



## **REQUEST FOR PROPOSAL (RFP)**

Iowa Dental Wellness Plan and Hawki Dental  
Pre-Paid Ambulatory Health Plan (PAHP)

SFY27 Rate Estimates  
RFP# MEDIOMC27001

**Prepared by**



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## Introduction

The Iowa Department of Health and Human Services (“Agency”) has prepared estimated capitation rates (“rate estimates”) for the state fiscal year (SFY) 2027 (July 1, 2026 to June 30, 2027) contract period as a component of the Iowa Dental Wellness Plan (DWP) and Hawki Dental Request for Proposal (RFP) #MEDIOMC27001. This document describes the development of the Dental program rate estimate, including rate cell structure; basis for the SFY27 rate estimate; and supporting membership, utilization, and cost values by dental service category in the appendix. The data, adjustments, and rate estimates are based on the Dental Wellness Plan and Hawki program design, covered populations, and covered services outlined in the RFP and the model contract. Lastly, this document describes the process and considerations for rate adjustment that will be performed to determine the final, actuarially sound capitation rates for awarded bidders for the SFY27 contract period.

### Rate Estimate Disclaimer

The SFY27 rate estimates described and presented in this document, including appendices, were developed in accordance with rate-setting guidelines established by CMS; however, they should not be considered actuarially sound, nor are they approved by CMS for the SFY27 contract period. The Agency may decline to provide additional cost and utilization data beyond the information provided in this rate estimate document.

Users of the rate estimate information acknowledge that the rate estimate is intended for bidders to understand the rate development process and rates for the DWP and Hawki dental program. Use of this information for any other purpose may not be appropriate, and the Agency does not guarantee that this data will be appropriate for any other purpose.

## DWP and Hawki Dental Program History and Overview

### Dental Wellness Plan

The Agency implemented a unified dental managed care program for all adult populations on July 1, 2017. The combined DWP program (DWP Adults) provides dental services to adults ages 19 and older. Beginning July 1, 2021, the Agency also transitioned coverage of children’s Medicaid dental benefits from fee-for-service to coverage through the DWP managed care program. Please refer to the RFP, including Attachment F: Contract and Scope of Work, for full details of DWP program design and covered services. A summary of the DWP covered benefits is as follows:

- Adult Members enrolled in the program are limited to dental services up to \$1,000 per year, noting the following exceptions:
  - The annual maximum excludes preventive, diagnostic, emergent, and anesthesia in conjunction with approved oral surgery procedures, fabrication of removable dentures, and medically necessary orthodontic services.

- Children under 21 are eligible for all medically necessary dental services in accordance with federal early and periodic screening, diagnostic, and treatment (EPSDT) requirements.
- Effective SFY24, medically necessary orthodontia services for children under 21 years old are included in the rates. Thus, the costs of orthodontia for the DWP and Hawki rate cells are included in the rate estimates presented.
- Reimbursement for dental services is based on the Medicaid fee schedule established by the Agency; however, dental plans may contract at rates negotiated with each dental provider, including value-based purchasing arrangements.

The DWP program includes 17 individual rate cells. The rate cells and corresponding major eligibility group description are provided in Table 1 below. Organizations participating in the DWP and Hawki dental program are required to provide dental benefits for all eligible populations. The rate cells are based on the covered populations and grouped by similar risk patterns.

### Hawki

The State of Iowa implemented the Children’s Health Insurance Program (CHIP) in 1997 and the “dental only plan” on March 1, 2010, to provide healthcare coverage for children and families whose income is too high to qualify for Medicaid but cannot afford independent health coverage. The Hawki dental program is administered under Title XXI of the Social Security Act and Iowa Code Chapter 86. Dental services for the Hawki program are currently provided via a single dental plan, Delta Dental of Iowa. The Hawki dental program provides dental services to children 18 and under, with full access to routine dental benefits. Please refer to the RFP, including Attachment F: Contract and Scope of Work for full details of Hawki program design and covered services. A summary of the Hawki covered benefits is below:

- Prior to SFY24, coverage for orthodontia was based on medical necessity and reimbursed outside of the capitation rates.
- Reimbursement for dental services is based on negotiated rates between the dental provider and dental plans and not tied to a Medicaid fee schedule. The rate estimate file includes a summary of the average allowed amount by dental code for SFY23 (July 1, 2022 – June 30, 2023). Note that this is based on the allowed amounts and units as reflected in MMIS encounter data, and therefore the actual contracted amounts may vary from what is presented in this summary.

