

**Iowa Department of Human Services
Notice of Public Hearing and Public Comment Period**

Under 42 CFR Part 431 and the final rule under PART 431 in the February 27, 2012, issue of the Federal Register, 77 FR 11678-11700, notice is hereby given that: **(1) on July 29, 2013, at 2:00 pm, at River Place, Room 1, 2309 Euclid Ave., Des Moines, IA 50310; and (2) on July 30, 2013, at 11:30 am, at Iowa Western Community College, Looft Hall Auditorium, 2700 College Road, Council Bluffs, IA 51503;** the Iowa Department of Human Services (IDHS) will hold public hearings on the Iowa Wellness Plan 1115 waiver request and the Marketplace Choice Plan 1115 waiver request that will be submitted to the Centers for Medicare and Medicaid Services (CMS) to implement the Iowa Health and Wellness Plan for calendar years 2014 through 2018. This notice also serves to open the **30-day public comment period, which closes August 15, 2013 at 4:30 pm.**

In May 2013, the Iowa legislature passed Senate File 446 containing the Iowa Health and Wellness Plan, which will replace the IowaCare 1115 demonstration that is set to expire December 31, 2013. The Iowa Health and Wellness Plan calls for health care coverage for Iowans, who are 19 to 64 years of age with incomes not exceeding 133% of the federal poverty level (FPL) and who are not eligible for Medicare or comprehensive Medicaid under existing Iowa Medicaid. Coverage under the Iowa Health and Wellness Plan will be provided through premium assistance for Iowa's health insurance marketplace (Marketplace) qualified health plans (QHPs), premium assistance for cost-effective employer sponsored insurance (ESI) health plans, and a new program that leverages the State Innovation Models Accountable Care Organization (ACO) demonstration and other care coordination models including Primary Care Physician (PCP) gate keepers and managed care plans to promote delivery system innovation and reform.

Iowa is seeking two 1115 waiver requests to implement the Iowa Health and Wellness Plan: 1) the Iowa Wellness Plan 1115 waiver request; and 2) the Marketplace Choice Plan 1115 Demonstration waiver request. The Iowa Wellness Plan 1115 waiver request applies to Iowans ages 19 to 64 with income up to and including 100% FPL for those who are not medically frail and income up to and including 133% FPL for those who are medically frail. Enrollees of the Iowa Wellness plan will receive coverage through independent PCPs, PCPs associated with ACOs, or managed care plans, and medically frail individuals will be defaulted to enrollment in the State Plan but may opt-out to receive coverage through the Iowa Wellness Plan. The Marketplace Choice Plan 1115 waiver request addresses coverage for non-medically frail Iowans ages 19 to 64 with income 101% FPL to no more than 133%¹ FPL through the utilization of premium assistance for Marketplace QHPs. Iowa seeks this waiver authority under Section 1115 of the Social Security Act and will request approval of the two new demonstrations from CMS.

OBJECTIVES

The Iowa Department of Human Services (IDHS) developed the Iowa Wellness Plan 1115 waiver request and the Marketplace Choice Plan 1115 waiver request to implement the Iowa Health and Wellness Plan with the goals of creating an innovative approach to providing health care services to Iowa's low-income population and assuring cost-effective coverage opportunities for all Iowans.

Three objectives have driven the development of the Iowa Wellness Plan 1115 waiver request and the Marketplace Choice Plan 1115 waiver request: 1) ensuring that all Iowans have access to a health insurance coverage option in 2014 through the Iowa Wellness Plan or Marketplace Choice Plan demonstrations, other Medicaid programs, Medicare, or the Marketplace; 2) implementing a new delivery system and payment model to promote improved care management, care coordination, and health care quality, and 3) implementing a unique incentive plan to encourage development of cost-conscious consumer behavior in the consumption of health care services and to improve the use of preventive services and other healthy behaviors by waiving required contributions in subsequent enrollment periods for individuals that complete targeted preventive health services, health risk assessments, or other identified healthy behaviors.

¹ With the 5% of FPL disregard, individuals with household income up to 138% FPL may be eligible.

