

Medicaid Overview

January 16, 2020

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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 everyone who meets federal and State criteria for eligibility must be served.
- Medicaid services must be available statewide to all members.
- Medicaid in Iowa is administered by the Iowa Medicaid Enterprise (IME) of the Department of Human Services (DHS).
 - IME consists of 12 different units, and most operational functions are contracted out to private vendors to administer the program.
 - IME contracts with two managed care organizations (MCOs) to provide health care and two MCOs to provide dental care to the majority of individuals.

Federal Medical Assistance Percentage (FMAP)

- Medicaid is jointly financed by the State and federal governments.
- The formula used to determine how much the State pays is called the Federal Medical Assistance Percentage (FMAP) rate.
- The formula is based on the per capita income in Iowa compared to the United States per capita income.
- The formula is adjusted annually and contains minimums and maximums so that no state pays for more than 50.0% and the federal government pays no more than 83.0%.
- The Iowa FMAP rate is 60.88% federal and 39.12% State for FY 2020. For FY 2021 the rate changed to 61.61% federal and 38.39% State.

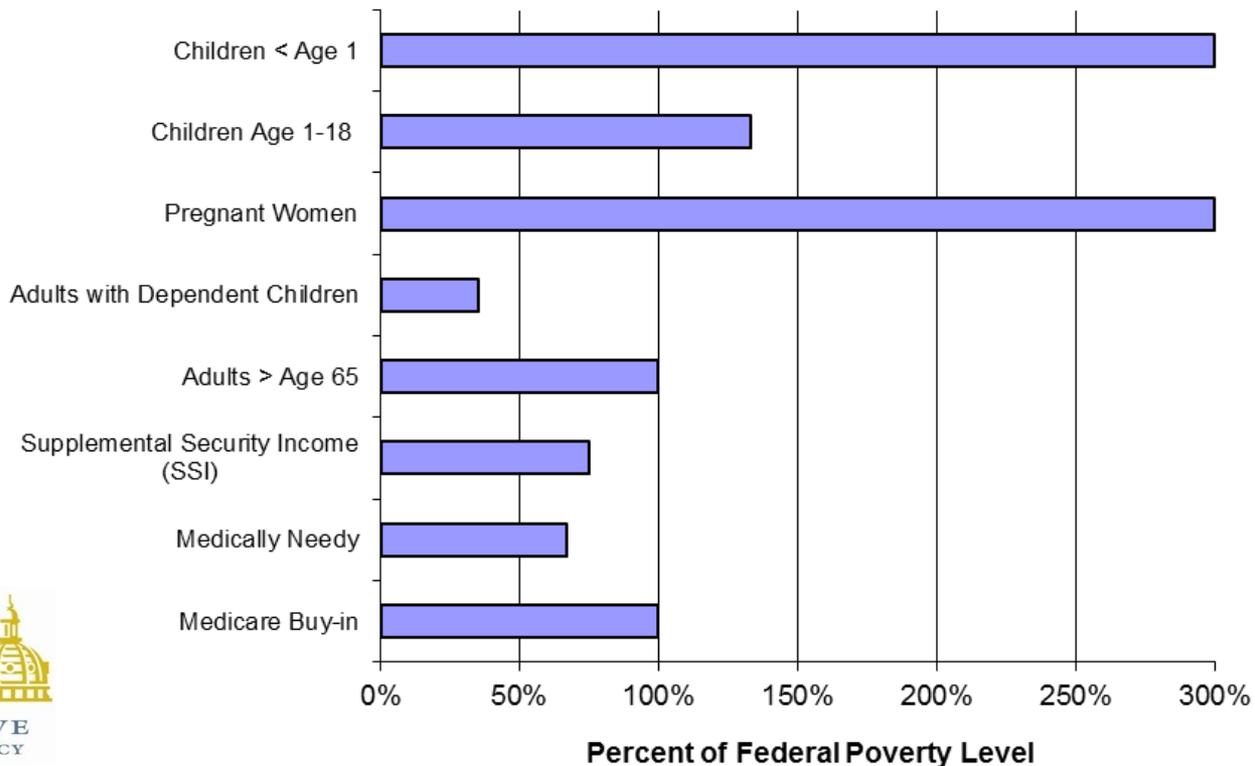
Eligibility

- 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 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 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 2019 was \$25,750.



Federal Poverty Level — 2019

| Family Size | 25% | 50% | 75% | 100% | 138% | 175% | 200% | 250% | 300% |
|-------------|---------|---------|---------|----------|----------|----------|----------|----------|----------|
| 1 | \$3,123 | \$6,245 | \$9,368 | \$12,490 | \$17,236 | \$21,858 | \$24,980 | \$31,225 | \$37,470 |
| 2 | 4,228 | 8,455 | 12,683 | 16,910 | 23,336 | 29,593 | 33,820 | 42,275 | 50,730 |
| 3 | 5,333 | 10,665 | 15,998 | 21,330 | 29,435 | 37,328 | 42,660 | 53,325 | 63,990 |
| 4 | 6,438 | 12,875 | 19,313 | 25,750 | 35,535 | 45,063 | 51,500 | 64,375 | 77,250 |
| 5 | 7,543 | 15,085 | 22,628 | 30,170 | 41,635 | 52,798 | 60,340 | 75,425 | 90,510 |
| 6 | 8,648 | 17,295 | 25,943 | 34,590 | 47,734 | 60,533 | 69,180 | 86,475 | 103,770 |
| 7 | 9,753 | 19,505 | 29,258 | 39,010 | 53,834 | 68,268 | 78,020 | 97,525 | 117,030 |
| 8 | 10,858 | 21,715 | 32,573 | 43,430 | 59,933 | 76,003 | 86,860 | 108,575 | 130,290 |

Federal Poverty Level Guidelines are set by the U.S. Census Bureau.

