

December 16, 2025

Mr. Lee Grossman
Medicaid Director
Iowa Medicaid
Department of Health and Human Services
1305 East Walnut Street
Des Moines, IA 50319-0114

PROPRIETARY AND CONFIDENTIAL

Subject: SFY26 Dental Wellness Plan Capitation Rate Development Addendum #1

Dear Mr. Grossman:

Thank you for the opportunity to assist the Department of Health and Human Services (HHS) and Iowa Medicaid with the development of the SFY26 Dental Wellness Plan capitation rates. The following report describes the SFY26 Iowa legislative appropriations, the removal of the reimbursement adjustment that previously limited the non-FQHC and non-UIHC/Broadlawns provider reimbursement to 110% of the Medicaid fee schedule, and other policy changes that were pending finalization at the time of the original rate certification, dated June 13, 2025. The effective date and impact to the IA Dental Wellness Plan capitation rates for each of these program changes are included in the remainder of this addendum and accompanying appendices. These revised rates are effective July 1, 2025 through June 30, 2026. We have provided our actuarial certification for these updated rates, compliant with CMS guidelines and requirements. Please send me an email at barry.jordan@optumas.com, or email Stephanie at stephanie.taylor@optumas.com if you have any questions.

Sincerely,



Barry Jordan, FSA, MAAA
Managing Director, CBIZ Optumas



Stephanie Taylor, ASA, MAAA
Senior Manager, CBIZ Optumas

CC: Joanne Bush, Iowa Medicaid
Jared Nason, CBIZ Optumas
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State of Iowa

Dental Wellness Plan Actuarial Certification Addendum #1

July 1, 2025 – June 30, 2026 Capitation Rates



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1. Rate Update

The purpose of this report is to provide documentation and an amended actuarial certification for the State of Iowa's Dental Wellness Plan (DWP) capitation rates. CBIZ Optumas (Optumas) is amending the July 1, 2025 – June 30, 2026 (SFY26) actuarial certification to include additional policy changes as a result of Iowa legislative appropriations for the SFY26 contract period. Within the original SFY26 certification letter, there were no adjustments for the SFY26 legislative appropriations or other program changes that were pending final policy decisions at that time. The addendum also removes the reimbursement adjustment that previously limited services rendered at all non-FQHC and non-UIHC/Broadlawns providers to be reimbursed at 110% of the Medicaid fee schedule. This change was made to align with updated contract language for the SFY26 period as a result of recent discussions with CMS.

This addendum to the original actuarial certification, dated June 13, 2025, is effective for the period from July 1, 2025 – June 30, 2026.

This report describes the approved SFY26 legislative policy changes and other rating adjustments for various policies that will be implemented during the SFY26 contract period. The impacts to the SFY26 DWP capitation rates are included within the Rate Development Summary (RDS) of the accompanying Excel appendices. All other rating adjustments and assumptions described in the original rate certification have remained unchanged. The remainder of this document describes each of the rating adjustments and associated effective date.

As the consulting actuaries to the Department of Health and Human Services (HHS) and Iowa Medicaid (State), Optumas ensured that the methodology used to develop the appropriations and other rating adjustments complied with the Centers for Medicare & Medicaid Services (CMS) guidance for the development of actuarially sound rates. The methodology and assumptions utilized when updating the rates are consistent with the documentation included in the original certification.

Optumas worked with HHS to identify the rate development components for the rating period, accounting for the covered services as described in the DWP contracts. The final rates were developed according to all applicable actuarially sound principles and CMS guidance.

The sections below describe each of the adjustments and the resulting impact within the SFY26 rate development. Certain rating adjustments, such as the fee schedule updates, existed within the original rate development but have been revised based on final policy decisions and reimbursement information. The remaining adjustments are SFY26 appropriations, new policy changes that were not previously included within the rate development, and the removal of the 110% of Medicaid reimbursement adjustment. Any new or updated program changes described in this narrative are highlighted in the updated RDS exhibits shown within Appendix I.A and I.B. All other non-highlighted rating adjustments in these tabs have remained unchanged from the original SFY26 rate development and certification.