**Table 1 – DWP and Hawki Dental Rate Cells**

Classification	Rate Cell	Eligibility Group
DWP-K	Children 0-1	Medicaid Children
DWP-K	Children 2-5	Medicaid Children
DWP-K	Children 6-18	Medicaid Children

Classification	Rate Cell	Eligibility Group
DWP-A	Community and LTSS Disabled	Disabled, Waiver and Institutionalized
DWP-A	Community and LTSS Elderly	Elderly, Waiver and Institutionalized
DWP-A	Community Duals <65	Dual Eligibles < 65 Years Old
DWP-A	Pregnant Women	Pregnant Women
DWP-A	TANF 19-34 F	TANF Adult
DWP-A	TANF 19-34 M	TANF Adult
DWP-A	TANF 35-49 F	TANF Adult
DWP-A	TANF 35-49 M	TANF Adult
DWP-A	TANF 50+	TANF Adult
DWP-A	Wellness Plan 19-34 F	Wellness Plan
DWP-A	Wellness Plan 19-34 M	Wellness Plan
DWP-A	Wellness Plan 35-49 F	Wellness Plan
DWP-A	Wellness Plan 35-49 M	Wellness Plan
DWP-A	Wellness Plan 50+	Wellness Plan
Hawki	Hawki	SCHIP

## Rate Estimate Methodology

### Overview

To develop the SFY27 rate estimate, the Agency’s actuary utilized the SFY25 (July 1, 2024 – June 30, 2025) capitation rate development plus additional months of trend to the SFY27 contract period. Many of the current SFY25 adjustments (base data, trend, program changes, non-medical, and underwriting gain loads) are included in the rate estimate, except those outlined in the rate estimate exclusions.

The following describes key elements reflected in the SFY27 rate estimate, including the base data period and adjustments for the following:

- Historical base data period data and adjustments.
- Prospective adjustments, including non-medical (administrative) and underwriting gain load.
- Rate estimate exclusions.

The rate estimates for DWP and Hawki will be updated following the contract award and before the go-live for the SFY27 contract period. These adjustments are described in the section of this document titled “SFY27 Rate Estimate Adjustment Considerations and Process.”

### Historical Base Data Overview

The adjusted SFY23 (July 1, 2022 to June 30, 2023) base period is the basis for the current SFY25 capitation rates and is used to develop the SFY27 rate estimates. The SFY23 data was aggregated by each rate cell. The base data supplied in the Appendix includes adjustments for the following:

- Incurred but not reported factors and encounter data under-reporting.

- Historical program changes that are not reflected (or not fully reflected) in the base period data.

Table 2 presents the categories of service (COS) provided within the base data in the Appendix.

**Table 2 – Rating Categories of Service**

Included Categories of Service	
Adjunctive General Services	Preventive
Dental – FQHC <sup>1</sup>	Prosthodontics Removable
Diagnostic	Prosthodontics, Fixed
Endodontics	Public Health Services
Miscellaneous	Restorative
Oral & Maxillofacial Surgery	Broadlawns (Enhanced Fee) <sup>1</sup>
Orthodontia	UIHC (Enhanced Fee) <sup>1</sup>
Periodontics	

*1 – Services are not rendered through FQHC, UIHC, or Broadlawns providers with encounter-based or enhanced reimbursement for the Hawki population.*

### Program Changes

The rate estimate reflects program changes (unit cost and benefit adjustments) that were included within the SFY25 capitation rates. These adjustments include:

- FQHC/RHC/IHS estimated SFY27 reimbursement levels.
- Provider contracting – This adjustment reflects 110% of the Medicaid fee schedule, applicable to DWP rate cells only, excluding the FQHC and Broadlawns/UIHC Enhanced Fee service categories. The adjustment is consistent with approximate contracting differences and maximums outlined in the contract.
- UIHC/Broadlawns Enhanced Fees – This adjustment reflects the enhanced reimbursement amounts paid to the UIHC and Broadlawns providers that were not inherent in the SFY23 base data, as they were implemented during the SFY24 period.