Medicaid Enrollment

- As of December 2019, there were 425,033 individuals enrolled in the Medicaid program in Iowa. This includes:
 - 244,840 children
 - 67,917 adults
 - 33,084 elderly
 - 79,192 disabled
- In FY 2018, Medicaid grew by 1,172 individuals (0.3%) for a total Program enrollment of 425,433 individuals. In FY 2019, the Program grew by 4,145 individuals (1.0%). In the first five months of FY 2020 enrollment is down 4,545 individuals (1.1%).

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).
 - IME 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 two 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 in regard to Medicaid expenditures.
- Example:

Healthy Child – MCO
receives \$149 per
month for her care.



Grandma in Nursing
Home – MCO
receives \$3,289 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 abuse services.
- Habilitation services.
- Hospice.
- Medical supplies.
- Dentists.
- Case management.
- Ambulance.
- Other services.

HCBS Waivers

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

- **Ill and Handicapped** – 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 at least 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 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).

- Covers adults age 19 through 64 with income between 0.0-133.0% of the Federal Poverty Level, 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.
- Enrollees are eligible for 12 months, with income reverified for eligibility near the end of the 12-month period.
- Coverage equivalent to the State employee health benefits package.
- Medically Frail/Exempt – Will be given the option of enrolling in regular Medicaid or the Iowa Health and Wellness Program.

Iowa Health and Wellness Program

Financial Participation

- No co-payments, 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 member completes preventative services and/or wellness activities.
- Monthly contributions only for adults with income at 50.0% of FPL or above if preventative services/wellness activities not completed.

Iowa Health and Wellness Program Enrollment

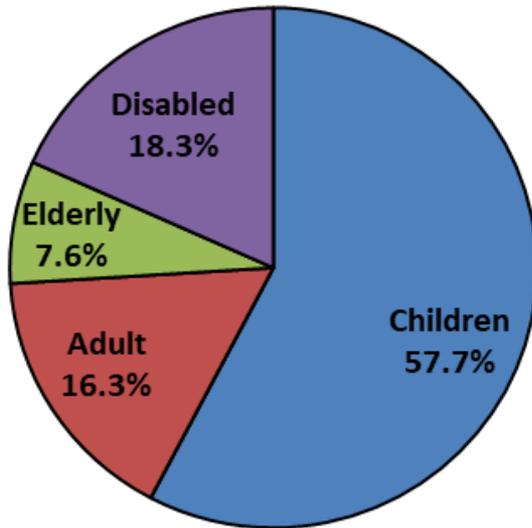
- As of December 2019, there were 176,527 individuals enrolled in the Iowa Health and Wellness Program. This includes:
 - 144,948 Wellness Plan
 - 30,666 Marketplace Choice Plan
 - 913 Presumptively Eligible
- In FY 2018, enrollment surged with an increase of 14,719 individuals (9.8%) for a total enrollment of 165,509. In FY 2019, the Program grew by 6,671 individuals (4.0%). In the first six months of FY 2020, enrollment has increased by 4,347 individuals (2.5%).
- Individuals enrolled in both the Iowa Wellness Plan and the Marketplace Choice Plan may be determined medically exempt by the DHS and provided coverage through the regular Medicaid State Plan if they meet certain requirements. As of December 2019, there were 23,207 medically exempt individuals.

Expenditures: Medicaid and Iowa Health and Wellness

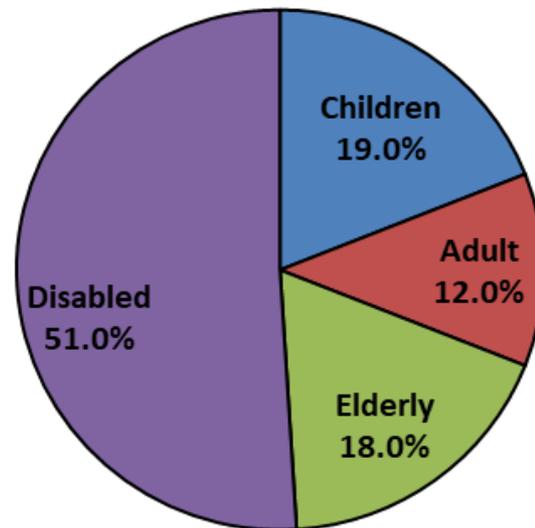
- Total Medicaid budget for FY 2021 were \$6.250 billion. This includes:
 - \$3.800 billion in federal funds.
 - \$1.550 billion in State General Fund.
 - \$893.6 million in other funds.
- The top expenditure categories in Medicaid:
 - Hospitals
 - Nursing Facilities
 - Intermediate Care Facilities
 - HCBS Waivers
 - Mental Health
 - Physicians

Enrollment and Expenditures FY 2019

Medicaid Enrollment



Medicaid Expenditures



What Drives Medicaid Costs?

- Enrollment growth.
- 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

The LSA, DHS, 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 20, 2019, meeting the group agreed to the following:

- For FY 2020, the group agreed Medicaid will have a supplemental need of \$89.0 million.
- For FY 2021, group agreed Medicaid will have a need of \$144.7 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/1034346.pdf
- Medical Contracts Budget Unit Brief
www.legis.iowa.gov/docs/publications/FT/1034321.pdf
- Medicaid FMAP Issue Review
www.legis.iowa.gov/docs/publications/IR/970968.pdf