BENEFICIARIES, ELIGIBILITY, & FINANCING

The Iowa Health and Wellness Plan is designed specifically for individuals who have income below 133% FPL, are 19 to 64 years of age, not currently eligible for comprehensive Medicaid under an existing Iowa Medicaid group, not eligible for Medicare, and do not have access to cost-effective ESI. Individuals, who are not medically frail and meet the aforementioned criteria and who have income up to and including 100% FPL and individuals who are medically frail meeting the same requirements with income up to and including 133% FPL, will be eligible for the Iowa Wellness Plan, which offers coverage through PCP gatekeepers, managed care plans, and the utilization of ACOs. Individuals, who meet the aforementioned criteria, who are not medically frail, and who have income 101% FPL to no more than 133% FPL, will be eligible for the Marketplace Choice Plan, which offers coverage through the utilization of premium assistance for Marketplace QHPs. Income eligibility for both the Iowa Wellness Plan and the Marketplace Choice Plan will be determined using the modified adjusted gross income (MAGI) methodology.

Maintaining the commitment to leverage the private insurance market, eligible individuals, who have access to cost effective ESI, will not be eligible for the Iowa Wellness Plan or the Marketplace Choice Plan. Instead, Iowa will provide premium assistance to these individuals through Iowa’s Health Insurance Premium Payment (HIPP) program. In addition, eligible individuals, who meet the definition of medically frail status, will be defaulted to fee-for-service coverage under the Medicaid State Plan based upon the complexity of these individuals’ medical management and needs; however, these medically frail individuals will have the opportunity to opt-out of this coverage and receive coverage through the Iowa Wellness Plan.

Eligibility for all other Medicaid categories will take precedence over enrollment in either the Iowa Wellness Plan or the Marketplace Choice Plan. Enrolled individuals who become eligible for another Medicaid eligibility category will be transferred. This change will be done with no disruption of medical assistance to the individual but is required to ensure that the Iowa Health and Wellness Plan is sustainable and can cover the maximum number of Iowans.

Enrollment in the Iowa Wellness Plan and the Marketplace Choice Plan will begin October 1, 2013. Individuals may apply with the single streamlined application through the IDHS channels or through the Marketplaces. Coordination between the IDHS and the Marketplaces will ensure that individuals who meet the eligibility requirements are enrolled in the Iowa Wellness Plan or the Marketplace Choice Plan.

The tables below provide estimated numbers of individuals eligible for the Iowa Wellness Plan and the Marketplace Choice Plan. Both plans are funded sufficiently to provide services to the population expected to enroll.

Iowa Wellness Plan 1115 Waiver (0-100% FPL) Estimated Enrollees by Year

	2014	2015	2016	2017	2018
Wellness Plan	58,923	75,288	76,417	77,563	78,726
Medically Frail (State Plan)	38,146	42,795	43,437	44,088	44,749
Total	97,069	118,083	119,854	121,651	123,475

Marketplace Choice Plan 1115 Waiver (101-133% FPL) Estimated Enrollees by Year

	2014	2015	2016	2017	2018
Marketplace Plan	21,788	31,673	32,148	32,630	33,119
Total	21,788	31,673	32,148	32,630	33,119

Over the five-year demonstration period (2014-2018) the Iowa Health and Wellness Plan is expected to cost approximately \$5.6 billion in total state and federal funds. The table below provides the estimated total state and federal costs divided by year and plan.

Estimated Total State and Federal Program Cost 2014-2018 (in millions)

	2014	2015	2016	2017	2018	Total
Wellness Plan						
0-100% Wellness Plan	\$262.8	\$344.0	\$357.6	\$371.9	\$386.6	\$1,722.9
0-133% Medically Frail	\$483.0	\$555.1	\$577.2	\$600.2	\$624.1	\$2,839.6
Total	\$745.8	\$899.1	\$934.8	\$972.1	\$1,010.7	\$4,562.5
Marketplace Choice Plan						
101-133%	\$137.4	\$204.7	\$212.8	\$221.3	\$230.1	\$1,006.3
Total	\$137.4	\$204.7	\$212.8	\$221.3	\$230.1	\$1,006.3
Grand Total	\$883.2	\$1,103.8	\$1,147.6	\$1,193.4	\$1,240.8	\$5,568.8

BENEFITS

The Iowa Health and Wellness Plan will provide a comprehensive benefit package that ensures coverage for all of the Essential Health Benefits (EHB) as required by the Affordable Care Act (ACA).

