Sixth Amendment to the Iowa Health Link Contract MED-16-018

This Sixth Amendment to Contract Number MED-16-018 between the Iowa Department of Human Services (Agency) and Amerigroup Iowa, Inc. (Contractor) is hereby amended as noted below. To the extent that there is a conflict between any provision of this Sixth Amendment and the Contract or previous amendments, this Sixth Amendment shall control. This Sixth Amendment is effective as of January 1, 2018.

Section 1: Amendment to Contract Language
The Contract is amended as follows:

Revision 1. Attachment 2.7 to the Contract is hereby amended by adding the following language at the end of the Attachment:

SFY 2018 Risk Corridor

Structure

The Agency will provide a risk corridor based on the Contractor's medical loss ratio (MLR) for the Contract period of State Fiscal Year 2018 (July 1, 2017 through June 30, 2018). The SFY18 Risk Corridor will be applied to all members enrolled with Contracor at any time during SFY18. The Risk Corridor will result in a settlement of the payments made, made by the Contractor to the Agency or by Agency to the Contractor. The settlement is the calculated gain or loss experienced by the Contractor for SFY18 determined when comparing the actual MLR, developed after the end of SFY18, from the claims experience to the risk sharing corridor percentages in the table below. The actual MLR is calculated as the total adjusted medical expenditures divided by the total adjusted capitation rate.

Adjusted Medical Expenditures

Adjusted medical expenditures shall be determined by the Agency or the Agency's contracted actuaries based on encounter data and plan financial data submitted by the Contractor. Adjusted medical expenditures only include services covered by the Agency and the Contractor and will exclude all expenditures associated with carve-out services such as break-through therapy drugs and habilitative services. Administrative expenditures included in the pharmacy claims expenditures will be removed from the pharmacy claims for purposes of this Risk Corridor.

The Agency reserves the right to audit claims expenditures. For purposes of the Risk Corridor calculations, the Agency will limit the overall level of reimbursement to 103% of the fee schedule target and will sample the submitted encounter data to ensure compliance with that target. The data used by the Agency and its actuaries for the reconciliation will be the routine encounter data. The Agency and the Contractor agree that to the extent there are differences between claims expenditures as reflected in the encounter data and the financial data submitted by the Contractor, the Agency and Contractor will confer and make a good faith effort to reconcile those differences before the calculation of the Final Settlement.

Adjusted Capitation Rate

The total adjusted capitation rate excludes taxes, fees (e.g., Health Insurer Provider Tax (HIPF)), any bonuses, incentives and withhheld premiums earned by the Contractor.

The Risk Corridor Minimum Percentage and Risk Corridor Maximum Percentage (shown below in table) are calculated as the total adjusted medical expenditures divided by the total adjusted capitation rate, described above.

The Risk Sharing Corridor is defined as follows:

Risk Corridor Minimum Percentage	Risk Corridor Maximum Percentage	Contractor Share	State/Fed Share
<83.0%	83.0%	0%	100%
83.0%	86.0%	5%	95%
86.0%	91.0%	10%	90%
91.0%	92.0%	100%	0%
92.0%	97.0%	10%	90%
97.0%	100.0%	95%	5%
100.0%	100.0% +	100%	0%

Timing

Within 230 days following the end of the contract period, the Contractor shall provide Agency with a complete and accurate report of actual medical expenditures, by category of service, for enrollees, based on claims incurred for the contract period, including six (6) months of claims run-out, and its best estimate of any claims incurred but not reported (IBNR) for claims run-out beyond six (6) months, and any applicable IBNR completion factors. The report will be a detailed claim-level record.

Prior to nine (9) months following contract period, the Agency will provide the Contractor with the payment of the Risk Sharing Corridor under the risk share program for the contract period. Any balance due between the Agency and the Contractor, as the case may be, will be paid within 60 days of receiving the final reconcilation from Agency.

For the SFY18 Contract period, the capitation rates have been determined to be actuarially sound by an actuary that meets the qualifications and standards established by the American Academy of Actuaries and follows the practice standards established by the Actuarial Standards Board.

The Contractor may provide services to enrollees that are in addition to those covered under the State Plan although, the cost of these services cannot be included when determining rates or risk corridor.

Acceptance by Contractor of any Agency risk corridor payment for the SFY18 Risk Corridor obligation set forth above irrevocably and unconditionally releases, acquits, and forever discharges the State of Iowa, the Agency, and all of the Agency's officers, directors, employees, agents, Contractors, and attorneys, from any and all liability whatsoever from any and all claims,

demands and causes of action of every nature whatsoever that Contractor may have or may ever claim to have now existing or hereafter arising that relate to or arise out of any assertion regarding the reasonableness of the SFY18 Risk Corridor.

