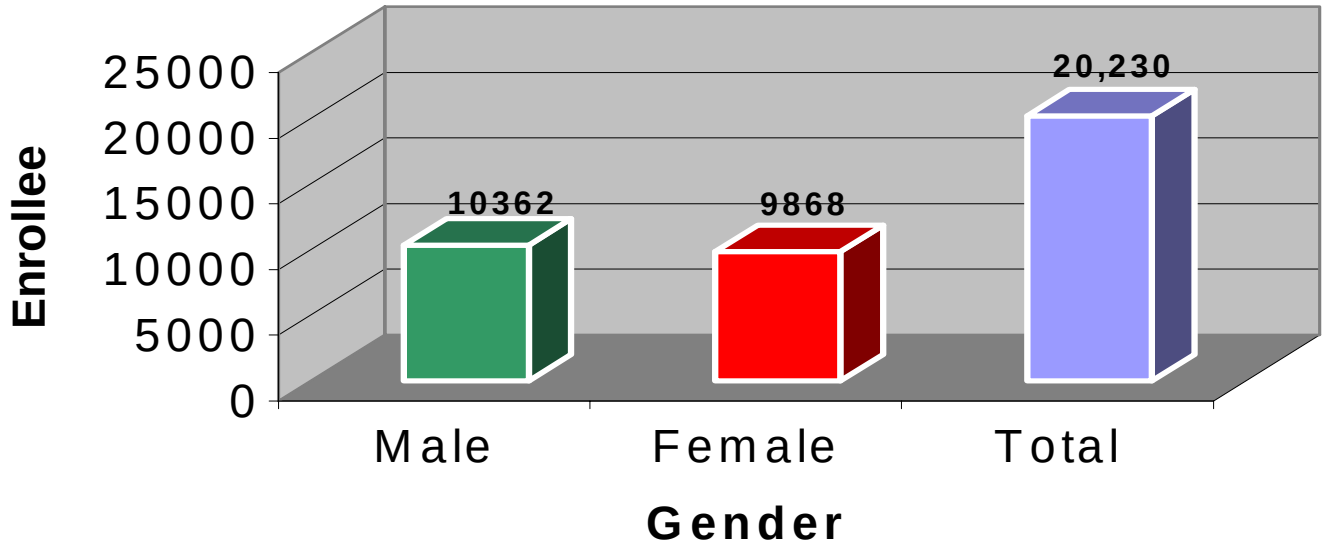
hawk-i Enrollee Demographic Summary Federal Poverty Level
As of October 31, 2005




hawk-i Enrollee Demographic Summary by Age
As of October 31, 2005
Enrollees
9000
8000
7000
6000
5000
4000
3000
2000
1000
0
0
5291
8366
6573
< 1
1 to 5
6 to 12
13 to 19
Age

hawk-i Enrollee Demographic Summary by Gender

As of October 31, 2005



Attachment 3: County Heath Plan Map and Enrollment by Health Plan Chart

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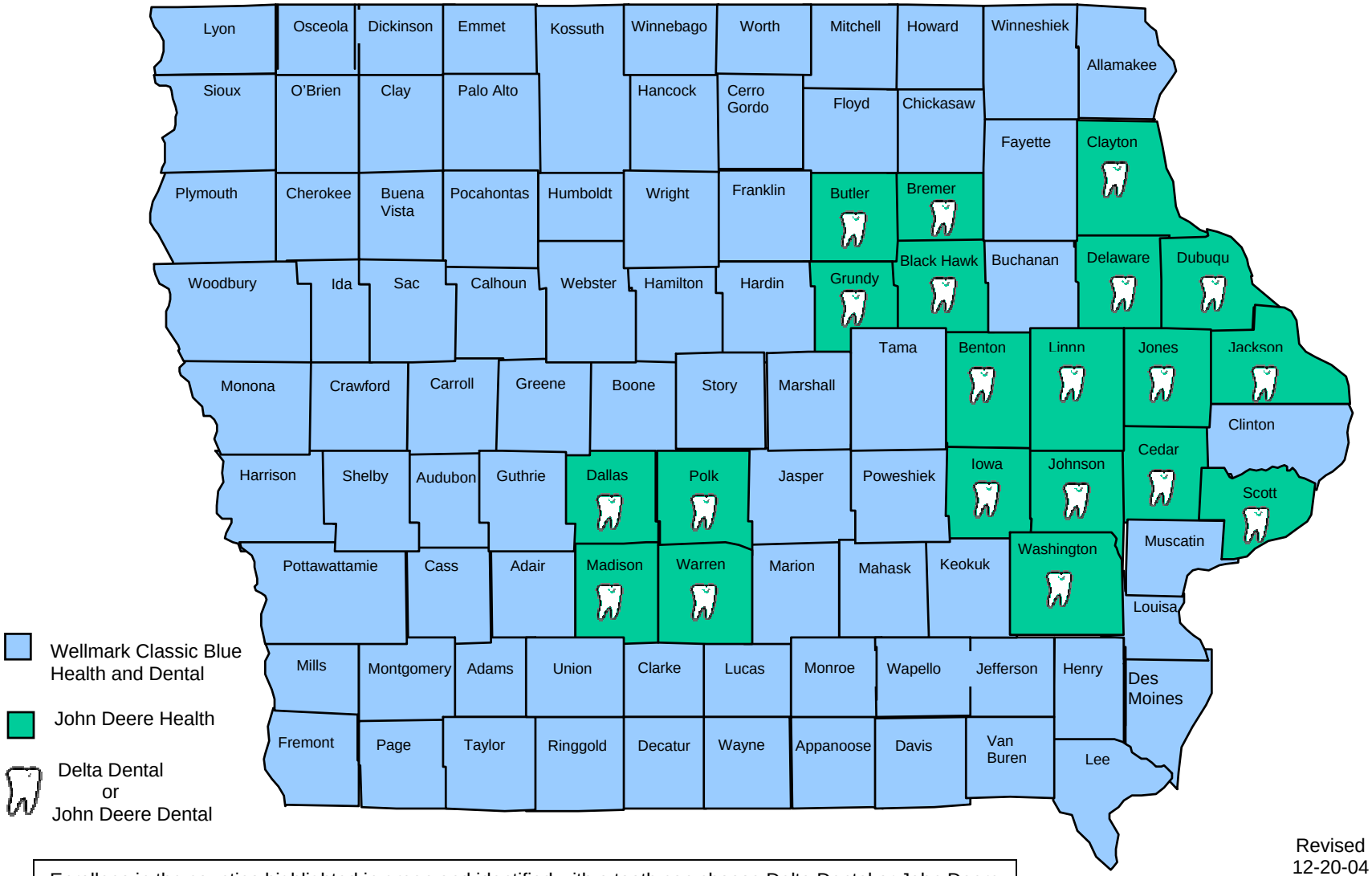
hawk-i

