

MEDICAID OVERVIEW

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MEDICAL ASSISTANCE (MEDICAID) OVERVIEW

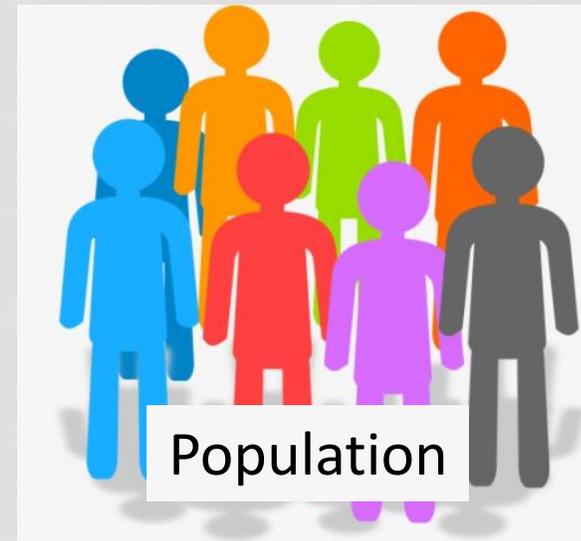
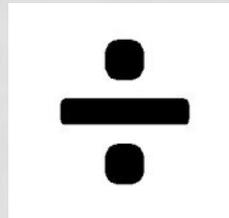
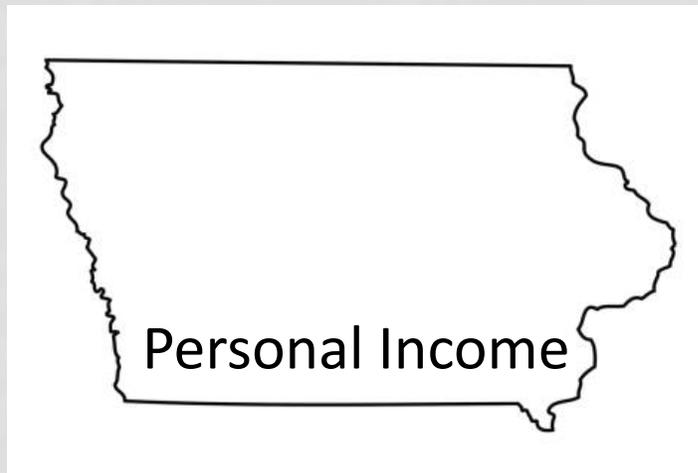
- Medicaid is a joint federal and State program created in 1965 under Title XIX of the federal Social Security Act.
- Medicaid is an entitlement program. This means anyone applying who meets federal and State eligibility criteria must be served.
- Medicaid services must be available statewide to all 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 within 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 (FFY 2027)