1.01 FQHC/IHS Adjustment

Rates for Federally Qualified Health Centers (FQHCs) and Indian Health Service (IHS) facilities are updated annually on a calendar year basis. The FQHC/IHS Adjustment from the original SFY26 capitation rates included an estimate for the FQHC rate changes effective January 1, 2025 (CY25). The SFY26 addendum FQHC/IHS Adjustment relies on updated CY25 FQHC rates that were received after the completion of the original SFY26 rates, which results in an overall increase to the original SFY26 rates.

1.02 Orthodontia Scoring Change

Effective October 1, 2025, Iowa is shifting from the Salzmann Index to Automatic Qualifiers criteria for determining medically necessary orthodontia services. This adjustment reflects the estimated impact of changing the qualifying criteria, resulting in an estimated 25% reduction in utilization for procedure code D8080: comprehensive orthodontic treatment of the adolescent dentition. The estimate relies on reference information provided by HHS related to experience in another Medicaid state program when a similar change in qualifier criteria was made, as well as IA DWP dental plan experience for a sample of members evaluated under both criteria during the policy formulation process. Since this policy change is effective October 1, 2025, the adjustment reflected within the SFY26 Addendum rates is prorated to account for 9 months' worth of impact within the SFY26 period.

1.03 Fee Schedule Changes

As part of the SFY26 legislative appropriations, effective July 1, 2025, targeted reimbursement increases for certain services went into effect for the dental Medicaid fee schedule. In addition to these targeted reimbursement increases, this adjustment captures the impact of a 5.87% targeted fee schedule increase to all diagnostic and preventive procedure codes on the Medicaid fee schedule. Since the diagnostic and preventive reimbursement change is effective October 1, 2025, that portion of the fee schedule changes adjustment reflected in the SFY26 Addendum rates is prorated to account for 9 months' worth of impact within the SFY26 period. The Fee Schedule Changes section of the rate certification appendices reflects the impact of the aforementioned fee schedule increases to all applicable non-UIHC/Broadlawns services. The repricing of UIHC/Broadlawns services to their respective enhanced fee schedules is described in greater detail below.

1.04 Reimbursement Adjustment

As part of the original SFY26 rates, the reimbursement adjustment reflected the impact of limiting reimbursement to 110% of the Medicaid fee schedule for services rendered at non-FQHC and non-UIHC/Broadlawns providers, which aligned with the DWP contract language. However, as a result of discussions with CMS, the State has removed the 110% limitation from the DWP contracts. To align with updated contract language for the SFY26 period, this adjustment has been removed from the SFY26 addendum rates. The resulting reimbursement underlying the SFY26 capitation rates reflects the levels anticipated to be paid by the DWP plans within the contract period after accounting for the fee schedule increases previously described.

1.05 UIHC/Broadlawns Enhanced Fees

The University of Iowa Hospitals and Clinics (UIHC)/Broadlawns Enhanced Fee rating adjustment was described in the original SFY26 certification letter, dated June 13, 2025. This adjustment is necessary as a result of the CMS-approved Iowa State Plan Amendments (SPA), 23-0019 and 23-0021, which implement enhanced fee schedules for dental services provided in state-owned dentistry clinics (UIHC) and non-state-owned dentistry clinics located in a county with a population of over 350,000 (Broadlawns), effective July 1, 2023 and October 1, 2023, respectively. As outlined in the CMS-approved SPAs, IA HHS collects commercial reimbursement information for the top 3 payers, by volume, within the state and calculates an overall Medicaid to commercial conversion factor that is applied to the existing Medicaid rate to establish the enhanced fee schedules for each provider. The State provided Optumas with the necessary enhanced fee schedule information to reprice the applicable services within the DWP rate development using the SFY24 encounter base experience.

