

In addition, the Bidder shall provide a narrative describing the Medicaid capitation payment allocations between the Medicaid Claims Fund and the Medicaid Administrative Fund in the Proposal Pricing Tables. Bidders should note that the percent of the Medicaid capitation payment allocated to the Medicaid Administrative Fund, including profit, cannot exceed 13.5%;

ValueOptions of Iowa, L.L.C. (VOI) acknowledges that the maximum allowable allocation to the Medicaid Administrative Fund within the Medicaid capitation payments is 13.5 percent, including profit. VOI proposes that the Medicaid Administrative Fund for the new Iowa Plan contract be set at 12.75 percent.

In addition, the Bidder shall provide a narrative describing the percentage of the IDPH payment that the Bidder proposes to allocate to the IDPH Administrative Fund. Bidders should note that the percent of the IDPH payment allocated to the IDPH Administrative Fund, including profit, cannot exceed 3.5% of available IDPH Iowa Plan funding.

ValueOptions of Iowa (VOI) acknowledges that the maximum percent of the IDPH payment allocated to the IDPH Administrative Fund, including profit, cannot exceed 3.5 percent of available IDPH Iowa Plan Funding and proposes that the IDPH Administrative Fund be set at 3.5 percent.

APPROACH TO DEVELOPMENT OF ADMINISTRATIVE FUND BUDGETS

In developing our entire proposal, ValueOptions has carefully reviewed the RFP requirements and has structured our proposed program in a manner that strives to serve participants and enrollees in the most clinically appropriate, yet least restrictive and community-oriented environment possible while maintaining cost-effectiveness. In addition to a primary Service Center located in Des Moines, we are proposing additional satellite offices in Sioux City, Council Bluffs, and Cedar Rapids to ensure we establish a visible and accessible statewide presence that provides greater opportunity for outreach to both consumers and the provider communities.

All staff and resources of the ValueOptions of Iowa Service Center and satellite offices will be *solely* dedicated to serving Iowa Plan participants and members. ValueOptions will support no other accounts from the Iowa office.

ALLOCATION TO THE MEDICAID CLAIMS FUND

Given VOI's proposed Medicaid Administrative Fund percentage of 12.75 percent plus Community Reinvestment of 2.5 percent, we have completed the required Medical Budget Worksheets assuming 84.75 percent of the Medicaid capitation will be dedicated to medical expenditures. VOI understands and acknowledges that the capitation rates will be set by the Department and their actuaries and must be accepted by the successful bidder for the first contract year.

For purposes of estimating an aggregate starting point to provide the basis for the medical PMPM distribution, VOI applied trend to the currently covered population multiplied by the published SFY 2009 capitation rates (assumed to be discounted by 1.0 percent in year one of the new contract to account for expansion of community-based services, as suggested may occur in Section 9 – Attachments, Capitation Rates). We then added the estimated impact related to the addition of the approximately 25,000 Dual Eligibles 65 and over. From this aggregate blended capitation rate, we subtracted the proposed Administrative Fund percentage and Community Reinvestment and distributed the medical balance across listed services. For the second period, we again took guidance from the Section 9 – Attachments, Capitation Rates suggesting a potential additional 2.0 percent reduction to the PMPM rates.

As demonstrated by the Medical Budget Worksheet, VOI's focus from a clinical and program perspective is to maximize expansion and utilization of community and child-centered services. Through our discussions with providers and other stakeholders in Iowa, we have had the opportunity to identify deficiencies and weaknesses in the current system of care and have thus developed a medical budget geared towards shifting dollars to services that will support development and expansion of programs to fill these gaps.

In addition, the Bidder shall provide a narrative describing how the Bidder proposes using the Community Reinvestment Account (Section 9 describes the requirements pertaining to the Community Reinvestment Account).

ValueOptions understands that the use of all Community Reinvestment Account dollars [1915(b)(3) funds] must be approved both by DHS and by CMS. In addition, we understand that any DPH funds assessed as penalties will be deposited in the Community Reinvestment Account and may be used only with the prior approval of DPH.

As noted in our *Executive Summary*, our *Needs and Gaps Analysis* and in our response to other sections of the proposal, ValueOptions believes that there are numerous opportunities to create better linkages between Iowa Plan services and providers as well as with services and providers in other human service delivery systems.

Within that context, ValueOptions recommends that the Community Reinvestment Account be utilized to expand the use of evidenced based practices, empower consumer advocacy and peer run services, ensure statewide availability of crisis services, and provide for flexible funding to ensure that non-traditional supports and services are accessible to support recovery and resilience. Towards those ends, in the first year of the new Iowa Plan contract, we propose to dedicate funding from the Beneficiary Services portion of Community Reinvestment for the following specific projects:

- \$350,000 for the development of the Rose House model of 24 hour consumer run crisis homes;
- \$500,000 for the development of Family Peer Support;
- \$250,000 for telehealth expansion; and
- \$1,000,000 for the development of locally managed flexible funding pools utilized to support and enhance existing funding.

The remainder of Community Reinvestment funding will be spent on new projects and on continued support for existing Provider Development/Consumer Outreach activities, such as:

- providing start-up grants to providers and provider coalitions for implementing local systems of care, such as the crisis response systems; evidence-based treatment models; prevention initiatives, and other programs envisioned in this proposal;
- providing one-time grants to county- or community-based organizations (such as decategorization boards, empowerment boards, or county CPCs) to support implementation and evaluation of “braided” funding strategies;
- offering grants or loans to consumer/family advocacy organizations to assist in developing consumer-run programs, and supportive services and opportunities for consumers and people in recovery;
- supporting existing and creating new opportunities for annual conferences: Substance Abuse Recovery Conference, Consumer Empowerment Conference, Children’s Mental Health Conference, Statewide Evidence Based Practices/Research Conference;
- supporting existing Advocacy Organization consumer and family education curricula such as Family-to-Family, Peer-to-Peer, and Visions for Tomorrow, and exploring opportunities for additional education and training.
- Consumer-to-Consumer surveying through the state Office of Consumer Affairs; and
- the Technical Assistance Center for Evidence-Based Practices, including Illness Management and Recovery/WRAP

New projects will also be determined through input from Iowa Plan advisory groups and input specifically solicited from counties, Decategorization Boards, CW/JJ, and community/county planning groups. We will get their input through our proposed Quality Assurance committee structure, meetings with individual CPCs and Decategorization Boards, participation in other local planning groups, an annual survey of providers, consumers, and other interested stakeholders, as well as developing a process for Requests for Proposal solicited from across the State. VOI will work closely with the Departments to establish a structure to ensure equitable distribution of funding, alignment with Department priorities, and approval of all proposal projects.