

First Amendment to the Dental Wellness Plan PAHP Contract

This Amendment to Contract Number MED-18-007 is effective as of July 1, 2017, between the Iowa Department of Human Services (Agency) and Delta Dental of Iowa, Inc. (Contractor).

Section 1: Amendment to Contract Language

The Contract is amended as follows:

Revision 1. Section 1.2.1.5 of the Contract, entitled “Contract Payment Clause,” and all subparts of Section 1.2.1.5 are modified to read as follows:

1.2.1.5 Contract Payment Clause.

1.2.1.5.1 Pricing. In accordance with the payment terms outlined in this section and Contractor’s completion of the Scope of Work as set forth in this Contract, the Contractor will be compensated as set forth in the Payment Methodology clause.

1.2.1.5.2 Payment Methodology.

1.2.1.5.2.1 Capitation Rate Payments.

The Agency will pay the Contractor on a monthly basis using the capitation payment methodology for enrollees assigned to Contractor. Capitation rates applicable to each Contract term are set forth in the Capitation Rates table in the Special Contract Attachment section 3.1. The capitation payment will constitute payment in full for the Contractor’s coverage of the enrollees assigned to Contractor as listed in the monthly HIPAA 820 capitation file. Retroactive adjustments to reflect the actual cost of covered services are prohibited.

The Agency will pay any Contractor health insurer fee that may be owed pursuant to Section 9010 of the Affordable Care Act on a retrospective basis upon receipt of information regarding the amount of the fee paid 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 shall submit any requested documentation to the Agency regarding the amount of the fee. A corporate officer for the Contractor shall attest to the accuracy of the documentation.

Contractor shall on a monthly basis reconcile the monthly HIPAA 820 capitation file with the Contractor’s enrollment records. Any discrepancies found between the monthly HIPAA 820 capitation file and the Contractor’s enrollment records shall be reported to the Agency within sixty (60) calendar days from the end of the quarter. No adjustment to the capitation payment shall be made for any discrepancies reported after the sixty (60) calendar day period other than as required to avoid Contractor retention of payment in excess of those permitted under Section 1.3(D).

The monthly capitation rate shall be subject to review annually during the Contract term or whenever the scope of services may be changed. At least 75 calendar days prior to the earlier of (1) the end of the then current Contract year, or (2) the effective date of the change of the scope of services, the parties will commence negotiating in good faith regarding a change to the capitation rate. The Agency will establish a new capitation rate at least 45 calendar days prior to the earlier of the effective date of the end of the Contract year or the change in scope. At that time the Agency will provide written notice of the proposed rates to Contractor. Contractor shall have 30 days after receiving such notice of the new capitation rates to either (1) sign a Contract

amendment adopting the new capitation rates, or (2) notify the Agency of Contractor's intent to terminate the Contract. The Contract will terminate no sooner than the end of the third month following the Agency's receipt of the termination notice. (i.e., for a termination notice issued June 15, the effective date of Contract termination would be September 30). During the post-termination notice period, the Agency will continue to pay the Contractor the existing CMS-approved capitation rates.

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.

1.2.1.5.2.2 Medical Loss Ratio & Risk Corridor

Capitation payments made through the Contract shall be subject to the Medical Loss Ratio ("MLR") applicable to each Contract term are set forth in the Capitation Rates table in the Special Contract Attachment section 3.1. Calculation of the MLR shall be in accordance with Section 1.3(D.4), as further clarified by Section 4 § 438.8 of this Contract. Payment of any remittance by Contractor pursuant to the MLR reporting obligation shall occur within the timeframe set forth in Section 1.3(D.4).

Any risk corridor applicable to any particular state fiscal year will be set forth in Section 3 of the Contract.

1.2.1.5.2.3 Withhold

The Agency will withhold a portion of the approved capitation payments from Contractor within each Contract period in accordance with the 2% Withhold Payment Obligations table in the Special Contract Attachment section 3.1 applicable to the specific Contract term. The withheld amount shall be two percent (2%) of the monthly capitation payment. The Contractor will be eligible to receive some or all of the withheld funds based on the Contractor's performance in the areas outlined in the applicable 2% Withhold Payment Obligations table. These performance standards require the Contractor to exceed the minimum performance standard required for Contract compliance and incentivize the Contractor to perform at a higher level in areas determined by the Agency to be critical for a successful program. The Contractor shall submit information to the Agency, in the format and timeframe specified by the Agency, with respect to each performance measure. Any data received after the required submission date will not be eligible for an incentive payment. Incentive payments will be payable in the form of release of funds withheld.

1.2.1.5.2.4 Reimbursable Expenses

Unless otherwise agreed to by the parties in an amendment to the Contract that is executed by the parties, the Contractor shall not be entitled to receive any other payment or compensation from the State for any Deliverables provided by or on behalf of the Contractor pursuant to this Contract. The Contractor shall be solely responsible for paying all costs, expenses, and charges it incurs in connection with its performance under this Contract.

