



**Department of
HUMAN SERVICES**

Kim Reynolds, Governor

Adam Gregg, Lt. Governor

Kelly Garcia, Director

February 26, 2021

Mr. Adam Steen, Director
Department of Administrative Services
Hoover State Office Building
1305 East Walnut Street
Des Moines, IA 50319

This waiver is approved based on the justification provided in the agency's request.

Signed  3/1/21
Adam Steen, Director of DAS

Dear Mr. Steen:

The Department of Human Services (DHS) is seeking a waiver, as described in 11 Iowa Admin. Rule 118.16, to permit a Managed Care Organization (MCO) contract to have a term of more than six years. Rule 118.11(3) limits service contracts to a length of six years, and DHS is requesting authorization to extend Amerigroup's Contract MED-16-018 through June 30, 2023. The contract is currently set to expire March 31, 2023; therefore, this extension would cover three additional months.

Contract MED-16-018 has a base term of April 1, 2016 through March 31, 2019, with two optional two-year extensions available. DHS is requesting that DAS allow this contract to extend through June 30, 2023 while DHS procures MCOs to deliver high-quality health care services to the citizens of Iowa. DHS is preparing to release a new managed care procurement to solicit proposals from MCOs with an anticipated start date of July 1, 2023.

Allowing DHS to extend the contract MED-16-018 and maintain critical operations while procuring and operationalizing MCOs is the most cost effective and least disruptive option available and is in the best interest of taxpayers, Medicaid members, providers, and stakeholders. The goal from the procurement is to identify between two and four MCOs to serve the Iowa Medicaid program. The implementation phase for setting up a new MCO is quite extensive, requires a significant investment of time, and involves oversight from Iowa's federal partner, the Centers for Medicare & Medicaid Services.

Allowing an extension of the MED-16-018 contract will permit alignment of procurements and contracts, allowing all Iowa MCOs to be on the same contracting and renewal schedule. You may be aware Iowa's initial launch into managed care was challenging due to the extraordinary pace, and two of the MCOs initially serving Iowa have ceased their business with the Iowa Medicaid program. It is critical to the success of these \$2 billion per year contracts to allow sufficient time for solid procurement, negotiation, and implementation phases.

Please approve a waiver of Iowa Admin. Code rule 118.11(3) to extend contract MED-16-018 through June 30, 2023.

Sincerely,



Kelly Garcia
Director

KG/brb

cc: Julie Lovelady, Interim Medicaid Director
Al Meyer, Chief Operating Officer, DAS Central Procurement