Revision 2. Section 1.3.3.1 of the Contract is hereby amended to read as follows:

1.3.3.1. Pricing In accordance with the payment terms outlined in this section and the Contractor's completion of the Scope of Work as set forth in this Contract, the Agency will make capitation payments to the Contractor on a monthly basis or upon occurrence of a qualifying maternity delivery. The capitation payments include both per member per month capitation rates and maternity case rate payments. The capitation payments and any Case rate shall be payment in full for goods and services provided pursuant to this Contract. Retroactive adjustments to reflect the actual cost of goods and services provided pursuant to the Contract are prohibited.

The parties anticipate Contractor to begin providing managed care services to its assigned Medicaid population on March 1, 2016. However, if the implementation date is delayed for any reason, Contractor shall not be entitled to payments pursuant to this Contract until Contractor begins providing managed care services for its patient population consistent with the Scope of Work as set forth in this Contract. The Agency has sole discretion to determine the implementation date.

For each capitated rate period, the parties will agree on a matrix specifying the payment for each enrollee by the categories determined by the Agency to be appropriate. These categories will be determined by the Agency. Nothing in this Contract shall limit the ability of the Agency to require the determination of a state-wide average even if the Contractor is not providing services for members in all counties in the State. The rate-setting methodology will be in compliance with federal requirements and approved by CMS before the parties may contractually agree to the established rates.

For the initial rate period spanning from April 1, 2016 to June 30, 2017, the parties agree to the rates set forth in Special Contract Attachment 3.2-01. Note, the capitation rates shown in the Attachment will be subject to risk adjustment as outlined in Appendix I Section 2.3.3 Risk Adjustment. In each subsequent rate period, the Agency's actuarial Contractor will analyze data to determine actuarially sound rates to be offered to Contractor. The Agency and Contractor may discuss proposed capitation rates, but the Agency's actuarial contractor will ultimately be responsible for establishing the actuarially-sound rates to be offered and attesting to the capitation rates to be presented to CMS. After the first rate period, subsequent capitated rates will be added to the Contract in sequentially numbered Special Contract Attachments (i.e., Attachment 3.2-02, Attachment 3.2-03, etc.). Contractor and the Agency must mutually agree to the capitation rates and signify this agreement by executing the Contract amendment. Capitation rates within any rate period are subject to amendment, which shall only occur through formal Contract amendment and only after the proposed rate changes have been approved by CMS.

The parties agree to work diligently and in good faith to establish and agree to capitation rates before the expiration of any rate period. If the parties are unable to establish new

annual capitation rates for a subsequent rate period due to delays or disagreements, the Agency or Contractor may terminate the Contract upon ninety (90) days written notice from ninety (90) days prior to the expiration of the current rate period and contract amendment term or, if notice is given after the expiration of the current rate period, ninety (90) days written notice from the date of the notice. If the parties are unable to establish new capitation rates for a subsequent rate period due to delays or disagreements, and neither party elects to terminate the Contract, the Agency will continue paying Contractor the Capitation rates, from the expired rate period, until such time as the newly established capitation rates are incorporated into the Contract. Upon agreement to the capitation rates, the Agency will perform a reconcilation between the capitation rate paid.

By agreeing to the rates offered to Contractor through the Contract amendment process, Contractor irrevocably and unconditionally releases, acquits, and forever discharges the State of Iowa, the Agency, and all of the Agency's officers, directors, employees, agents, and attorneys, from any and all liability whatsoever from any and all claims, demands and causes of action of every nature whatsoever that Contractor may have or may ever claim to have now existing or hereafter arising that relate to or arise out of any assertion regarding the actuarial soundness of the agreed rates.

The Agency will make capitation payments to the Contractor based on the Contractor's Medicaid-member enrollment as reflected on the monthly HIPAA 834 file (full positive file). Contractor shall reconcile Contractor's HIPAA 820 capitation file with the monthly HIPAA 834 file (full positive file) on a monthly basis. Any discrepancies found between these two files shall be reported to the Agency within ninety (90) Days from the date the Contractor receives the HIPAA 820 capitation file. No adjustments to the capitation payment may be claimed by Contractor for any discrepancies reported after the ninety (90) Day period. The capitation payments will be subject to retroactive changes to the Medicaid-member eligibility criteria. This may include, but is not limited to, Medicaid-members moving from Medicaid-only eligibility to Medicare and Medicaid eligibility. The Agency will adjust payments to Contractor to reflect the Member enrollment changes.

In addition to the monthly capitation payment made to Contractor, the Agency will also make a payment to Contractor when a Medicaid member assigned to the Contractor gives birth and the member is in the population designated in the Contract's then current rate sheet as subject to a payment for giving birth. The amount of this payment, commonly referred to as a "maternity case rate payment," shall be in an amount established as part of the capitation rate-setting process and included in the rate matrix applicable to the given Contract period. The Contractor shall supply documentation of the birth in a form and format determined by the Agency. Upon verification by the Agency of the birth, the Agency shall cause the maternity case rate payment to be made separately and apart from the usual capitation payment for contracted services. Contractor shall diligently monitor births in its assigned Medicaid population and claim a maternity case rate payment for each birth in the assigned Medicaid population for which a maternity case rate payment is available no later than 60 Days following the date on which the Contractor was made aware of the birth. The Agency shall have no obligation to pay a maternity case rate payment for a birth that occurred more than 210 Days prior to Contractor's claim for a maternity case rate payment.

