

# FISCAL UPDATE Article

Fiscal Services Division

October 10, 2018



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

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## DEPARTMENT REQUEST — HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE

**Fiscal Year 2020 General Fund Department Requests.** Departments are requesting a total of \$1.905 billion from the General Fund, an increase of \$82.8 million compared to estimated FY 2019, as presented in the table below. Other funds requested total \$281.6 million, a decrease of \$8.1 million compared to estimated FY 2019. Pursuant to Iowa Code section [8.35A](#), the Department of Management has until November 15 to adjust any final budget records or department requests. This document will be updated if changes are received after publication.

General Fund Appropriation Totals					
	Actual FY 2018	Estimated FY 2019	Dept Request FY 2020	Dept Req v. FY 2019	Percent Change
Iowa Department on Aging	\$ 12,092,745	\$ 12,192,745	\$ 12,192,745	\$ 0	0.0%
Department of Public Health	50,698,475	54,871,995	54,871,995	0	0.0%
Department of Veterans Affairs	4,053,605	4,140,500	4,140,500	0	0.0%
Iowa Veterans Home	7,162,976	7,162,976	7,162,976	0	0.0%
Department of Human Services	1,687,231,847	1,743,401,159	1,826,225,759	82,824,600	4.8%
<b>Total Health and Human Services</b>	<b>\$ 1,761,239,648</b>	<b>\$ 1,821,769,375</b>	<b>\$ 1,904,593,975</b>	<b>\$ 82,824,600</b>	<b>4.5%</b>

**Department of Human Services.** The Department is requesting increases totaling \$82.8 million, including:

- A net increase of \$69.2 million for the Medicaid Program to reflect the following:
  - An increase of \$9.4 million to replace carryforward and lower revenues from various funds.
  - An increase of \$64.3 million to replace the unfunded need from FY 2019.
  - An increase of \$20.3 million for a 1.0% increase in member months paid to managed care organizations (MCOs).
  - An increase of \$12.7 million for increased fee-for-service claims, Medicare Part A and B premium payments, and the Medicare Part D Clawback payment.
  - A decrease of \$7.6 million due to an increase in drug rebates and other recoveries.
  - An increase of \$5.2 million for increased funding related to [HF 2456](#) (FY 2019 Mental Health Services Needs Act).
  - An increase of \$1.3 million due to drug costs associated with Hepatitis-C criteria changes.
  - A net decrease of \$36.2 million to reflect the increase in the regular Federal Medical Assistance Percentage (FMAP) rate. That increase is offset by a decrease from 93.5% to 91.5% in the Iowa Health and Wellness Plan FMAP rate.
  - A decrease to \$195,000 to reflect the Governor's FY 2018 veto of a Durable Medical Equipment Pilot Program.
  - This request does not reflect any increase in MCO capitation rates for FY 2020.
- An increase of \$1.2 million for Medical Contracts to replace lower than expected available revenues from the Pharmaceutical Settlement Account.

- A net increase of \$12.0 million for the Children’s Health Insurance Program to reflect the following:
  - An increase of \$529,000 to replace carryforward from the prior fiscal year.
  - An increase of \$172,000 due to a 2.5% increase in member months paid to the MCOs.
  - An increase of \$8,600 due to a 3.0% increase to the administrative contract.
  - A decrease of \$150,000 due to a decrease in the Health Insurer Fee.
  - An increase of \$11.4 million due to an adjustment in the regular FMAP rate and the phaseout of the 23.0% enhanced FMAP rate to 11.5%.
- An increase of \$611,000 for the Adoption Subsidy Program to reflect the following:
  - An increase of \$3.6 million to comply with Iowa Code section [234.38](#) funding subsidy rates at 65.0% of the United States Department of Agriculture (USDA) estimated cost to raise a child in the Midwest.
  - A decrease of \$3.6 million to notwithstanding Iowa Code section [234.38](#) to maintain subsidy rates at current levels.
  - An increase of \$975,000 for the Subsidized Guardianship Program to fulfill State spending requirements related to federal Title IV-E savings.
  - An increase of \$459,000 for the unfunded obligation of federal Title IV-E savings from FY 2019.
  - A decrease of \$823,000 to reflect an increase in the federal FMAP rate.
- No change for the Child Care Assistance General Fund appropriation for covering increased child care provider rates, program growth, and quality requirements, due to the projected increase in federal Child Care Development Block Grant funding.

**Department of Public Health.** The Department is requesting no net change in total General Fund appropriations. However, there is a decrease of \$300,000 to the Chronic Conditions appropriation and an increase of \$300,000 to the Essential Public Health Services (EPHS) appropriation. For historical context, in FY 2018, the Department transferred \$300,000 from EPHS to Chronic Conditions for the Office of Medical Cannabidiol to implement the requirements of Iowa Code chapter [124E](#). The FY 2019 budget continued this funding shift. The Medical Cannabidiol Program is intended to be fee-sustaining through annual fees on manufacturers, dispensaries, and card holders. However, the Department would like to target the \$300,000 for pilot projects to incentivize improvements in the local public health delivery system rather than distribute them through the program formula. The goal of the pilot projects is to incentivize local health departments to work more closely together, by combining new and existing resources to strengthen the local public health delivery system.

**Other Departments.** No other departments in the Appropriations Subcommittee requested any additional funding or made any changes compared to estimated FY 2018.

**Fiscal Year 2020 Other Funds Department Requests.** The Department of Human Services is requesting a total of \$281.6 million from various other funds, a decrease of \$8.2 million compared to estimated FY 2020. The decrease is due to reduced revenue from both the Health Care Trust Fund and the Pharmaceutical Settlement Account.

<b>Other Funds Appropriation Totals</b>					
	<u>Actual FY 2018</u>	<u>Estimated FY 2019</u>	<u>Dept Request FY 2020</u>	<u>Dept Req v. FY 2019</u>	<u>Percent Change</u>
Department of Human Services	\$ 294,000,051	\$ 289,702,028	\$ 281,559,955	\$ -8,142,073	-2.8%
<b>Total Health and Human Services</b>	<u>\$ 294,000,051</u>	<u>\$ 289,702,028</u>	<u>\$ 281,559,955</u>	<u>\$ -8,142,073</u>	<u>-2.8%</u>

**Additional Notes.** Additional information can be found on the LSA webpage:

- [Appropriation Tracking](#)
- [Department Webpages](#)
- [Budget Unit Briefs](#)

- [Medicaid Forecast](#)
- **Fiscal Update:** [FY 2020 FMAP Match Rate](#)

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