Revision 2. Section 3.1 of the Contract, entitled “Rate Sheets,” and all subparts of Section 3.1 are modified to read as follows:

3.1 Rate Sheets

A. 7/1/2017 – 6/30/2018 Rate Sheets

3.1(A) Rate Sheet for rating period 7/1/2017 through 6/30/2018

Capitation Rates

State of Iowa Department of Human Services SFY 2018 Dental Wellness Plan Capitation Rate Development Gross and Net Capitation Rates			
Rate Cell	SFY 2018 Gross Rate	SFY 2018 Net Rate	
TANF 19-34 F	\$ 18.05	\$ 17.69	
TANF 19-34 M	\$ 14.15	\$ 13.87	
TANF 35-49 F	\$ 20.08	\$ 19.68	
TANF 35-49 M	\$ 17.74	\$ 17.39	
TANF 50+	\$ 21.36	\$ 20.93	
Pregnant Women	\$ 11.15	\$ 10.93	
Wellness Plan 19-34 F	\$ 15.58	\$ 15.27	
Wellness Plan 19-34 M	\$ 13.49	\$ 13.22	
Wellness Plan 35-49 F	\$ 19.27	\$ 18.88	
Wellness Plan 35-49 M	\$ 17.28	\$ 16.93	
Wellness Plan 50+	\$ 22.36	\$ 21.91	
Community Duals <65	\$ 21.68	\$ 21.25	
Community and LTSS Disabled	\$ 17.50	\$ 17.15	
Community and LTSS Elderly	\$ 9.84	\$ 9.64	

Notes

1. Net SFY 2018 capitation rate developed by applying a 2% withhold.

Medical Loss Ratio

The Medical Loss Ratio applicable to the rating period is as follows:

Date Range	Applicable MLR
7/1/2017 – 6/30/2018	85%

2% Withhold Payment Obligations:

Performance Measure	Required Contractual Standard	Withhold Payment Obligation	
		Perf. Level	Percentage of Withhold Payable
Access to Dental Services	Within each Contract year, at least 25 percent of enrollees who have had continuous enrollment with the Contractor for at least six months shall have received at least one dental service.	30% or above	50%
		29%	40%
		28%	30%
		27%	20%
		26%	10%
		25% or below	0%
Access to Preventative Dental Services	Of the enrollees who have had continuous enrollment with the Contractor for at least six months and have received at least one dental service, at least 65 percent of those enrollees have a preventive exam within each Contract year.	70% or above	30%
		69%	25%
		68%	20%
		67%	15%
		66%	10%
		65% or below	0%
Continued Preventive Utilization	Twenty-five percent of enrollees who are eligible to receive a follow up preventive exam will return within six to twelve months of their initial exam within each Contract year.	30% or above	20%
		29%	15%
		28%	12%
		27%	10%
		26%	5%
		25% or below	0%

SFY18 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 (SFY18 – July 1, 2017 through June 30, 2018) (the “SFY18 Risk Corridor”). The SFY18 Risk Corridor will be applied to all members enrolled with the Contractor at any time during SFY18. The SFY18 Risk Corridor will result in a settlement of the payments previously made, which may result in payments due to the Contractor or the Agency.

The settlement is the calculated gain or loss experienced by the Contractor for SFY18 determined when comparing the risk corridor MLR, developed after the end of SFY18, from the claims experience to the risk sharing corridor percentages in the table below. The risk corridor MLR is calculated as the total adjusted medical expenditures divided by the total adjusted capitation rate.

Adjusted Dental Expenditures

Adjusted dental expenditures will be determined by the Agency or the Agency’s contracted actuaries based on encounter data and plan financial data submitted by Contractor. Adjusted dental expenditures only include services covered by the Agency and the Contractor and will exclude all expenditures that are in addition to those covered under the State Plan.

The Agency reserves the right to audit claims expenditures. For purposes of the SFY18 Risk Corridor calculations, the Agency will limit the overall level of reimbursement to 121% 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 as described below.

Adjusted Capitation Rate

The total adjusted capitation rate excludes taxes, fees (e.g., Health Insurer Provider Tax (HIPF), and any bonus, incentives or withholds earned by Contractor.

The SFY18 Risk Corridor Minimum Percentage and Risk Corridor Maximum Percentage (shown below in the following table) are calculated as the total adjusted dental 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		DDIA Share	State/Fed Share
--	88.0%	36,007,904	0%	0%
88.0%	92.40%	1,800,000	100%	0%
92.40%	116.35%	9,800,000	0%	100%
116.35%	121.0%	1,902,964	51%	49%
121.0%	121.0%	-----	100%	0%
TOTAL		49,510,868		

Timing

Before February 16, 2019, the Contractor shall provide the Agency with a complete and accurate report of actual dental expenditures, by category of service, for enrollees, based on claims incurred for the SFY18 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.

The Agency will review Contractor’s risk corridor submission and within 60 days shall either (1) request for additional information from Contractor or revisions to the Contractor’s calculations, or (2) provide the Contractor with the payment of the Risk Sharing Corridor under the risk share program for the SFY18 Contract period. If the Agency request clarification or revision of the Contractor’s calculations, the Agency shall again review the Contractor’s subsequent submission consistent with the terms of this paragraph. Once the Agency accepts the Contractor’s submission without revision and without seeking additional information, any balance due either the Agency or the Contractor, as the case may be, will be paid within 60 days of the date of Contractor’s submission.

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 3. Federal Funds. The following federal funds information is provided:

Contract Payments include Federal Funds? Yes	
The contractor for federal reporting purposes under this contract is a: Vendor	
DUNS #: 847610995	
The Name of the Pass-Through Entity: Iowa Department of Human Services	
CFDA #: 93.778	Federal Awarding Agency Name: Department of Health and
Grant Name: Medical Assistance Program	Human Services/Centers for Medicare and Medicaid Services

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 upon the prior written approval of the Centers for Medicare and Medicaid Services (“CMS”). In the event that CMS does not approve the Amendment, this Amendment shall be null and void.

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, Delta Dental of Iowa, Inc.		Agency, Iowa Department of Human Services	
Signature of Authorized Representative:	Date:	Signature of Authorized Representative:	Date:
Printed Name: Jeff Russell		Printed Name: Jerry R. Foxhoven	
Title: President and CEO		Title: Director	