The capitation rates will be subject to a withhold amount as shown in the capitation rate matrix. The withhold will be retained by the Agency until the period for determination of return of the withhold to the Contractor. The determination of the return of the withhold is outlined in Appendix 1 Exhibit F, Pay-for-Performance requirements.

The actuarially sound capitation rates will include an amount for payment of the health insurer fee, as outlined in Section 9010 of the Affordable Care Act. The health insurer fee will be paid on a retrospective basis upon receipt of information regarding the amount of the fee due by the Contractor for the premium earned under the terms of this contract. The retrospective payment will include an adjustment for related income taxes and other adjustments, including tax credits. The Contractor will be responsible for submitting any requested documentation to the Agency regarding the amount of the fee. A corporate officer for the Contractor will also need to attest to the accuracy of the documentation.

For the rating period July 1, 2017 through June 30, 2018, the Agency will implement a risk pool for the Home Based Habilitation services (H2016 U4-U9) for the Habilitation program members that are not otherwise enrolled in an LTSS program. The Contractor will continue to manage the Habilitation program and authorize services as appropriate using practice guidelines. The Contractor will submit claims paid to providers for H2016 U4-U9 (non-LTSS members) on a quarterly basis to the Agency for reimbursement. The agency will reimburse the health plans at a rate of 75% of the Iowa Medicaid fee-for-service fee schedule amount for the submitted claims. The Agency will not reimburse the Contractor for claims submitted that are duplicate submissions, for members not eligible for the Habilitation program, or for other reasons that are consistent with correct coding standards.

A reconciliation process will occur upon completion of SFY 2018 to maintain budget neutrality of the habilitation services risk pool to the state. The final risk pool amount will be determined using SFY 2018 enrollment and the habilitation risk pool PMPMs specified in the contract. The habilitation risk pool PMPMs applied will be gross of the withhold; no withhold reduction will be applied. The final risk pool amount will be allocated to the Contractors proportionally based on the aggregated Iowa Medicaid fee-for-service fee schedule amount for the submitted and accepted habilitation claims. The reconciliation payment amount will calculated as the Contractor-specific habilitation services risk pool amount minus the interim amounts paid to the Contractor.

All habilitation services claims must be submitted to the state by January 1, 2019. The reconciliation amounts for each amount Contractor will be calculated by February 1, 2019 and paid or recouped from the Contractors by March 1, 2019.

Beginning in SFY2018, the Agency will exclude from the capitation rates the select prescriptions drugs as set forth in Exhibit G from the pharmacy and/or the medical benefits included in the capitation rates. Contractor shall continue to provide coverage for these Exhibit G pharmaceuticals, and the Agency will reimburse the Contractor based on Contractor's invoice to the Agency for Exhibit G pharmaceuticals paid for. Contractor may only invoice for the actual pharmaceutical cost incurred by Contractor. All such invoices must be submitted by Contractor within 12 months of the date of

service, with the exception of coordination of benefits situations, in which Contractor shall invoice for Exhibit G pharmaceuticals within six (6) months from the Contractor's receipt date of the claim and explanation of benefits from a primary carrier. The Agency will pay Contractor the lesser of the amount that would be paid under the fee-for-service system for the pharmaceutical or the amount the Contractor actually paid for the pharmaceutical. Contractor must include with the invoice detailed as required by the Agency to document that the claim was appropriately paid, as well as verification regarding oversight to ensure appropriate utilization of these drugs. At minimum, Contractor's invoice must include claim level detail sufficient to support the invoices.

Section 2: Ratification & Authorization

Except as expressly amended and supplemented herein, the Contract shall remain in full force and effect, and the parties hereby ratify and confirm the terms and conditions thereof. Each party to this Amendment represents and warrants to the other that it has the right, power, and authority to enter into and perform its obligations under this Amendment, and it has taken all requisite actions (corporate, statutory, or otherwise) to approve execution, delivery and performance of this Amendment, and that this Amendment constitutes a legal, valid, and binding obligation.

Section 3: CMS Contingency

This Amendment is contingent on the approval of CMS.

Section 4: Execution

IN WITNESS WHEREOF, in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Amendment and have caused their duly authorized representatives to execute this Amendment.

Contractor, Amerigroup Iowa, Inc.		**Agency, Iowa Department of Human Services**	
Signature of Authorized Representative: Cynthia M. MacDonald	Date: Digitally signed by Cynthia M. MacDonald DN: cn=Cynthia M. MacDonald, o=Amerigroup Iowa, ou, email=cynthia.macdonald@amerigroup.com, c=US Date: 2018.01.18 15:31:22 -06'00'	Signature of Authorized Representative:	Date: 1/18/18
Printed Name:		Printed Name: Jerry Foxhoven	
Title:		Title: Director	