

September 18, 2023

Ms. Elizabeth Matney
Medicaid Director
Iowa Medicaid
Department of Human Services
1305 East Walnut Street
Des Moines, IA 50319-0114

PROPRIETARY AND CONFIDENTIAL

Subject: SFY24 IA Health Link Managed Care Rate Certification Addendum

Dear Ms. Matney:

Thank you for the opportunity to assist the Department of Health and Human Services (DHHS) and Iowa Medicaid with the development of the IA Health Link SFY24 capitation rates. It was a pleasure to work with the Iowa Medicaid team throughout this project. The following report describes the SFY24 Iowa legislative appropriations and policy changes that were pending finalization at the time of the original rate certification, dated June 16, 2023. Each of these program changes is effective July 1, 2023, and described within the remainder of this addendum, along with the associated impact on the IA Health Link managed care capitation rates. These revised rates are effective July 1, 2023 through June 30, 2024 and we have provided our actuarial certification for these updated rates, compliant with CMS guidelines and requirements. Please send me an e-mail at barry.jordan@optumas.com or call me at 480.588.2492, or e-mail Stephanie at stephanie.taylor@optumas.com if you have any questions.

Sincerely,



Barry Jordan, FSA, MAAA
Director/Consulting Actuary, CBIZ Optumas



Stephanie Taylor, ASA, MAAA
Sr. Manager/Consulting Actuary, CBIZ Optumas

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

IA Health Link Actuarial Certification Addendum

July 1, 2023 – June 30, 2024 Capitation Rates



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1. Rate Update

The purpose of this report is to provide documentation and amended actuarial certification for the IA Health Link Managed Care Program. CBIZ Optumas (Optumas) is amending the July 1, 2023 – June 30, 2024 (SFY24) actuarial certification to include additional policy changes as a result of Iowa legislative appropriations for the SFY24 contract period. Within the original SFY24 certification letter, dated June 16, 2023, there were no adjustments for the SFY24 legislative appropriations because the services and policy changes affected by the appropriations were unknown at that time.

This addendum to the original actuarial certification dated June 16, 2023, is effective for the period from July 1, 2023 – June 30, 2024.

This report describes each of the approved SFY24 legislative policy changes. The impacts to the SFY24 Health Link capitation rates are included within the accompanying Excel appendices. All other rating adjustments and assumptions described within the original rate certification have remained unchanged. Each of the SFY24 policies described below have been included within the rate development after trending to the SFY24 contract period and were applied prior to the application of the non-medical load assumption.

As the consulting actuaries to the Department of Health and Human Services (DHHS) and Iowa Medicaid (State), Optumas ensured that the methodology used to develop the appropriations 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 the State to identify the rate development components for the rating period, accounting for the covered services as described in the IA Health Link 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 SFY24 rate development. The impact of each program change associated with this amendment is itemized in columns AY-BH of Appendix I.B.1 through I.B.3; preceding columns in these tabs are consistent with the original rate certification appendices.

1.01 SFY24 Mental Health Appropriation

Effective July 1, 2023, certain Mental Health (MH) therapy services are receiving a 54.91% rate increase as a result of the legislative appropriations. Iowa Medicaid provided Optumas the list of all applicable provider types, procedure codes, and modifiers that will receive the reimbursement increase. Optumas identified these providers and services within the SFY22 base data experience and applied the increase in reimbursement to these services. The resulting impact is shown within Appendix I.B.

1.02 SFY24 Nursing Facility Appropriation

Effective July 1, 2023, Nursing Facility (NF) services are receiving a rate change as a result of the legislative appropriations. Iowa Medicaid provided Optumas the new SFY24 provider-specific rates. Please note, while the aggregate impact of the NF appropriations is an overall increase to NF services, some providers experienced a rate decrease. Optumas identified the NF providers and services within the SFY22 base data experience and repriced the encounters to reflect the new rate that will be in effect during the contract period. The resulting impact is shown within Appendix I.B.

