September 25, 2013

The Honorable Kathleen Sebelius, Secretary

U.S. Department of Health and Human Services

200 Independence Avenue, S.W.

Washington, DC 20201

Dear Secretary Sebelius:

The undersigned organizations appreciate the opportunity to comment on Iowa’s two proposals for Section 1115 Medicaid Waivers—Iowa Marketplace Choice Plan and Iowa Wellness Plan, which were submitted to CMS on August 23, 2013. We fully support Iowa’s decision to accept federal Medicaid funding to extend coverage to low-income parents and adults. However, we do have concerns with specific aspects of the waiver proposals that should be addressed during the approval process.

As explained below, we are particularly concerned that the proposal will impose monthly premiums on people with incomes above 50 percent of the poverty line. Both proposed demonstrations would waive enrollee premiums in the first year of an individual’s enrollment. Because no premiums will be imposed in 2014, we suggest that you consider conditionally approving the waiver so that low-income Iowans get coverage on January 1, 2014 but not grant final approval to charge premiums to people with incomes below the poverty line. This would give you ample time to work out a modified approach to premiums and/or cost-sharing that would still allow Iowa to test its wellness plan.

We are also especially concerned about Iowa’s proposed waiver of EPSDT for 19 and 20 year-olds and suggest that you exclude them from the demonstration at this time.

***Premiums***

**Allowing Iowa to impose premiums on people with incomes below 100 percent of the poverty line would set a new and dangerous precedent in the Medicaid program**. If approved, Iowa’s plan would be the first Medicaid demonstration project approved since the creation of a mandatory group of low-income individuals (under Section 1902(a)(10)(A)(i)(VII) of the Social Security Act) that would require adults with incomes below 100 percent of the poverty line to pay premiums. Charging premiums to people with very low incomes is not an appropriate use of demonstration authority because experience already shows that premiums decrease enrollment of very low-income beneficiaries.

**CMS should conditionally approve the waiver so that low-income Iowans can get coverage in January, while working out a way other than premiums for Iowa to pursue the goals of the demonstration projects**. The Iowa legislation and proposed demonstration waive financial contributions for a member during the initial year of membership, so premiums would not kick-in for any enrollee until January 1, 2015. CMS and Iowa have more than a year to work on a modified approach that complies with the Medicaid statute.

**Premiums have already been shown to limit enrollment of eligible people.** Monthly premiums for people with incomes below the poverty line will almost certainly result in current Iowacare enrollees losing coverage, and will cause newly eligible adults to drop coverage or not enroll at all. Charging premiums to Medicaid beneficiaries has been shown to result in steep losses of coverage. Wisconsin has been charging premiums at three percent of income to parents and caretaker relatives with incomes between 133 and 150 percent of the poverty level, and recent data shows a steep drop in enrollment. Data from the Wisconsin Department of Health Services’ preliminary evaluation show that in the first six months of these premiums, slightly more than two-fifths of relevant enrollees lost coverage due to non-payment of a premium. A decade ago, Oregon imposed premiums on adults below poverty that ranged from $6 per month for people with no income to $20 per month for people at the poverty line. In the nine months that followed the increase, nearly half of those that had been on the program were no longer enrolled and the majority of them were left without coverage.

**A slightly modified approach that still allows Iowa to test its wellness concept is feasible.** Under the waiver’s proposed approach, an enrollee who makes the best effort to see a primary care provider but is unable to see one, or who takes steps toward wellness goals but does not achieve them in the time allotted, would be charged a monthly premium and lose coverage if s/he is unable to pay the premium. We suggest a slightly modified approach that allows enrollees to stay enrolled and encourages them to meet wellness goals in other ways. One possible approach would be to combine the imposition of modest copayments for certain types of care; waivers of copays for enrollees working to meet wellness goals; and hardship exemptions that waive copays if the enrollee is facing a particular financial hardship.

***EPSDT***

**Waiving EPSDT for 19 and 20 year-olds violates recent CMS guidance, 19 and 20 year olds should be left out of the demonstration.**

Iowa is requesting a waiver so that 19 and 20 year- olds who are entitled to receive Early Periodic Screening Diagnosis and Treatment (EPSDT) benefits can be enrolled in the wellness program or a qualified health plan in the health insurance marketplace where EPSDT services are not included in the benefit package. As a result, 19 and 20 year olds would not receive vision, dental or other EPSDT services they might need. Guidance issued by CMS on March 29, 2013, states that only “individuals whose benefits are closely aligned with the benefits available on the Marketplace” should be included in premium assistance demonstrations. The lack of alignment between EPSDT and the wellness and marketplace plans suggests 19 and 20-year olds should not be included in the demonstration at this time.

Thank you for your willingness to consider our comments. If you would like any additional information, please contact Joan Alker ([jca25@georgetown.edu](mailto:jca25@georgetown.edu)), Sonya Schwartz ([ss3361@georgetown.edu](mailto:ss3361@georgetown.edu)), or Judy Solomon ([Solomon@cbpp.org](mailto:Solomon@cbpp.org)).

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Asian & Pacific Islander American Health Forum

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Mental Health America

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