77.32%

Mississippi

50.00%

California

Colorado

Connecticut

Maryland

Massachusetts

New Hampshire

New Jersey

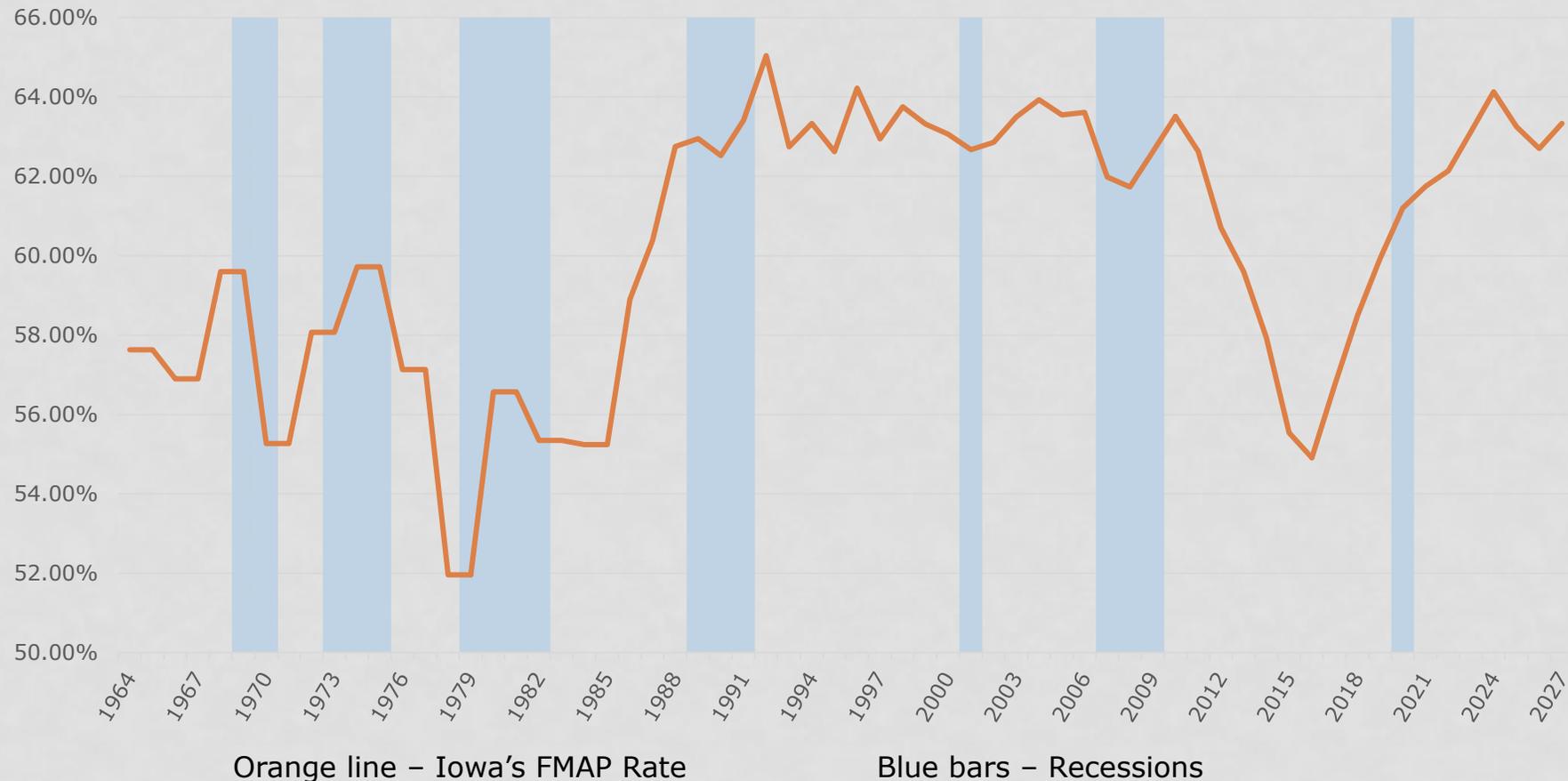
New York

Washington

Wyoming

IOWA'S FMAP RATE

Iowa's FMAP for Federal Fiscal Year (FFY) 2027 is 63.33%