1.03 SFY24 Psychiatric Medical Institutions for Children Appropriation

Effective July 1, 2023, Psychiatric Medical Institutions for Children (PMIC) services are receiving a rate increase as a result of the legislative appropriations. Iowa Medicaid provided Optumas the list of all applicable provider types that will receive the new reimbursement rate of \$464.95 per diem. Optumas identified these providers and services within the SFY22 base data experience and applied the increase in reimbursement to these services. The resulting impact is shown within Appendix I.B.

1.04 SFY24 Substance Use Disorder Appropriation

Effective July 1, 2023, Substance Use Disorder (SUD) provider rates are receiving a 96.47% rate increase as a result of the legislative appropriations. Iowa Medicaid provided Optumas the list of all applicable provider types, procedure codes, and modifiers that will receive the reimbursement increase. Optumas identified these providers and services within the SFY22 base data experience and applied the increase in reimbursement to these services. The resulting impact is shown within Appendix I.B.

1.05 SFY24 Community Mental Health Centers Appropriation

Effective July 1, 2023, Community Mental Health Centers (CMHC) services are receiving an 18.23% rate increase as a result of the legislative appropriations. Iowa Medicaid provided Optumas the list of all applicable provider types, procedure codes, and modifiers that will receive the reimbursement increase. Optumas identified these providers and services within the SFY22 base data experience and applied the increase in reimbursement to these services. The resulting impact is shown within Appendix I.B.

1.06 Non-Medical Load

The original SFY24 rate submission included a total non-medical load of 8.9% in aggregate (the amount is rounded and varies by rate cell). The 8.9% aggregate non-medical load is comprised of an administrative component (7.1%) and a profit, risk, and contingency component (1.75%). No adjustment has been made to the non-medical load as a percent of premium within this rate amendment.

1.07 Rate Change Summary and Known Amendments

The combined impact of each of these policy changes associated with the legislative appropriations is an aggregate increase of approximately 1.5% to the previously certified SFY24 capitation rates. Please see Appendix II.A for a comparison of the original SFY24 rates described in the certification letter and the revised SFY24 rates after adjusting for the SFY24 appropriations. No adjustments have been made to the

other rating adjustments previously described within the original certification letter, dated June 16, 2023. Additional details for each of these appropriations adjustments can be found at the rate cell level within Appendix I.B. All other appendices that accompanied the original certification letter have been included for completeness and have been updated to reflect the revised rates associated with the legislative appropriation adjustments described within this document.

As documented in the original certification letter, the following rating adjustments are expected to be made within a future rate amendment for the SFY24 contract period:

- Acuity adjustment estimating the impact of the unwinding of the continuous eligibility requirement associated with the COVID-19 PHE,
- Prospective MCO-specific risk/relativity adjustment which will be applied in a budget neutral manner,
- LTSS blend assumptions based on expected MCO attribution.

An amendment is expected to be provided to CMS in February 2024 documenting the impact of these rating adjustments.

The only other known amendments that will be provided to CMS in the future associated with the SFY24 capitation rates are the reconciliations associated with the separate payment term directed payments which are reimbursed outside of the capitation rates.

2. Actuarial Certification Letter

We, Barry Jordan, Consulting Actuary at Optumas and Member of the American Academy of Actuaries (MAAA) and a Fellow of the Society of Actuaries (FSA), and Stephanie Taylor, Consulting Actuary 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 SFY24 certification letter titled "IA Health Link SFY24 Rate Certification 2023.06.16" and amended to incorporate the SFY24 legislative appropriations described in this addendum. 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, 2023 through June 30, 2024 for the IA Health Link Managed Care program.

The actuarially sound capitation rates are based on a projection of future events. Actual experience may vary from the experience assumed within their 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 contact Barry at 480.588.2492 or email Stephanie at stephanie.taylor@optumas.com for any additional information.

Sincerely,



Barry Jordan, FSA, MAAA
Director/Consulting Actuary, CBIZ Optumas



Stephanie Taylor, ASA, MAAA
Sr. Manager/Consulting Actuary, CBIZ Optumas

3. Appendices

The appendices are contained in the following accompanying Excel workbook:

- IA Health Link SFY24 Rate Certification Addendum Appendix I 2023.09.18.xlsx
- IA Health Link SFY24 Rate Certification Addendum Appendix II 2023.09.18.xlsx