

MEDICAID OVERVIEW

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MEDICAL ASSISTANCE (MEDICAID) OVERVIEW

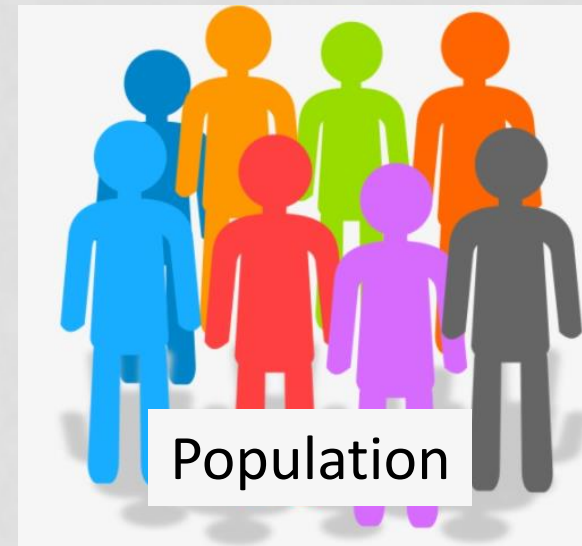
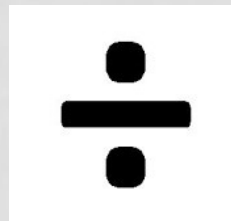
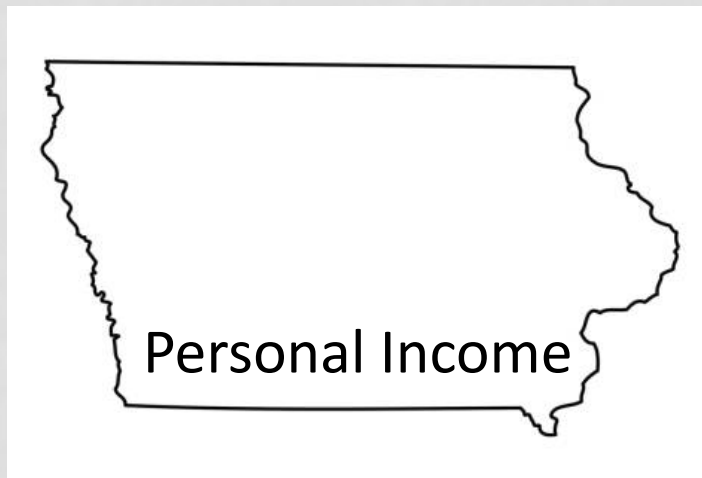
- Medicaid is a joint federal and State program created in 1965 under Title XIX of the federal Social Security Act.
- Medicaid is an entitlement program. This means anyone applying who meets federal and State eligibility criteria must be served.
- Medicaid services must be available statewide to all members.
- Medicaid is managed on the federal level by the Centers for Medicare and Medicaid Services (CMS).
- Medicaid in Iowa is administered by Iowa Medicaid of the Department of Health and Human Services (HHS).

DIFFERENCE BETWEEN MEDICAID AND MEDICARE

	Medicare	Medicaid
Administered	Federal	State
Funded	Federal	Federal and State
Beneficiaries	People aged 65 and older and people under age 65 with certain disabilities	Low-income adults, pregnant women, children, some disabled persons, and some elderly persons
Coverage	Consistent nationally and primary payor	Varies by state and payor of last resort

FEDERAL MEDICAL ASSISTANCE PERCENTAGE (FMAP)

- Medicaid is jointly financed by the State and federal government.
- The formula used to determine how much the State pays is called the FMAP rate.
- The formula is based on the per capita income in Iowa compared to the United States per capita income.