Benefits for the Iowa Wellness Plan for eligible non-medically frail individuals with income up to and including 100% FPL without access to cost-effective ESI are indexed to the benefits offered through the State Employee plan. Medically frail individuals with incomes up to and including 133% FPL without access to cost-effective ESI will be defaulted to State Plan coverage but may opt into the coverage provided on the Iowa Wellness Plan. All medical benefits will be provided through the current Iowa Medicaid contracted provider network. Dental benefits similar to those provided on the State Plan will also be offered to this population.

The Marketplace Choice Plan for eligible individuals with income 101% FPL to no more than 133% FPL without access to cost-effective ESI will cover all required EHB services. Benefits covered on this plan will be at least equal to the State Employee plan benefits. Iowa will supplement the Marketplace QHPs with dental services.

Both plans are requesting a waiver of the requirements to offer non-emergency transportation services and Early Periodic Screening, Diagnoses, and Testing (EPSDT) services to individuals between the ages of 19 and 21 in order to standardize the benefit package for participants.

PROPOSED HEALTH CARE DELIVERY SYSTEM

The Iowa Health and Wellness Plan offers innovations and reform in the delivery of health care services through the leveraging care coordination models including PCP gatekeepers, managed care plans, ACOs, and the utilization of the private insurance market. The Iowa Wellness Plan will deliver services on a fee-for-service basis through any enrolled Iowa Medicaid provider to individuals enrolled through an independent PCP or ACO or capitated basis through a managed care plan's network. The goal of the PCP, ACO, and managed care plans is to ensure that participant care is coordinated to the greatest extent possible to help to create efficiencies and improve the quality of individual health care. PCPs will be compensated with a coordinated care fee for managing enrollee care. Managed care plans will receive per member per month capitation. ACOs will be subject to a global budgeted amount that is calculated based on the number and relative risk of their participants. The budget will be risk-adjusted and ACOs will be protected with stop/loss provisions for high cost medical events. ACOs that come in under their global budget are eligible to share in savings at year-end provided that they meet specified quality metrics that are on target with established goals. Initially, ACOs will be eligible for shared-savings without being responsible for losses. Over time, two-way risk sharing will be introduced and ACOs will be financially responsible for exceeding their global budget amount.

The Marketplace Choice Plan strengthens Iowa's health care delivery system. Iowa's leveraging of Marketplace QHPs for the purpose of providing health care coverage for low-income individuals not only increases access to

much-needed care but also brings more people to the private market resulting in greater quality, efficiencies, and cost-savings for all Iowans. Marketplace Choice Plan participants, based upon their level of income, are the most likely population to experience eligibility churn where they move from Medicaid eligibility to eligibility for premium tax credits on the Marketplace. Provision of coverage for these individuals through the Marketplace will facilitate transition to subsidized Marketplace coverage. Marketplace Choice Plan participants will receive services through providers enrolled in their selected Marketplace QHP. Marketplace QHPs will cover services at least as comprehensive as the State Employee plan services. Marketplace Choice Plan participants will also be provided with access to dental benefits similar to those provided on the Medicaid State Plan.

Eligible individuals, who meet the definition of medically frail, will be enrolled by default into standard Medicaid State Plan benefits and have access to more robust services to manage complex mental health and medical conditions; however, these individuals may opt-out of the State Plan benefits and receive coverage through the benefits provided to non-medically frail individuals on the Iowa Wellness Plan. Medically frail individuals that remain enrolled in Medicaid State Plan coverage will have access to any enrolled Medicaid provider.

COST SHARING REQUIREMENTS

Participant financial contribution and copayments under the Iowa Wellness Plan and the Marketplace Choice Plan have unique and innovative features designed to encourage utilization of preventive care and overall health promotion and disease prevention through an incentive-based program. During their first year of enrollment, Iowa Wellness Plan and Marketplace Choice Plan participants are exempt from monthly financial contributions. Starting in their second year of enrollment, participants with income at or above 50% FPL will be subject to a monthly financial contribution or premium payment unless such financial contributions are waived based upon completion of certain preventive activities in the prior year. Iowa will establish a list of key activities in which a participant may participate during their enrollment period, such as risk assessments, preventive services, annual physicals, or other activities related to health promotion and disease prevention. If the participant completes these activities, they are exempt from paying monthly contributions in the following year.