Following the RFP award, these adjustments will be re-evaluated for their inclusion in the SFY27 capitation rates.

### Rate Estimate Prospective Adjustments

The adjusted SFY23 base data and additional Appendices include the following adjustments. These include:

- Trend factors (utilization and unit cost).
- Public Health Emergency (PHE) Acuity Adjustment
- Non-Medical Load (includes administration, non-claims expense, and underwriting gain)

### *Trend Factors*

The annualized trend factors illustrated in the rate estimate exhibit are consistent with actuarially sound capitation rates developed for the SFY25 contract period. The Trend was developed based on quantitative analysis of historical DWP/Hawki utilization and unit cost data plus consideration for emerging trend factors and those observed in other similar Medicaid programs. For purposes of the SFY27 rate estimate, the trend factors are applied to the adjusted SFY23 base data and trended for 48 months, representing the period between the midpoint of the base period and the midpoint of the SFY27 contract period.

As described later in this document, the adjustment process for the SFY27 capitation rate development will include an update to the base data as well as adjustments to prospective trend factors.

### *Program Changes*

A PHE Acuity Adjustment was applied to the DWP population after trend to account for an expected increase in per capita costs due to the expiration of the disenrollment moratorium effective during the COVID-19 PHE. Optumas did not see a material change in per-member per-month (PMPM) costs for the Hawki population throughout the later part of CY23 as the PHE continuous enrollment requirement continued to unwind so no acuity adjustment was included.

Similar to the trend factor re-evaluation that will occur following the RFP award, program changes will be re-evaluated for inclusion in the final SFY27 capitation rates. Their treatment in the post-award SFY27 capitation rate development will depend upon the updates and additional adjustments to the base data period discussed above. When the base data period is updated, the prospective program changes identified in the rate estimate may be inherent within the updated base data and, therefore, no longer require their inclusion as a separate adjustment. The Agency and its actuary will review these impacts as part of any base data period update and incorporate any new program changes that become effective after the date of this RFP rate estimate.

### *Administration and Non-Benefit Expenses*

The rate estimate includes administrative non-benefit costs reflected in the capitation rates for the SFY25 contract period. Historically, administrative expenses have been developed using data and analysis from historical financial templates completed by each dental contractor and a review of non-benefit costs in Medicaid programs from states with similar populations and services. The non-benefit cost assumptions consider economies of scale of the DWP and Hawki Dental program as reflected in the SFY25 rate development.

The adjustment process as described in this document will include updating several rate development components, including the base data, prospective trend factors, and program changes; thus, the administrative and non-benefit expense loading will be re-evaluated to develop the final capitation rates effective for SFY27.

## Rate Estimate Exclusions

The rate estimates presented in this document do not include the adjustments described in the following sections.

### *Prospective Program Changes*

The rate estimates presented in this document do not include any prospective program changes outside of the PHE Acuity Adjustment; however, between the RFP release date and go-live the Agency may implement changes to benefits or reimbursement that will be reflected in the final SFY27 capitation rates.

## SFY27 Rate Estimate Adjustment Considerations and Process

Throughout this document, references have been made to the adjustment process following the RFP award to update the SFY27 rate estimate into actuarially sound capitation rates for the SFY27 contract period. The Agency and its actuary will re-evaluate all elements of the rate estimates and will make updates, including but not limited to:

- Base data period, including program demographics.
- Trend projections.
- Programmatic changes (e.g., benefits or reimbursement changes) occurring after the procurement.
- Impact of the PHE enrollment unwinding.
- Reinstatement of copayments and other cost sharing as part of the expiration of the PHE.
- Non-medical load and underwriting gain.
- Pay for Performance Withholds (outlined in Attachment F: Exhibit A of the RFP).
- Impacts associated with, but not limited to, federal and/or state policy or court/judicial decisions.
- Other (as necessary).

These adjustments and the subsequent capitation rates will result in actuarially sound capitation rates that meet the CMS rate setting guidelines and will be in accordance with 42 CFR 438.4. During the capitation rate development, the Agency and its actuary will provide updated capitation rates, supporting information and engage in a rate development discussion with dental contractors.