Health Plan Coverage Areas

Effective February 1, 2005



Wellmark Classic Blue Health and Dental

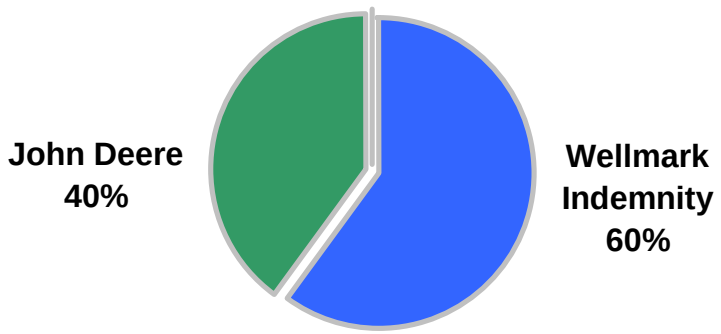
John Deere Health

Delta Dental or John Deere Dental

Revised 12-20-04

Enrollees in the counties highlighted in green and identified with a tooth can choose Delta Dental or John Deere Dental for their dental coverage for applications

hawk-i Enrollment by Health Plan
As of October 31, 2005



*Attachment 4: Healthy and Well Kids in Iowa (**hawk-i**) Board Bylaws, Healthy and Wel Kids in Iowa* (**hawk-i**) *Board Members*

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BYLAWS

Healthy and Well Kids in Iowa (***hawk-i)*** Board

I. NAME AND PURPOSE

A. The ***hawk-i*** Board, hereafter referred to as the Board, is established and operates in accordance with the Code of Iowa.

B. The Board's specific powers and duties are set forth in Chapter 514I of the Code of Iowa.

II. MEMBERSHIP

A. The Board consists of eleven (11) members. Four members are appointed by the Governor to two-year terms. Statutory members are the Director of the Department of Education, the Director of the Department of Public Health, and the Commissioner of Insurance, or their designees. Ex officio members from the General Assembly are appointed: two Senate members and two House members.

III. BOARD MEETINGS

A. The Board shall conduct its meetings in accordance with Iowa's Open Meetings Law.

B. The Board shall conduct its meetings according to parliamentary procedures as outlined in Robert's Rules of Order. These rules may be temporarily suspended by the Chairperson with a majority vote of the Board members in attendance.

C. The Board shall meet at least six times a year at a time and place determined by the chairperson.

D. Department of Human Services (DHS) staff will ship the meeting packets (including the agenda) to Board members at least five days prior to Board meetings.

E. Special meetings may be held at any time at the call of the chairperson, the DHS program manager or at the call of any five members of the Board, provided that notice thereof be given to all Board members at least twenty-four hours in advance of the special meeting.

F. A quorum at any meeting shall consist of five or more voting Board members.

G. DHS staff shall be present and participating at each meeting of the Board.

H. The Board shall record its proceedings as minutes and shall maintain those minutes in accordance with the Iowa Open Records Law.

IV. OFFICERS AND COMMITTEES

A. The officers of the Board shall be chairperson and vice-chairperson. DHS staff will serve as Secretary. The chairperson and vice-chairperson shall be elected at the first regular meeting of each fiscal year and shall assume their duties at next meeting or immediately upon the resignation of the current officers.

B. The duties of all officers shall be such as by custom and law and the provisions of the Act as usually devolving upon such officers in accordance with their titles.

C. The chairperson shall appoint committees as are needed and/or recommended unless provided for statutorily.

D. Each committee shall act in an advisory capacity and shall report its recommendations to the full Board.

V. DUTIES AND RESPONSIBILITIES

A. The Board shall have the opportunity to review, comment, and make recommendations to the proposed ***hawk-i*** budget request.

B. The Board shall set policy and adopt rules. The DHS program manager will periodically make policy recommendations to the Board in order to promote efficiency or to bring the program into compliance with state or federal law.

C. DHS staff shall keep the Board informed on budget, program development, and policy needs.

VI. AMENDMENTS

A. Amendments to these bylaws may be proposed at any regular meeting but become effective only after a favorable vote at a subsequent meeting. Any of the foregoing rules may be temporarily suspended by a unanimous vote of all the members present at any meeting provided they do not conflict with the provisions of the Act.

Healthy and Well Kids in Iowa - *hawk-i*

Board Members

as of August, 2005

Susan Salter, Chair **Julie McMahon, Vice-Chair**

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