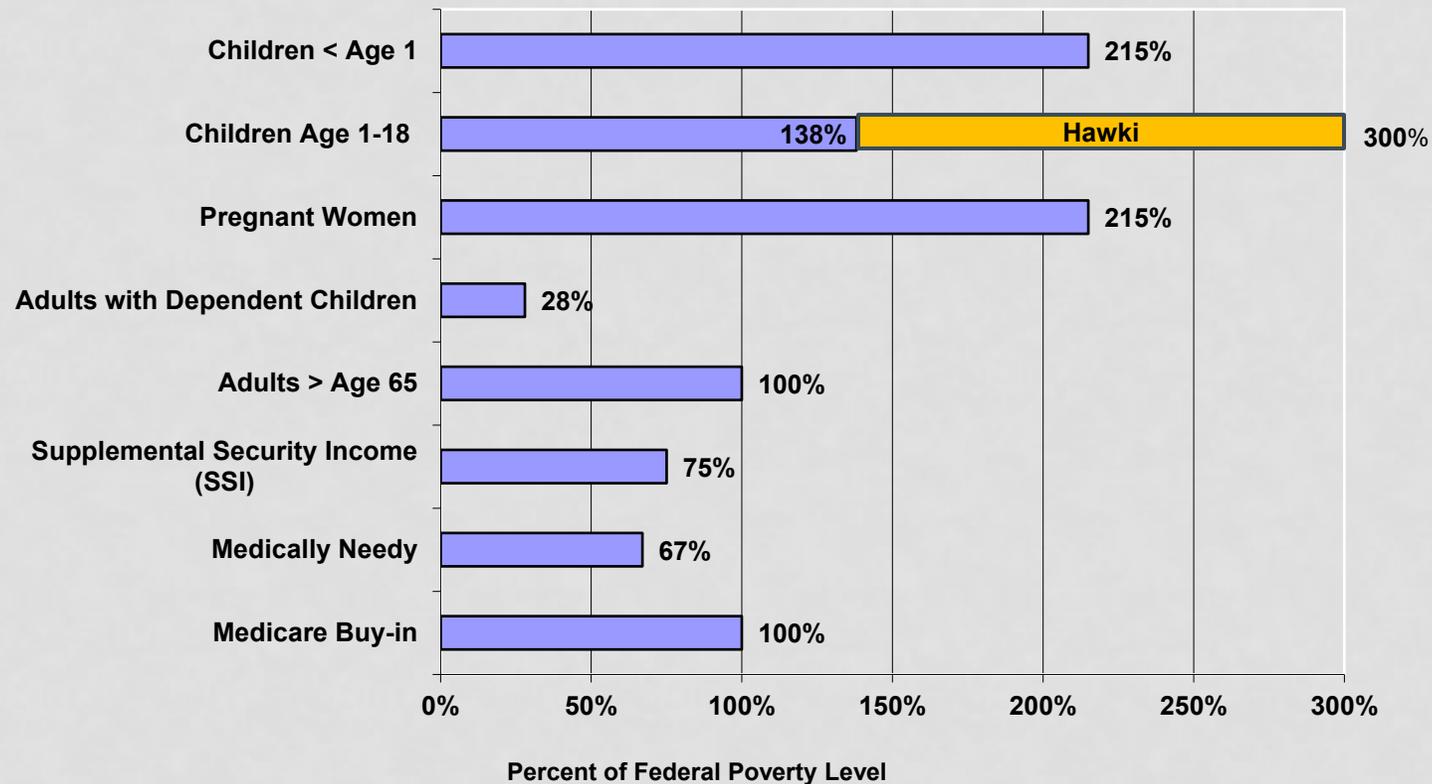


ELIGIBILITY

- 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 one of the following categories:
 - 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 2025 is \$32,150.