Note that as a result of the removal of the 110% of Medicaid cap on reimbursement within the DWP contract language and subsequently the capitation rates, the incremental value of the enhanced fee schedule arrangement is based on the difference between 100% of the Medicaid fee schedule and the enhanced fee schedules in effect for UIHC and Broadlawns. The adjustment shown within the appendix of this rate certification will differ from this value, as it demonstrates the overall impact of pricing the SFY24 base data for the UIHC/Broadlawns providers, up to the enhanced fees effective for the SFY26 contract period.

1.06 Non-Medical Load

After applying the preceding SFY26 addendum adjustments, the overall projected service cost component of the capitation rates has increased materially. Therefore, the non-medical load percent of premium was reduced by 0.5% of premium for Delta and 0.75% of premium for MCNA, to ensure that the final administrative per-member per-month (PMPM) portion of the SFY26 Addendum rates aligns with that of the original SFY26 rates.

1.07 Rate Change Summary and Known Amendments

The combined impact of the revised rating adjustments described throughout this addendum is an aggregate increase of approximately 7.2% and 8.6% to the previously certified SFY26 capitation rates for Delta and MCNA, respectively.

Please see Appendix I.C and Appendix I.D for a comparison of the original SFY26 rates described in the certification letter, dated June 13, 2025, and the revised SFY26 rates after adjusting for the policy changes described above for each dental plan. All other SFY26 rating adjustments and assumptions outside of those noted within this document remain unchanged from the original SFY26 rate development and certification. Additional details for each of these adjustments can be found at the rate cell level within Appendix I.A and Appendix I.B.

There are no known policy changes that would result in additional SFY26 capitation rate amendments for the DWP program at this time.

2. Actuarial Certification Letter

We, Barry Jordan, Managing Director at Optumas and Member of the American Academy of Actuaries (MAAA) and a Fellow of the Society of Actuaries (FSA), and Stephanie Taylor, Senior Manager at Optumas and Member of the American Academy of Actuaries (MAAA) and an Associate of the Society of Actuaries (ASA), are certifying the calculation of the capitation rates that were described and documented in the original SFY26 certification letter titled "IA DWP - SFY26 Rate Certification 2025.06.13" and amended to incorporate the SFY26 legislative appropriations, removal of the 110% of Medicaid reimbursement adjustment, and other policy changes described in this addendum. Appendix I contains the Rate Development Summaries and final capitation rates for all cohorts for each dental plan. We meet the qualification standards established by the American Academy of Actuaries and have followed the practice standards established from time to time by the Actuarial Standards Board.

The capitation rates provided with this certification are considered actuarially sound for purposes of 42 CFR § 438.4, according to the following criteria:

- The capitation rates have been developed in accordance with generally accepted actuarial principles and practices,
- The capitation rates are appropriate for the populations to be covered, and the services to be furnished under the contract; and
- The capitation rates meet the requirements of 42 CFR § 438.4.

The actuarially sound rates that are associated with this certification are effective July 1, 2025 through June 30, 2026 for the Dental Wellness Plan program.

The actuarially sound capitation rates are based on a projection of future events. Actual experience may vary from the experience assumed within the rate projection. The capitation rates offered may not be appropriate for any specific Managed Care Organization (MCO). An individual MCO should review the rates in relation to the benefits that it is obligated to provide to the covered population and to its specific business model. The MCO should evaluate the rates in the context of its own experience, expenses, capital, surplus, and profit requirements prior to agreeing to contract with Iowa Medicaid. As a result of this evaluation, the MCO may require rates above or below the actuarially sound rates associated with this certification.

Please feel free to email Barry at barry.jordan@optumas.com, or email Stephanie at stephanie.taylor@optumas.com for any additional information.

Sincerely,



Barry Jordan, FSA, MAAA
Managing Director, CBIZ Optumas



Stephanie Taylor, ASA, MAAA
Senior Manager, CBIZ Optumas

3. Appendices

Detailed tables containing data summaries, analyses, and assumptions used in the SFY26 rate development are shown within the accompanying Microsoft Excel appendix titled “IA DWP - SFY26 Rate Certification Addendum #1 Appendix I 2025.12.16.xlsx”.