STATE FMAP RATES (FY 2025)

76.90%

Mississippi

50.00%

California

Colorado

Connecticut

Maryland

Massachusetts

New Hampshire

New Jersey

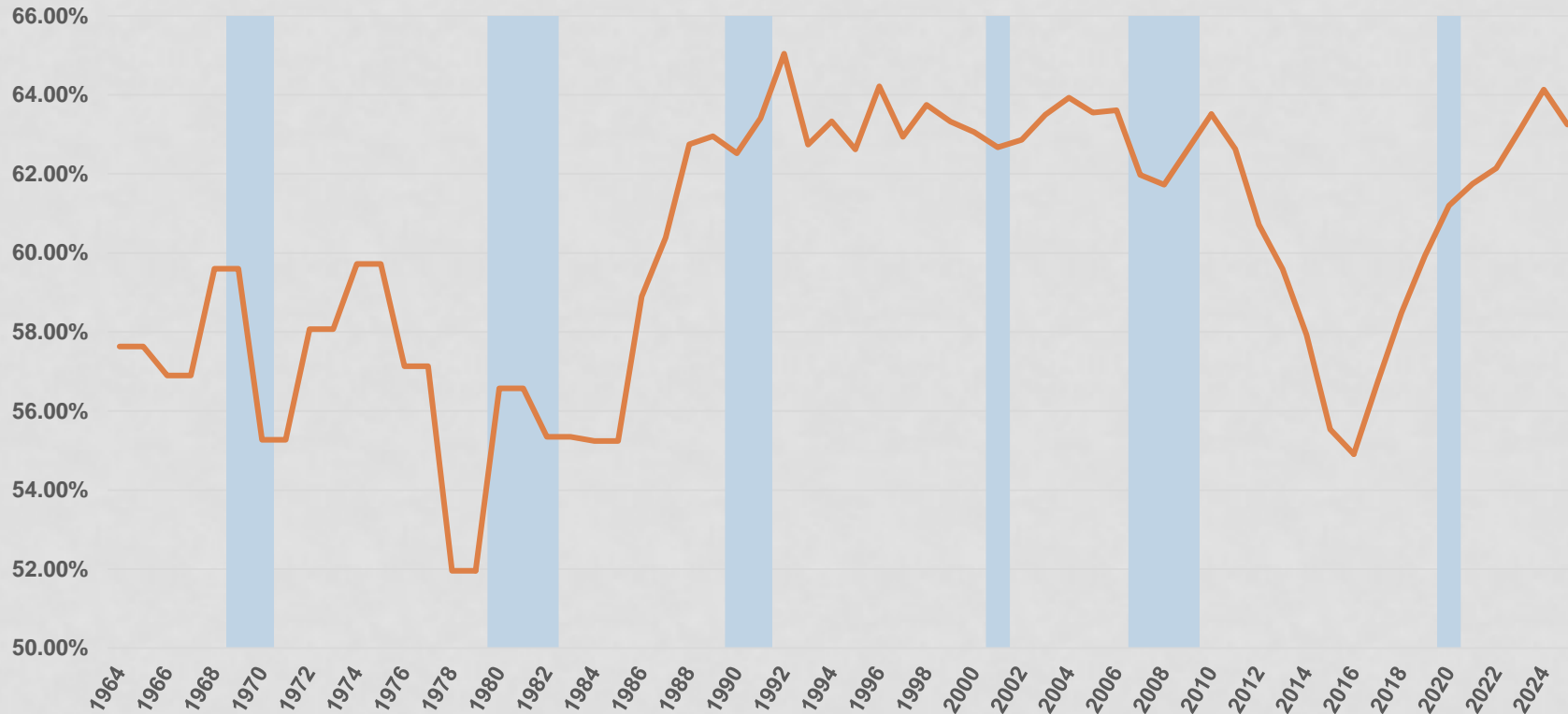
New York

Washington

Wyoming

IOWA'S FMAP RATE

Iowa's FMAP for Federal Fiscal Year (FFY) 2025 is 63.25%



Orange line – Iowa's FMAP Rate

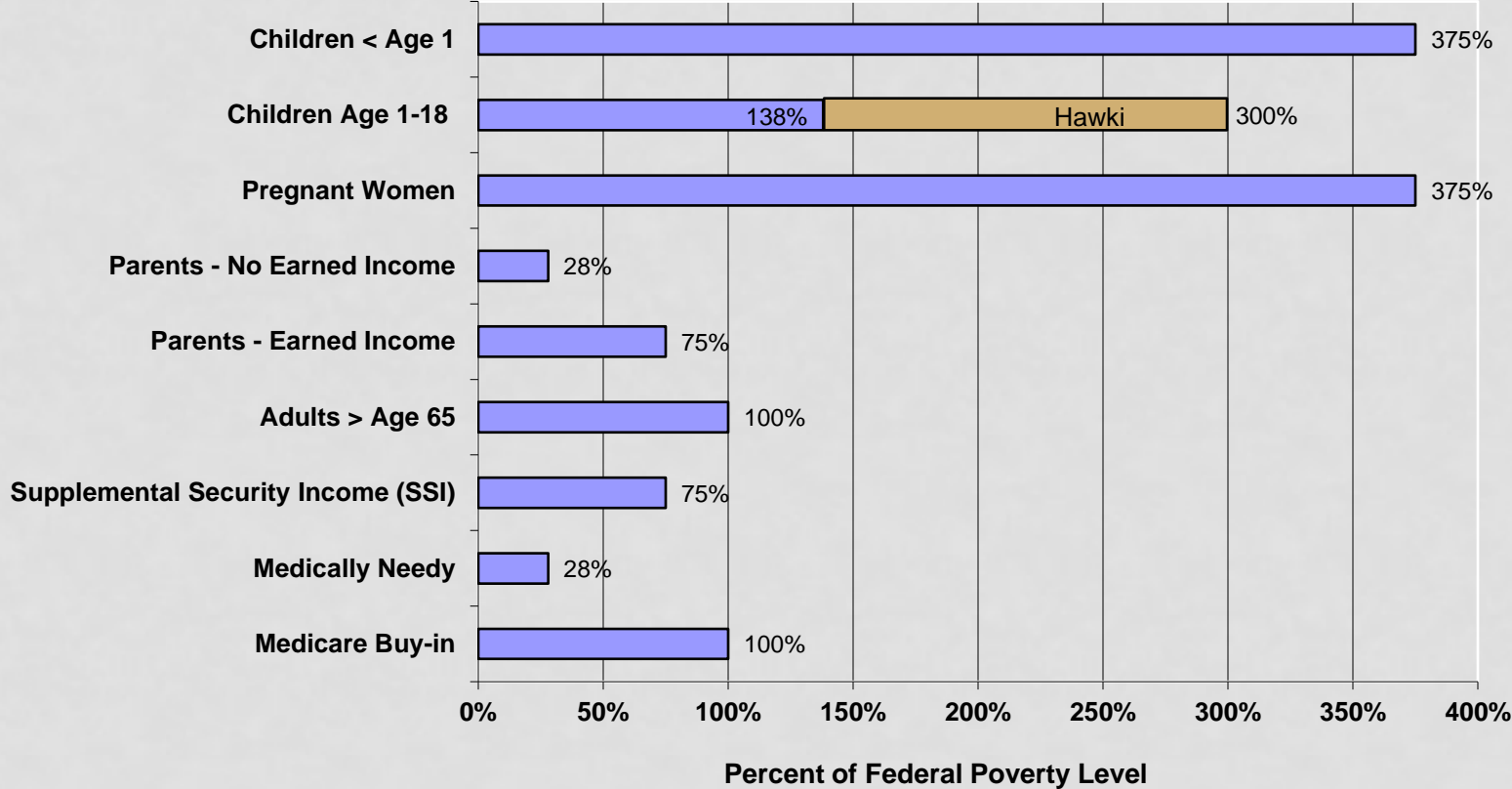
Blue bars – Recessions

ELIGIBILITY

- To be eligible for Medicaid, you must be categorically eligible unless you are participating in the Iowa Health and Wellness Program (Medicaid Expansion).
- This means that to be eligible for Medicaid, you must fall into a specific category:
 - Children
 - Pregnant women
 - Families with a dependent child
 - Age 65 and over (elderly)
 - Blind
 - Disabled
- To be eligible for Medicaid, you must prove citizenship and provide identification.

ELIGIBILITY CHART

To be eligible for Medicaid programs, you must have an income at or below a certain percentage of the federal poverty level (FPL). The FPL for a family of four in calendar year 2024 was \$31,200.