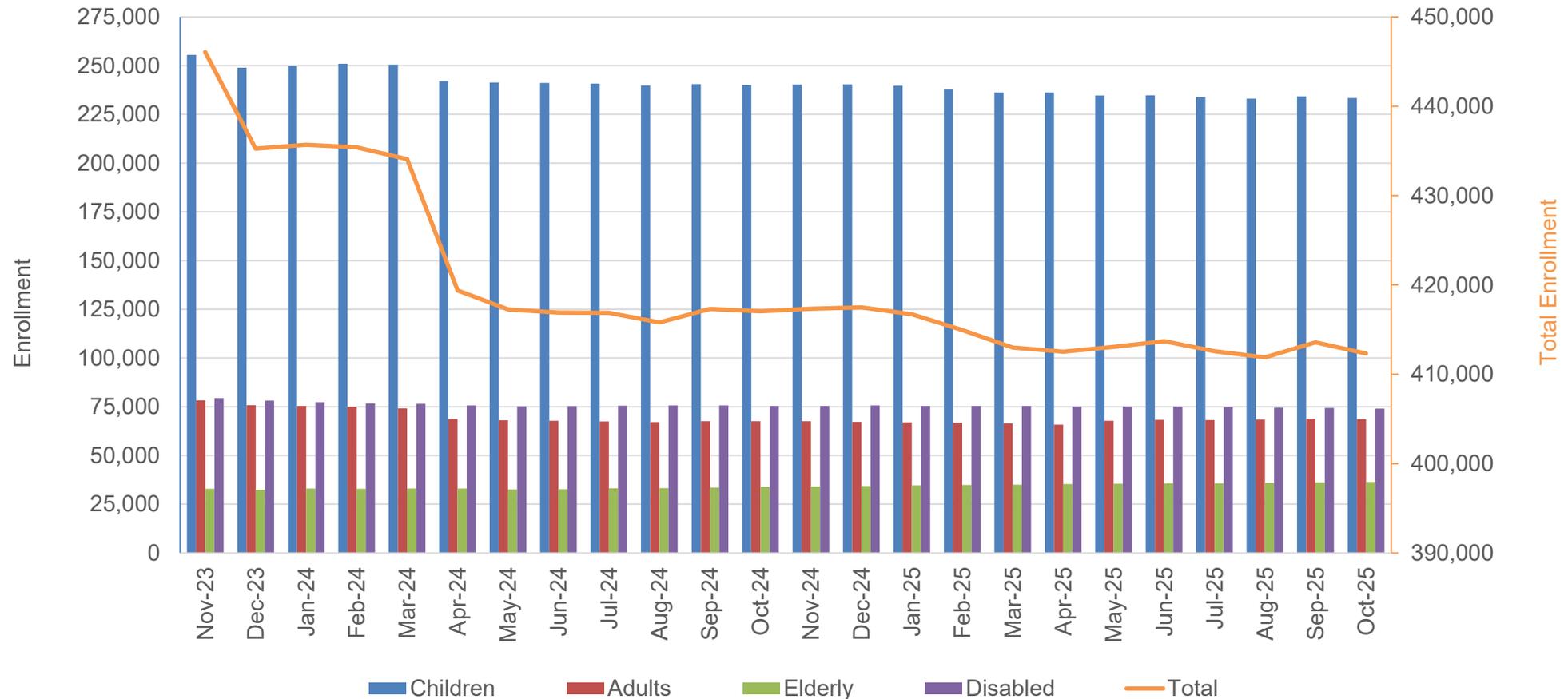
FEDERAL POVERTY LEVEL — 2025

Family Size	25%	50%	75%	100%	133%	200%	215%	250%	300%
1	\$ 3,913	\$ 7,825	\$ 11,738	\$ 15,650	\$ 20,815	\$ 31,300	\$ 33,648	\$ 39,125	\$ 46,950
2	5,288	10,575	15,863	21,150	28,130	42,300	45,473	52,875	63,450
3	6,663	13,325	19,988	26,650	35,445	53,300	57,298	66,625	79,950
4	8,038	16,075	24,113	32,150	42,760	64,300	69,123	80,375	96,450
5	9,413	18,825	28,238	37,650	50,075	75,300	80,948	94,125	112,950
6	10,788	21,575	32,363	43,150	57,390	86,300	92,773	107,875	129,450
7	12,163	24,325	36,488	48,650	64,705	97,300	104,598	121,625	145,950
8	13,538	27,075	40,613	54,150	72,020	108,300	116,423	135,375	162,450

MEDICAID ENROLLMENT

- As of October 2025, there were 412,322 individuals enrolled in the Medicaid program in Iowa. This included:
 - 233,312 children
 - 68,644 adults
 - 36,390 elderly
 - 73,976 disabled

MEDICAID ENROLLMENT TWO-YEAR ACTUAL



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 costs and utilization and improving quality.
 - Iowa's current MCOs include Iowa Total Care, Molina Healthcare of Iowa, and Wellpoint Iowa. The Dental Wellness Plan providers are Delta Dental of Iowa and MCNA Dental. In FY 2026, new dental provider contracts will begin with Delta Dental and DentaQuest USA Insurance Company.

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 \$209 per month for her care.



Grandma in nursing home — MCO receives \$4,787 per month for her care.