The Iowa Wellness Plan and the Marketplace Choice Plan will include a \$10 copayment for non-emergency use of the emergency department for all participants. This copayment is waived in the initial demonstration year.

Participant monthly financial contribution amounts are set to be a maximum of 3% of income for a two-person household when both household members are enrolled in either the Iowa Wellness Plan or the Marketplace Choice Plan. This level of contribution should ensure that participants could make their monthly contribution amounts without reaching the federal 5% out-of-pocket maximum limit, even if they make copayments for non-emergency use of emergency room use services.

Although eligible individuals, who have cost-effective ESI coverage, will not be enrolled in the Iowa Wellness Plan or the Marketplace Choice Plan but will, instead, receive premium assistance for their ESI coverage through the Iowa HIPP program, such individuals will be subject to the same cost sharing provisions as the Iowa Wellness Plan and the Marketplace Choice Plan participants in future years of the demonstration.

HYPOTHESES & EVALUATION

The Iowa Wellness Plan demonstration will investigate the following research hypotheses.

- 1) The Iowa Wellness Plan is designed to offer coverage options for non-medically frail Iowans with income not exceeding 100% FPL and for medically frail Iowans with income not exceeding 133% FPL, who are ages 19 to 64, and are not otherwise eligible for Medicaid, Medicare, or subsidized Marketplace coverage. Combined with current Medicaid and Medicare coverage options, the Iowa Marketplace Choice Plan waiver submitted simultaneously with this request, and subsidized coverage through the Marketplace, this will ensure that all Iowans have access to a coverage option in 2014.
- 2) To promote improved care management, care coordination, and health care quality, the Iowa Wellness Plan pioneers a new delivery system and payment model that leverages different models depending on availability and incorporates ACOs, managed care, and PCP gatekeepers.

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- 3) The Iowa Wellness Plan will implement a unique incentive plan to encourage development of cost-conscious consumer behavior in the consumption of health care services and to improve the use of preventive services and other healthy behaviors by waiving required contributions in subsequent enrollment periods for individuals who complete preventive health services, health risk assessments, or other identified services.

The Marketplace Choice Plan will investigate the following research hypotheses.

Access

- Hypotheses:
 - Marketplace Choice Plan participants will have greater access to health care providers than they would have had in traditional fee-for-service Medicaid coverage due to increased reimbursement for providers.
 - Marketplace Choice Plan participants will have similar access to health care providers as others who are insured through the private market.
 - Marketplace Choice Plan participants will obtain preventive care services.
 - Marketplace Choice Plan participants will have decreased utilization of emergency department services as compared to Medicaid beneficiaries in traditional fee-for-service coverage.
- Evaluation:
 - Compare Marketplace Choice Plan and traditional fee-for-service Medicaid primary care and specialty care health care providers.
 - Perform a survey of Marketplace Choice Plan participants related to timeliness of care, use of emergency department services, receipt of ambulatory or preventive care services, and other access issues.
 - Compare denied emergency department claims for Marketplace Choice Plan participants and Medicaid fee-for-service beneficiaries.

Churn

- Hypotheses:
 - The use of the Marketplace for individuals who are at higher incomes will result in lower Medicaid administrative costs due to the reduction in the rate of churn as it relates to administrative overhead.
 - The provision of premium assistance for Marketplace QHPs is cost-effective, improves access to care, and reduces the impact of churn as individuals transition from eligibility for Medicaid to eligibility for Marketplace advance premium tax credits.
 - Participants will experience fewer gaps in insurance coverage than traditional Medicaid beneficiaries based upon the grounds that they can remain in the same Marketplace QHP if their income increases and they are no longer eligible for the Marketplace Choice Plan.
 - Participants will maintain continuous access to the same QHPs and/or providers at higher rates than beneficiaries under a traditional Medicaid expansion.
- Evaluation:
 - Comparison of administrative costs per capita expended between Marketplace Choice Plan and the Iowa Wellness Plan.
 - Compare churn rates between Marketplace Choice Plan and evidence in literature/other states' experiences with traditional Medicaid expansion.
 - Analysis of Marketplace Choice Plan participant transfers to advanced premium tax credit coverage to measure the percent of Marketplace Choice Plan participants who would have otherwise had to change coverage and/or providers.

