
FISCAL UPDATE Article

Fiscal Services Division

September 14, 2017



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

COUNCIL ON HUMAN SERVICES MEETING SEPTEMBER 13, 2017

Meeting. The Council on Human Services met on September 13, 2017, for an overview of the Department of Human Services (DHS) FY 2019 budget requests. The Department requested a primarily status quo budget, with additional requests for the replacement of one-time funds used in FY 2018, and one request for modernizing Medicaid technology in the event of additional funding. The replacement of these one-time funds will be discussed in a separate Fiscal Update Article.

Department Technology Needs. Department of Human Resources Deputy Director Mikki Stier discussed a federal requirement pertaining to the modernization of Medicaid-related technology. This requirement pertains to the Department's Medicaid Management Information System (MMIS), which has had several updates but operates on a 40-year-old technology platform. Failure to modernize this system would result in a 25.0% reduction in federal financial participation. In 2015, Centers for Medicare and Medicaid Services published a [rulemaking](#) that provided for a temporary enhancement to the federal financial participation rate to support the design, development, installation, maintenance, and operations of Medicaid eligibility and enrollment systems.

The estimated State need in FY 2019 to begin the first phase of modernizing the system is \$2.9 million. A complete overhaul of the MMIS could require a project completion timeline of nearly seven years, and the total State share is estimated to be roughly \$17.0 million over the course of the project. In 2012, \$3.0 million was appropriated to the Department from the Technology Reinvestment Fund. This amount was later transferred back to the Rebuild Iowa Infrastructure Fund. The \$3.0 million request is to replace this upfront investment.

Cost-Containment Measures. The DHS reviewed several proposed Medicaid cost-containment measures for FY 2019. These measures mostly seek to align Medicaid programs with national mandatory coverage standards, while others seek to update existing medical and dental fee schedules to align them with current market costs for various services, exams, and procedures. Breast and cervical cancer coverage under the Medicaid program would end under one of the proposed cost-containment measures.

FY 2018 Budget Update. The Department provided an update regarding how a mandatory general reduction of \$1.5 million will be applied. Instead of applying the general reduction to the Child and Family Services appropriation, the Department will apply the reduction to the Family Investment Program. This reduction is contingent upon a continuing trend of declining caseloads, which has been observed since FY 2015.

STAFF CONTACT: Angel Banks-Adams (515.281.6301) angel.banks-adams@legis.iowa.gov