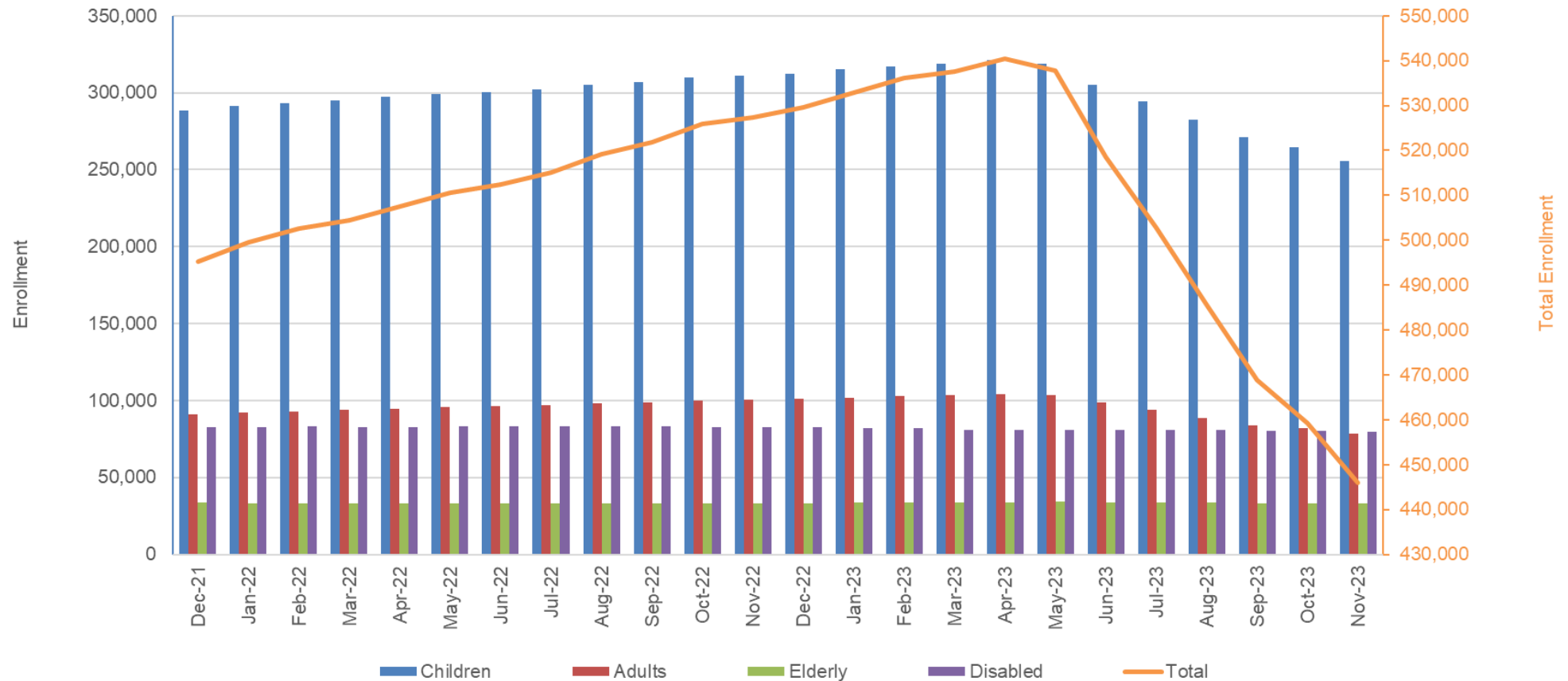
FEDERAL POVERTY LEVEL — 2024

Family Size	25%	50%	75%	100%	133%	200%	250%	300%
1	\$ 3,765	\$ 7,530	\$ 11,295	\$ 15,060	\$ 20,030	\$ 30,120	\$ 37,650	\$ 45,180
2	5,110	10,220	15,330	20,440	27,185	40,880	51,100	61,320
3	6,455	12,910	19,365	25,820	34,341	51,640	64,550	77,460
4	7,800	15,600	23,400	31,200	41,496	62,400	78,000	93,600
5	9,145	18,290	27,435	36,580	48,651	73,160	91,450	109,740
6	10,490	20,980	31,470	41,960	55,807	83,920	104,900	125,880
7	11,835	23,670	35,505	47,340	62,962	94,680	118,350	142,020
8	13,180	26,360	39,540	52,720	70,118	105,440	131,800	158,160

MEDICAID ENROLLMENT

- As of November 2023, there were 446,058 individuals enrolled in the Medicaid program in Iowa. This included:
 - 255,511 children
 - 78,289 adults
 - 32,867 elderly
 - 79,391 disabled

