

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-25-26
Baltimore, Maryland 21244-1850



State Demonstrations Group

December 10, 2024

Rebecca Curtiss
Acting Director
Iowa Medicaid Enterprise
Iowa Department of Human Services
1305 E Walnut Street
Des Moines, Iowa 50319

Dear Acting Director Curtiss:

This letter is to inform you that the Centers for Medicare & Medicaid Services (CMS) has approved a temporary extension of the state's section 1115 demonstration, entitled "Iowa Wellness Plan" (IWP) (Project Number 11-W-00289/7), in order to allow the state and CMS additional time to work together on the state's extension application as the state requests to continue all current authorities, including: dental benefits through a managed care delivery system known as a Prepaid Ambulatory Health Plan (PAHP) for most individuals who are eligible for Medicaid under the state plan; a waiver of non-emergency medical transportation (NEMT); a requirement to complete healthy behaviors or pay premiums which, if not paid, leads to disenrollment for some beneficiaries; and a waiver of retroactive eligibility. This demonstration will now expire June 30, 2025. As we continue to work together on the state's extension application, CMS would like to continue discussions with Iowa regarding the following concerns about IWP.

As CMS discussed with Iowa in the fall of 2023 and throughout the negotiations, while the assurance of transportation is a longstanding federal regulatory requirement, as of 2021 it is now mandated by federal statute.¹ On September 7, 2023, the Center for Medicaid and CHIP Services (CMCS) released a State Medicaid Director Letter (SMDL) to serve as a consolidated and comprehensive compilation of guidance on both current and new Medicaid transportation policy.² Because NEMT is now a statutory requirement, and recognizing the importance of transportation in meeting health care needs, as well as the broader Medicaid research that shows NEMT has a positive impact on beneficiaries' health, CMS has not continued to approve waivers of NEMT in recent demonstration extension approvals.³ In our continued discussions of the IWP extension application, CMS would like to continue discussions regarding Iowa's plan for implementation of NEMT.

¹ Section 1902(a)(4)(A) of the Social Security Act, as amended by the Consolidated Appropriations Act (CAA) of 2021 (Public Law No 116-260).

² <https://www.medicare.gov/federal-policy-guidance/downloads/smd23006.pdf>.

³ See, e.g., <https://www.medicare.gov/medicaid/section-1115-demonstrations/downloads/or-contraceptive-care-appvl-11082023.pdf>.

The IWP demonstration provides authority to charge premiums for adult group beneficiaries enrolled in the IWP who fail to complete the healthy behaviors requirements, which consist of a health risk assessment and wellness exam. Individuals with income over 100 percent of the federal poverty level (FPL) may be disenrolled from the IWP for nonpayment. Due to the suspension of the IWP's healthy behaviors, cost sharing, and premiums policies during the COVID-19 public health emergency (PHE), robust analyses of these demonstration policies were unable to be conducted in the state's interim evaluation. However, evidence from recent research across several states on premium policies in section 1115 demonstrations suggests that premiums can reduce access to coverage and care among populations that Medicaid aims to serve, and therefore, we do not have reason to believe that charging beneficiaries premiums beyond those authorized under the statute is likely to directly or indirectly promote coverage. As such, authority for similar premium policies has been discontinued in other recent demonstration extension approvals.⁴

Data related to the effects of waivers of retroactive eligibility have not previously been collected in a robust and systematic way in many states. In Iowa, the demonstration special terms and conditions (STCs) require the state to collect monitoring data and conduct a robust evaluation of the waiver policy. However, the PHE significantly impacted the timing of IWP's planned evaluation activities, specifically affecting the administration of the beneficiary survey related to the waiver of retroactive eligibility. Consequently, data collection and evaluation efforts related to the retroactive eligibility waiver are ongoing. More generally, as CMS indicated previously, we believe that waivers of retroactive eligibility could potentially lead to increased beneficiary medical debt and adverse access to care and health outcomes for low-income individuals.⁵ Per the demonstration STCs, Iowa is required to continue rigorous monitoring and evaluation of the waiver of retroactive eligibility along with all policies described in this letter and included in the current demonstration approval.

CMS's approval of this temporary extension is conditioned upon the state's continued compliance with the STCs defining the nature, character, and extent of anticipated federal involvement in the project. The current STCs and waiver authorities will continue to apply during the temporary extension period of this demonstration until June 30, 2025 or until the demonstration is extended, whichever is sooner.

For this temporary extension period, the state must continue to monitor its demonstration as stipulated in the current STCs. In addition, the state is required to include the temporary extension period in its demonstration's evaluation. The state may choose to include the temporary extension period within its summative evaluation for the demonstration approval period beginning January 1, 2020. In this case, the Summative Evaluation Report is due 18 months after the end of the temporary extension period. Alternatively, if CMS approves an extension beyond June 30, 2025, the state may choose to include the temporary extension period in the Evaluation Design and activities of the next full demonstration approval period.

⁴ <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/wi-badgercare-reform-cms-tmp-yr-extns-amndmt-aprvl.pdf>.

⁵ <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/tn-tenncare-iii-cms-ltr-to-state.pdf>.

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Your CMS project officer for this demonstration is Wanda Boone-Massey. Wanda is available to answer any questions concerning your section 1115 demonstration and can be reached at Wanda.Boone-Massey@cms.hhs.gov. If you have questions regarding this communication, please contact me at (410) 786-2619.

Sincerely,

Jacey Cooper
Director

cc: Lee Herko, State Monitoring Lead, Medicaid and CHIP Operations Group