

**From:** Doyle, Sheila [BOARD]

**Sent:** Monday, September 14, 2009 5:25 PM

**To:** Bonnie Campbell; Craig Lang; David Miles; Downer, Robert; Gartner, Michael; Harkin, Ruth; Jack Evans; Johnson, Greta A; Rose Vasquez

**Cc:** Donley, Robert [BOARD]

**Subject:** 090911\_JER\_MilesDavid\_IowaCareRequestForUpcomingBORMeeting.pdf - Adobe Acrobat Standard

FYI – forwarding on behalf of President Miles. Thank you.

Sheila

September 11, 2009

David W. Miles  
1402 Tulip Tree Lane  
West Des Moines, IA 50266-6665

Dear President Miles:

Agenda item 7 in the docket material for the September 17 Board of Regents meeting contains a request that pertains to IowaCare. Several very important points are emphasized in the background material provided leading up to the request. They include:

- The IowaCare program has benefited thousands of low-income Iowans without health insurance since its inception on July 1, 2005.
  - These people would not qualify for Medicaid.
- Enrollment in the IowaCare program, now at approximately 32,000, has greatly exceeded expectations.
  - Original enrollment expectations were in the range of 14,000.
- This level of participation in the IowaCare program has resulted in some level of hardships for many beneficiaries because of the need to travel great distances to obtain covered services.
  - Iowans from 98 of Iowa's 99 counties must travel to Iowa City in order to receive most services covered by IowaCare (exceptions are annual physical exams and delivery of a baby).

The initial five year IowaCare waiver will expire on June 30, 2010. No one expects this valuable program will end soon, even if health reform passes at the national level. Changes to the IowaCare program, however, are a real possibility and can make this program even better. The Iowa Department of Human Services (DHS) is currently in negotiations with the Centers for Medicare and Medicaid Services (CMS) regarding the terms of a renewal of the waiver.

In anticipation of DHS successfully negotiating renewal of the IowaCare waiver, but lacking knowledge of exactly what the terms will be, UI Health Care is unable to suggest legislative language for improvements to the IowaCare program at this time and instead requests the Board of Regents authorize its State Relations Officers to pursue any flexibility DHS negotiates with CMS regarding enhancing local IowaCare beneficiary access to care and permitting additional services, including physician services rendered by IowaCare network providers, to be reimbursed.

I would also like to clarify for you the anticipated appropriations required to support the delivery of services by UI Health Care to IowaCare beneficiaries. As you know, the IowaCare appropriations flow through DHS. Agenda item 7 references the base appropriation for the University of Iowa Hospitals and Clinics (UIHC) of \$27,284,584. This amount has been supplemented each and every year of IowaCare's existence, although no dollar amount for a supplement appears in the September docket. There should be an expectation that a supplement will be required. For FY 11, DHS

estimates that total IowaCare appropriation needs for the UIHC will be \$74,075,236 (the \$27,284,584 base plus a supplemental of \$46,790,652).

If DHS is successful in negotiating inclusion of University of Iowa Physicians (UIP) reimbursement for services delivered to IowaCare beneficiaries, this will enable approximately two-thirds of this cost to be covered by the Federal government. DHS has estimated the total UIP cost for FY 11 to be \$24,188,260. A source for the state share will need to be found in order for the Federal share to be received. In addition, state law will need to be changed to allow UIP to bill for IowaCare services.

In summary, the anticipated appropriation needs for UI Health Care related to IowaCare are \$74,075,236 for the UIHC plus \$24,188,260 for the UIP for a total of \$98,263,496. It is currently unknown, however, if the physician component is even a possibility. The specific request for discussion at the September 17 Board of Regents meeting is simply to authorize the State Relations Officers to pursue any flexibility DHS negotiates with CMS regarding enhancing local IowaCare beneficiary access to care to help make the program better for Iowans. In addition, should flexibility be granted permitting additional services, including physician services rendered by IowaCare network providers, to be reimbursed, I ask that the State Relations Officers have flexibility to pursue this as well.

Thank you for your consideration of this request. I would be pleased to respond to any questions you may have.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jean E. Robillard".

Jean E. Robillard, M.D.

Vice President for Medical Affairs