Cost

- Hypotheses:
 - The use of the Marketplace for individuals who are at higher incomes will result in savings in both administrative and medical expenditures over the lifetime of the demonstration.
 - The provision of premium assistance for Marketplace QHPs and bringing more Medicaid lives to the Marketplace will increase competition in the private market resulting in lower costs for all Iowans.
 - The incentive program that reduces cost sharing in subsequent years results in increased preventive care and other disease prevention and health promotion activities, which will result in lower health costs and improved health outcomes.
- Evaluation:
 - Comparison of administrative costs per capita expended between Marketplace Choice Plan and traditional Medicaid expansions.

Medicaid Service Benefit Wrap

- Hypothesis:
 - Individuals enrolled in Marketplace QHPs have sufficient access to needed services and do not require Medicaid Benefit Wrap.
- Evaluation:
 - Enrollee satisfaction surveys demonstrate needed services were available and accessible.

Pharmacy

- Hypothesis:
 - QHP Pharmacy benefits are adequate for the enrolled population.
- Evaluation:
 - Enrollee satisfaction surveys indicate sufficient access to needed prescription drugs.

Continuity of Care

- Hypothesis:
 - The use of the Marketplace for individuals who are at higher incomes will result in improved continuity of care for participants.
- Evaluation:
 - Analysis of Marketplace Choice Plan participant transfers to advanced premium tax credit coverage to measure the percent of Marketplace Choice Plan participants who would have otherwise had to change coverage and/or providers.

WAIVER & EXPENDITURE AUTHORITIES

The following includes a list of waiver and expenditure authorities for the Iowa Wellness Plan 1115 waiver request and the Marketplace Choice Plan 1115 waiver request:

- 1) Amount, Duration, and Scope of Services – Section 1902(a) (10) (B): To allow Iowa to offer a benefit package to participants that differs from the State Plan Services.
- 2) Rate-setting/Payment methodologies – Section 1902(a) (13) and (a) (30): To allow Iowa to test innovative payment methodologies for combining fee-for-service, care coordination, capitation, and cost and quality indexed bonus payments.
- 3) Cost-Sharing Requirements – Section 1902(a) (14): To allow the federal regulation of a 5% of income out-of-pocket maximum to be calculated on an annual basis. To allow Iowa to charge a \$10 copayment for non-emergency use of the ER.

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- 4) Freedom of Choice – Section 1902(a) (23) (A): To allow the Iowa Wellness Plan to require enrollees to enroll with a PCP. To allow Iowa to make premium assistance for Marketplace QHPs mandatory for Marketplace Choice Plan participants and limit participants' choice of providers to those providers participating in the Marketplace QHPs.
- 5) Methods of Administration – Transportation – Section 1902(a)(4) insofar as it incorporates 42 CFR 431.53: To the extent necessary, to enable Iowa to not provide non-emergency transportation to and from providers for participants.
- 6) State-wideness/Uniformity – Section 1902(a)(1): To the extent necessary, to enable Iowa to operate the Iowa Wellness Plan and provide ACOs and/or managed care plans only in certain geographical areas.
- 7) Retroactive Eligibility – Section 1902(a) (34): To allow Iowa to not offer participants retroactive eligibility.
- 8) Early Periodic Screening, Diagnoses, and Testing (EPSDT) – Section 1904(a) (4): To exempt Iowa from the requirement to offer EPSDT services to 19 and 20 year olds and allow a standard set of benefits for all participants.
- 9) Drug Formulary – Section 1902(a) (54): To allow Iowa to limit Marketplace Choice Plan participants to receiving coverage for drugs on the selected Marketplace QHP's drug formulary.

The proposed Iowa Wellness Plan 1115 waiver and Marketplace Choice Plan 1115 waiver documents may be viewed beginning on July 15, 2013, at: <http://www.ime.state.ia.us/Initiatives.html>.

Written comments may be addressed to Maggie Reilly, Department of Human Services, Iowa Medicaid Enterprise, 100 Army Post Road, Des Moines, IA 50315. Comments may also be sent to the attention of: **DHS, Iowa Health and Wellness Plan** at DHSIMEHealthandWellnesPlan@dhs.state.ia.us **through August 15, 2013**. The public, by contacting Maggie Reilly at the above address, may review comments received.