MEDICAID ENROLLMENT TWO-YEAR ACTUAL



MEDICAID'S SHARE OF THE MARKET IN IOWA

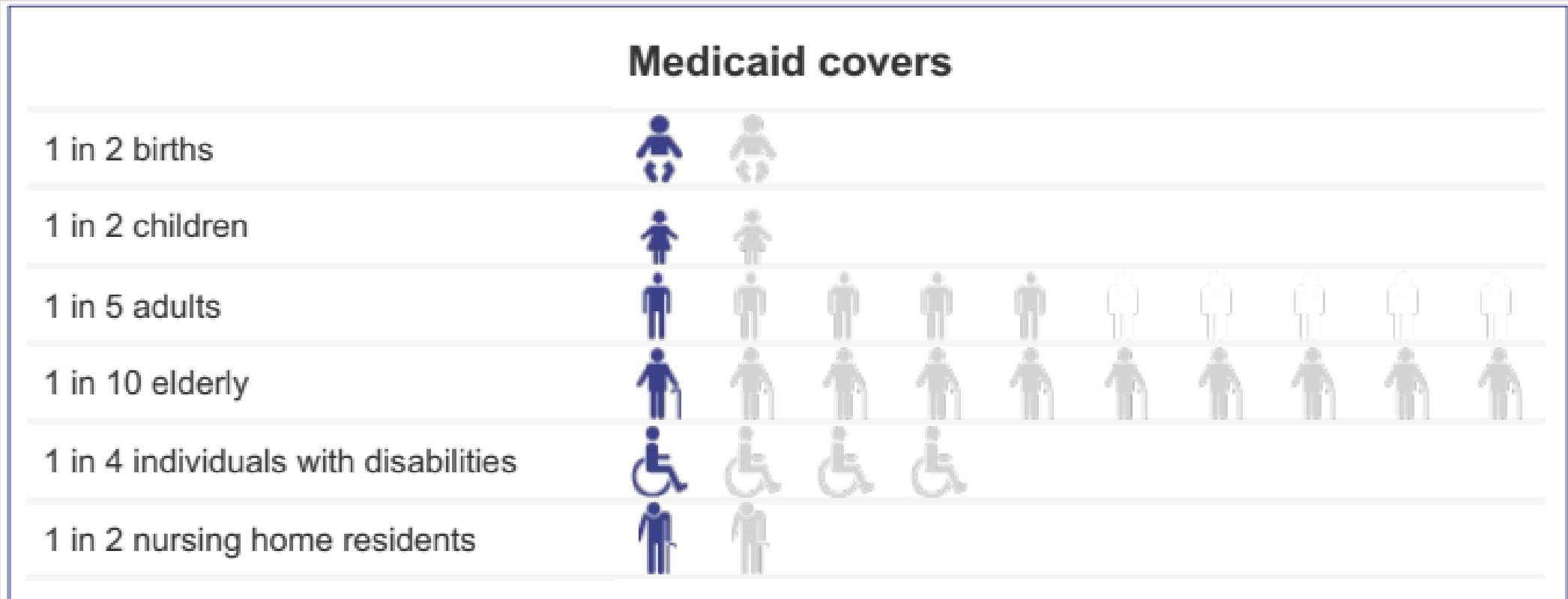


Figure created by the Department of Health and Human Services

FEE-FOR-SERVICE VS. MANAGED CARE

- Prior to April 1, 2016, Iowa Medicaid's health coverage operated mainly under a fee-for-service model.
 - In a fee-for-service model, providers are paid for each service they provide (such as an office visit, blood test, or surgery).
 - Iowa Medicaid Enterprise previously handled over 23.0 million claims per year and contracted with over 38,000 providers.
- Beginning April 1, 2016, coverage of 94.0% of Medicaid members was transferred to the management of three managed care organizations (MCOs).
 - MCOs are insurance companies that have goals of managing cost and utilization and improving quality.

MCO CAPITATION PAYMENT

- MCOs contract with the State and accept a set per-member per-month (capitation) payment for services. This provides the State with more certainty regarding Medicaid expenditures.
- Example:

Healthy Child — MCO receives \$173 per month for her care.



Grandma in Nursing Home — MCO receives \$4,513 per month for her care.