MANDATORY SERVICES

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

- Inpatient and outpatient hospital services.
- Physician services.
- Transportation to medical care.
- 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.
- Dentists.
- Case management.
- 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 Disability — 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

HOME PROJECT

Current HCBS Waivers			Phase 1 (2026)			Phase 2		
Waiver	Groups Served	Ages Served	Waiver	Groups Served	Ages Served	Waiver	Groups Served	Ages Served
Elderly	• Aging	65+	Elderly	• Aging	65+	Elderly	• Aging	65+
Intellectual Disability (ID)	• ID	0+	ID	• ID	0+	Children & Youth	<ul style="list-style-type: none"> • AIDS/HIV • BI • ID • PD; blind or disabled • SED • Developmental Disabilities • Autism 	0-20
Brain Injury (BI)	• BI	0+	BI	• BI	0+			
AIDS/HIV	• AIDS/HIV	0+	Children & Youth	<ul style="list-style-type: none"> • AIDS/HIV • BI • ID • PD; blind or disabled • SED • Developmental Disabilities • Autism 	0-20			
Health and Disability	• PD; blind or disabled	0-64				Adults with Disabilities	<ul style="list-style-type: none"> • AIDS/HIV • BI • ID • PD; blind or disabled • Developmental Disabilities • Autism 	21+
Physical Disability (PD)	• PD; blind or disabled	18-64						
Children's Mental Health	• Serious emotional disturbance (SED)	0-17						

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 up to 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 October 2025, there were 179,811 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 seen decreased enrollment of 91,000 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 2025 were \$9.202 billion. This includes:

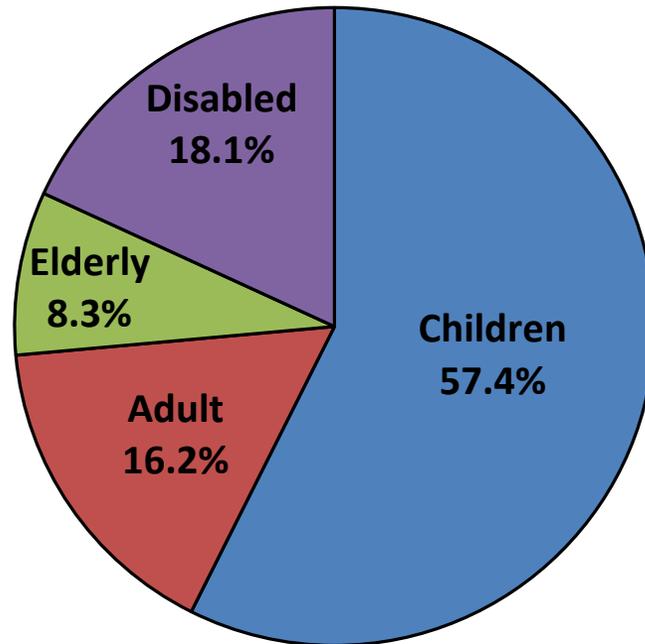
- \$6.327 billion from federal funds.
- \$2.195 billion from State funds.
- \$680.6 million from other funds.

The top expenditure categories in Medicaid:

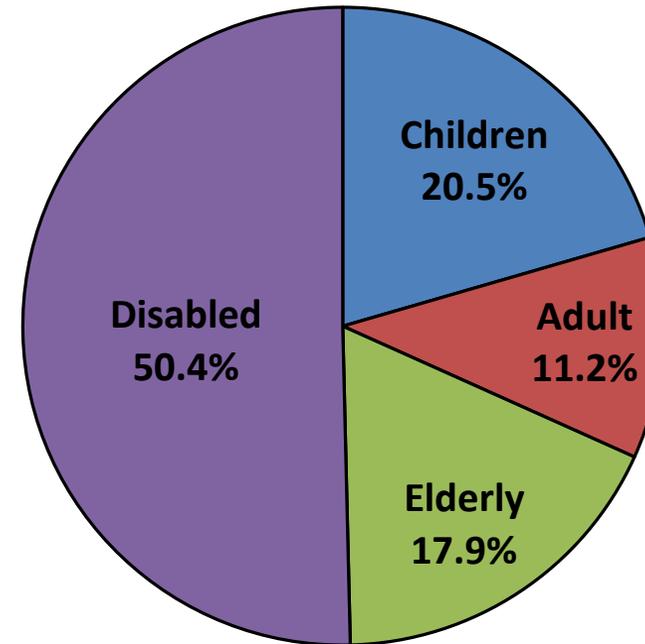
- Hospitals
- Nursing Facilities
- Intermediate Care Facilities
- HCBS Waivers
- Mental Health
- Physicians

ENROLLMENT AND EXPENDITURES FY 2025

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.

