

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 Hawki Dental 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 Healthy and Well Kids in Iowa (Hawki) dental capitation rates. The following report describes the 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 Hawki dental capitation rates for each of these program changes is included within 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
Morgan Mullenmeister, CBIZ Optumas
Troy Ewing, CBIZ Optumas

State of Iowa

Hawki Dental 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 amended actuarial certification for the State of Iowa's Healthy and Well Kids in Iowa (Hawki) dental capitation rates. CBIZ Optumas (Optumas) is amending the July 1, 2025 – June 30, 2026 (SFY26) actuarial certification to account for new and revised policy changes for the SFY26 contract period based on information received after finalizing the original SFY26 rates.

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 new and revised rating adjustments for various policies that will be implemented within the SFY26 contract period. The impacts to the SFY26 Hawki dental capitation rates are included in the Rate Development Summary (RDS) within the accompanying Excel appendix. 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 Hawki dental contract. 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 existed in the original rate development but have been revised based on the availability of additional information. The remaining adjustments are new policy changes that were not previously included in rate development. Any new or updated program changes described in this narrative are highlighted in the updated RDS exhibits shown within Appendix I.A. All other non-highlighted rating adjustments in these tabs have remained unchanged from the original SFY26 rate development and certification.

1.01 ABM Removal

The original SFY26 rates included an estimated impact of the Annual Benefit Maximum (ABM) Removal. This adjustment was revised to align with emerging experience based on cost avoidance data provided by the dental plan for SFY24 and SFY25. This data indicated that the ABM within SFY24 resulted in avoided costs of approximately \$1.8M for dental treatments that would have otherwise been provided, absent the annual benefit limit. A similar increase was calculated, on a percentage basis, for the emerging SFY25 cost avoidance experience. Optumas relied on the SFY24 cost avoidance information provided by the plan to develop the revised ABM Removal adjustment since SFY24 is the base data for rate development. The revised value of this adjustment is shown within Appendix I.A.

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. 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 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 0.25% 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.

1.04 Rate Change Summary and Known Amendments

The combined impact of the revised rating adjustments described throughout this addendum is an aggregate increase of approximately 2.8% to the previously certified SFY26 Hawki dental capitation rates.

Please see Appendix I.B 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. All other SFY26 rating adjustments and assumptions outside of those noted in 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 in Appendix I.A.

There are no known policy changes that would result in additional SFY26 capitation rate amendments for the Hawki dental 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 Hawki - SFY26 Rate Certification 2025.06.13" and amended to incorporate the policy changes described in this addendum. Appendix I.B contains the final amended capitation rate for the Hawki dental program. 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 IA Hawki dental 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 within the SFY26 rate development are shown within the accompanying Microsoft Excel appendix titled “IA Hawki - SFY26 Rate Certification Addendum #1 Appendix I 2025.12.16.xlsx”.