MANDATORY SERVICES

Iowa is required by the federal government to provide a minimum set of benefits (mandatory services) in order to receive federal match funds. These services include:

- Inpatient and outpatient hospital services.
- Physician services.
- Medical and surgical dental services.
- Nursing home care.
- Home health care.
- Family planning services.
- Laboratory and x-ray services.
- Early periodic screen, diagnosis, and treatment services.
- Other services.

OPTIONAL SERVICES

Iowa has also been given the flexibility to provide additional services to members (optional services). Some of the optional services available include:

- Intermediate care facilities.
- Pharmacy.
- Home and Community-Based Services (HCBS) waivers.
- Mental health and substance use services.
- Habilitation services.
- Hospice.
- Medical supplies.
- Dentists.
- Case management.
- Ambulance.
- Other services.

HCBS WAIVERS

Iowa has seven different HCBS waivers. The seven waivers include:

Health and Disability – Provides services for blind or disabled persons under the age of 65.

AIDS/HIV – Provides services for persons with an AIDS or HIV diagnosis.

Elderly – Provides services for persons 65 years of age or older.

Intellectual Disabilities – Provides services for persons with a diagnosis of an intellectual disability.

Brain Injury – Provides services for persons with a brain injury diagnosis due to accident or illness who are between the ages of one month and 65 years.

Physical Disability – Provides services for persons with a physical disability between the ages of 18 and 65.

Children's Mental Health – Provides services for children diagnosed with a serious emotional disturbance.

HCBS WAIVERS

The HCBS waivers provide individuals access to a variety of different supplemental services. Although the services provided vary by waiver, some of the more common waiver services include:

- Adult Day Care
- Consumer-Directed Attendant Care
- Counseling Services
- Home and Vehicle Modification
- Home-Delivered Meals
- Home Health Aides
- Personal Emergency Response
- Nutrition Counseling
- Supported Community Living
- Respite
- Transportation
- Consumer Choice Option

IOWA HEALTH AND WELLNESS PROGRAM

- Also known as Medicaid Expansion, this Program was part of the federal Affordable Care Act (ACA).
- The Program covers adults age 19 through 64 with income between 0.0-133.0% of the FPL who are not otherwise eligible for Medicaid, Medicare, or affordable insurance.
- Members are enrolled with an MCO and have access to the same provider network as the regular Medicaid Program.
- Coverage is equivalent to the State employee health benefits package.
- Enrollees are eligible for 12 months, with income reverified for eligibility near the end of the 12-month period.

IOWA HEALTH AND WELLNESS PROGRAM

Financial Participation

- No copayments, except \$8 for using the emergency room when it is not a medical emergency.
- No monthly contributions or premiums in the first year.
- No contributions after the first year if the member completes preventative services and/or wellness activities.
- Monthly contributions only for adults with income at 50.0% of the FPL or above if preventative services/wellness activities are not completed.

IOWA HEALTH AND WELLNESS PROGRAM ENROLLMENT

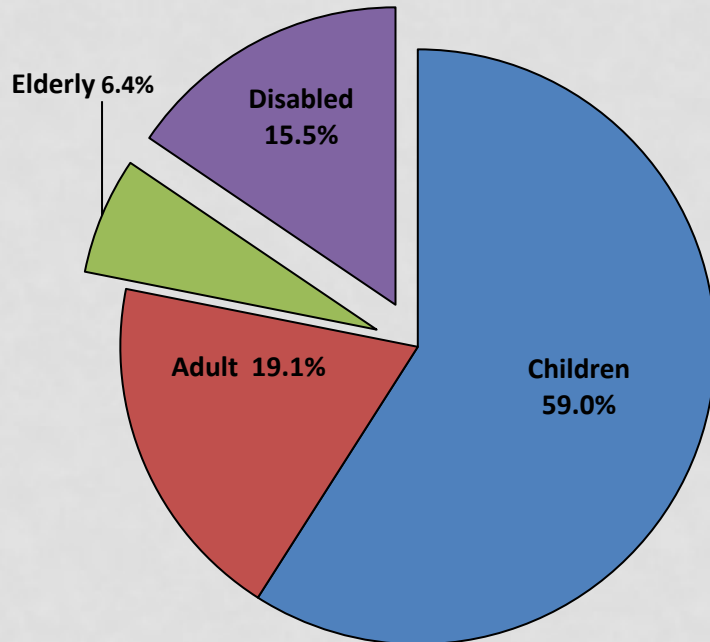
- As of November 2023, there were 196,623 individuals enrolled in the Program.
- The Program saw the same surge in enrollment due to the disenrollment requirements related to the 6.2% FMAP maintenance of effort requirement as Medicaid.
- The Program has disenrolled 55,890 individuals since the public health emergency ended in April 2023.