THE ONE BIG BEAUTIFUL BILL ACT

- More frequent renewals for Medicaid expansion (December 31, 2026)
 - Every 6 months
- Work requirements for Medicaid expansion (January 1, 2027)
 - 80 hours per month
- Reductions in provider taxes
 - Moratorium on new and existing provider taxes
 - Reduced from 6.0% to 3.5% (October 1, 2027)
 - Not expected to impact Iowa
- Reductions in State-directed payments
 - Moratorium on new and existing State-directed payments
 - Cap of 100.0% of the Medicare payment rate
 - 10.0% reduction per year until limit (January 1, 2028)

MEDICAID FORECAST

Legislative Services Agency (LSA), HHS, and Department of Management (DOM) staff members meet regularly to discuss estimated Medicaid expenditures and agree on an estimated need or surplus for the current and upcoming fiscal years. At the December 3, 2025, meeting, the group agreed to the following:

- For FY 2026, the group estimated that Medicaid will have a deficit of \$68.6 million. This amount includes capitation rate increases.
- For FY 2027, the group estimated that Medicaid will have a deficit of \$199.0 million. This amount does not include capitation rate increases.

The Medicaid Forecast is available here:

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

CHILDREN'S HEALTH INSURANCE PROGRAM

- Established by the federal Balanced Budget Act of 1997 to provide health care coverage to uninsured low-income children.
- Iowa implemented CHIP through a combination of Medicaid expansion and a new program entitled Hawki.
- Family income up to 300.0% of the FPL, with cost-sharing for families with incomes between 200.0% and 300.0% of the FPL.
- Dental-only option for children who have private health insurance but limited or no dental coverage.
- Wellpoint, Molina, and Iowa Total Care. Dental plans are available through Delta Dental of Iowa and MCNA Dental. Beginning in FY 2026, the Delta Dental of Iowa and DentaQuest will be the dental plan providers for Medicaid and Hawki.
- Not an entitlement program and is funded with a set allotment of funds for each state.
- Approximately 75.0% FMAP rate annually.

CHIP FORECAST

LSA, HHS, and DOM staff members met on December 3, 2025, to discuss estimated CHIP expenditures and agree on an estimated need or surplus for the current and upcoming fiscal years. The group agreed to the following:

- For FY 2026, the group estimated that CHIP will have a deficit of \$1.9 million. This amount includes capitation rate increases.
- For FY 2027, the group estimated that CHIP will have a deficit of \$4.3 million. This amount does not include capitation rate increases.

MEDICAL ASSISTANCE GENERAL FUND APPROPRIATION

- Beginning with 2024 Iowa Acts, [House File 2698](#) (FY 2025 Health and Human Services Appropriation Act), State funding for Medicaid, CHIP, and the State Supplementary Assistance (SSA) program is made through the Medical Assistance General Fund appropriation.
- The General Assembly appropriated \$1.838 billion for Medical Assistance in FY 2026 through [House File 1049](#) (FY 2026 Health and Human Services Appropriations Act).
- For FY 2026, the forecasting group estimates a total Medical Assistance deficit of \$70.3 million. This amount includes capitation rate increases. For FY 2027, the group estimates a deficit of \$203.0 million. This amount does not include capitation rate increases.

LSA MEDICAID PUBLICATIONS

Medical Assistance ***Budget Unit Brief:***

www.legis.iowa.gov/docs/publications/FT/1520250.pdf

Health Programs Operations ***Budget Unit Brief:***

www.legis.iowa.gov/docs/publications/FT/1519858.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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