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**State/Territory Name: IA**

**State Plan Amendment (SPA) #: 16-0020**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Additional Companion letter (delete if not applicable)
- 3) Summary Form (with 179-like data)
- 4) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
601 East 12<sup>th</sup> Street, Suite 355  
Kansas City, Missouri 64106



**Division of Medicaid and Children's Health Operations**

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August 9, 2017

Jerry R. Foxhoven, Director  
Department of Human Services  
Hoover State Office Building  
1305 East Walnut Street, 5<sup>th</sup> Floor  
Des Moines, IA 53019-0114

Dear Mr. Foxhoven:

This letter is to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving Iowa's state plan amendment (SPA) #16-0020 submitted December 9, 2016. The purpose of the amendment is to revise the cost effectiveness test methodology. SPA #16-0020 is approved August 9, 2017, with an effective date of January 1, 2018, as requested by the state. We also sent a letter today in conjunction with this SPA.

Enclosed is a copy of the CMS-179 summary form, as well as the approved page for incorporation into the Iowa State Plan.

If you have any questions concerning this letter, please contact Sandra Levels at (816) 426-5925.

Sincerely,

8/9/2017

James G. Scott  
Associate Regional Administrator  
for Medicaid and Children's Health Operations

Signed by: James G. Scott -A

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cc:

Mikki Stier, IME  
Sara Schneider, IME  
Alisa Horn, IME  
Jennifer Steenblock, IME

DEPARTMENT OF HEALTH & HUMAN SERVICES  
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August 9, 2017

Jerry R. Foxhoven, Director  
Department of Human Services  
Hoover State Office Building  
1305 East Walnut Street, 5<sup>th</sup> Floor  
Des Moines, IA 53019-0114

Dear Mr. Foxhoven:

This letter is being sent regarding the implementation of state plan amendment (SPA) #16-0020, approved August 9, 2017. Our review of this submission included a review of the cost effectiveness test methodology for the premium assistance program, which includes the benefit and cost sharing wraps.

Individuals enrolled in premium assistance agreements must be afforded the same beneficiary protections provided to all other Medicaid enrollees. The state must provide a benefits wrap, which ensures that individuals enrolled in premium assistance receive all services and benefits available under the Medicaid State plan. States must also provide a cost-sharing wrap to any cost-sharing amounts that exceeds the cost-sharing limits described in their state plan, regardless of whether individuals receive care from a Medicaid participating provider or a non-participating provider. To effectuate this, the state has elected to implement a provider enrollment strategy to engage in outreach to, and enroll, non-participating Medicaid providers. The state also will inform beneficiaries regarding options available when the beneficiary obtains care from a non-participating provider, including, as applicable, reimbursement for out of pocket cost-sharing costs from this provider.

In our discussion on July 18, 2017, the state agreed to the following:

1. The state will conduct outreach to the provider community to inform non-participating Medicaid providers how to enroll in Medicaid for the purposes of receiving payment from the state for cost-sharing amounts that exceed the Medicaid permissible limits.
2. The state will work with CMS to identify simple metrics and collect data in order to evaluate the extent to which plan providers are enrolled in Medicaid, as well as the effectiveness of the state's strategies for enrolling additional plan providers.

CMS is available to provide ongoing technical assistance to the state on these issues as the state moves forward in implementing its premium assistance program. If you have any questions concerning this letter, please contact Sandra Levels at (816) 426-5925.

Sincerely,

8/9/2017

James G. Scott  
Associate Regional Administrator  
for Medicaid and Children's Health Operations

Signed by: James G. Scott -A

cc:

Mikki Stier, IME

Sara Schneider, IME

Alisa Horn, IME

Jennifer Steenblock, IME

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>	1. TRANSMITTAL NUMBER <u>1 6 — 0 2 0</u>	2. STATE <b>IOWA</b>
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE <b>January 1, 2017 2018 *</b>

5. TYPE OF PLAN MATERIAL (Check One)

NEW STATE PLAN       AMENDMENT TO BE CONSIDERED AS NEW PLAN       AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION	7. FEDERAL BUDGET IMPACT a. FFY <u>2017</u> \$ <u>0</u> b. FFY <u>2018</u> \$ <u>0</u>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT <b>Attachment 4.22-C Page 1</b>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (if Applicable) <b>Attachment 4.22-C Page 1</b>

10. SUBJECT OF AMENDMENT

**The Iowa HIPP cost effective formula is changing from using MMIS averages to compare the cost of health insurance, to the average cost of capitation.**

11. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL	16. RETURN TO <b>CHARLES M. PALMER DIRECTOR DEPARTMENT OF HUMAN SERVICES 1305 EAST WALNUT 5TH FLOOR DES MOINES IA 50319-0114</b>
13. TYPED NAME <b>CHARLES M. PALMER</b>	
14. TITLE <b>DIRECTOR</b>	
15. DATE SUBMITTED <b>12-9-16</b>	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED	18. DATE APPROVED <b>August 9, 2017</b>
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**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL <b>January 1, 2018</b>	20. SIGNATURE OF REGIONAL OFFICIAL <b>//s//</b>
21. TYPED NAME <b>James G. Scott</b>	22. TITLE <b>Associate Regional Administrator for Medicaid and Children's Health Operations</b>

23. REMARKS

**\* Pen and Ink change, per email dated 07-18-17**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: Iowa

Citation	Condition or Requirement
1906 of the Act	State Method on Cost-Effectiveness of Employer-Based Group Health Plans
1905(a) of the Act	

This explains the State of Iowa’s methodology for determining the cost-effectiveness of paying health insurance premiums for employer sponsored health insurance, individual, or COBRA policies. Member enrollment in employer sponsored health insurance, individual, or COBRA policies is voluntary.

Iowa’s formula for determining cost-effectiveness of insurance plans is as follows:

A health insurance plan shall be considered cost-effective when the amount that the Medicaid agency would pay in total for all premium, cost sharing, benefit wrap obligations under a health plan, plus an amount for administrative costs, is likely to be less than the amount paid for an equivalent set of Medicaid services.

When determining cost effectiveness of a health insurance plan the agency shall consider the following:

1. The estimated cost to Medicaid for the member’s cost sharing including employee premium contributions and surcharges, deductible, coinsurance, out-of-pocket maximum, copayments, and cost sharing wrap. No cost paid by an employer or other plan sponsor shall be considered in the cost-effectiveness determination.
2. Cost of benefits that are not in the private insurance plans, provided on a Fee-for-Service basis that would otherwise be included in the Medicaid state plan, (i.e. wrap benefits).
3. Administration cost.
4. The average per member cost of services to the Medicaid agency. This is the managed care capitation payment that varies based on the eligible member’s sex, age, and eligibility aid type.

If the formula indicates that the policy is not cost-effective based on average Medicaid expenditures for similar households, the specific health-related circumstances of the household are examined. Group health insurance will be purchased if the household’s anticipated medical expenditures are enough higher than average to make the policy cost-effective.

TN No.	<u>IA-16-020</u>				
Supersedes TN No.	<u>MS-11-001</u>	Approval Date	<u>August 9, 2017</u>	Effective Date	<u>January 1, 2018</u>