EXPENDITURES: MEDICAID AND IOWA HEALTH AND WELLNESS

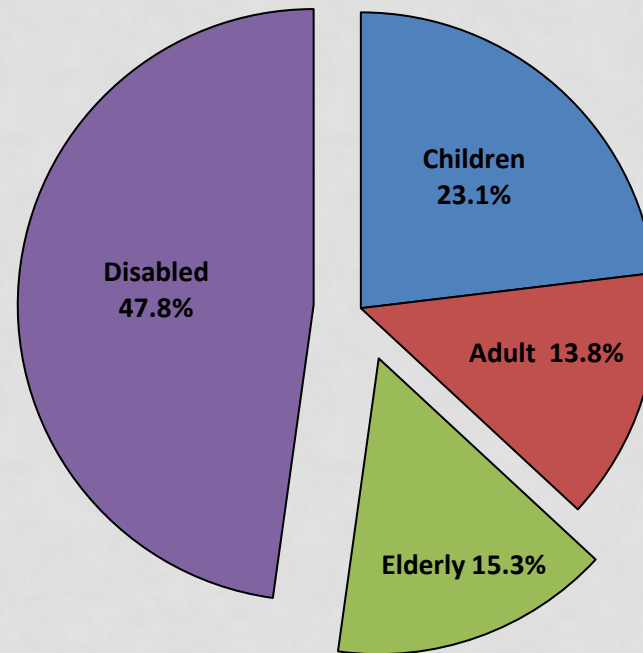
- Total Medicaid and Iowa Health and Wellness Program expenditures for FY 2023 are \$6.987 billion. This includes:
 - \$5.020 billion from federal funds.
 - \$1.738 billion from the State General Fund.
 - \$229.3 million from other funds.
- The top expenditure categories in Medicaid:
 - Hospitals
 - Nursing Facilities
 - Intermediate Care Facilities
 - HCBS Waivers
 - Mental Health
 - Physicians

ENROLLMENT AND EXPENDITURES FY 2023

Medicaid Enrollment



Medicaid Expenditures



WHAT DRIVES MEDICAID COSTS?

- Enrollment.
- Utilization in services — including trends in the health care system.
- Changes in federal law — including changes in FMAP rate and Medicare Part D payments.
- Changes in State law — including new services, eligibility changes, and provider rate reimbursement changes.

WHAT ARE THE LEGISLATURE'S RESPONSIBILITIES?

- Setting rates — Every year Medicaid provider rates are set in the Health and Human Services Appropriations Bill.
- Deciding the amount, scope, and duration of optional services.
- Setting rules, regulations, and processes not governed by the federal government, such as prior authorization for services or additional provider audits.
- Changing eligibility, premiums, or enrollment fees, or imposing more restrictive eligibility procedures except when prohibited by federal law.

MEDICAID FORECAST

LSA, HHS, and Department of Management (DOM) staff members meet regularly to discuss estimated Medicaid expenditures and agree on an estimated (forecast) need or surplus for the current and upcoming fiscal years. At the December 19, 2023, meeting, the group agreed to the following:

- For FY 2024, the group estimated that Medicaid will have a surplus of \$247.4 million.
- For FY 2025, the group estimated that Medicaid will have a surplus of \$110.8 million.

The Medicaid Forecast is available here:

www.legis.iowa.gov/publications/fiscal/medicaid

LSA MEDICAID PUBLICATIONS

Medicaid Budget Unit Brief

www.legis.iowa.gov/docs/publications/FT/1366915.pdf

Health Programs Operations Budget Unit Brief

www.legis.iowa.gov/docs/publications/FT/1366833.pdf

Medicaid FMAP Issue Review www.legis.iowa.gov/docs/publications/IR/970968.pdf

Iowa Health and Wellness Plan Issue Review

www.legis.iowa.gov/docs/publications/IR/1151446.pdf

Medicaid Work Requirements Issue Review

www.legis.iowa.gov/docs/publications/IR/1150785.pdf

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