



Medicaid Overview

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Overview

- Medicaid is a joint federal and State Program created in 1965 under Title XIX of the Social Security Act.
- Medicaid is an entitlement program. This means everyone that meets federal and State criteria for eligibility must be served.
- Medicaid in Iowa is administered by the Iowa Medicaid Enterprise (IME) of the Department of Human Services (DHS).
 - IME consists of 10 different units, and most are contracted out to private vendors to administer the program.
 - IME handles over 23.0 million claims per year and contracts with over 38,000 providers.
- Medicaid Services must be available statewide to all members.

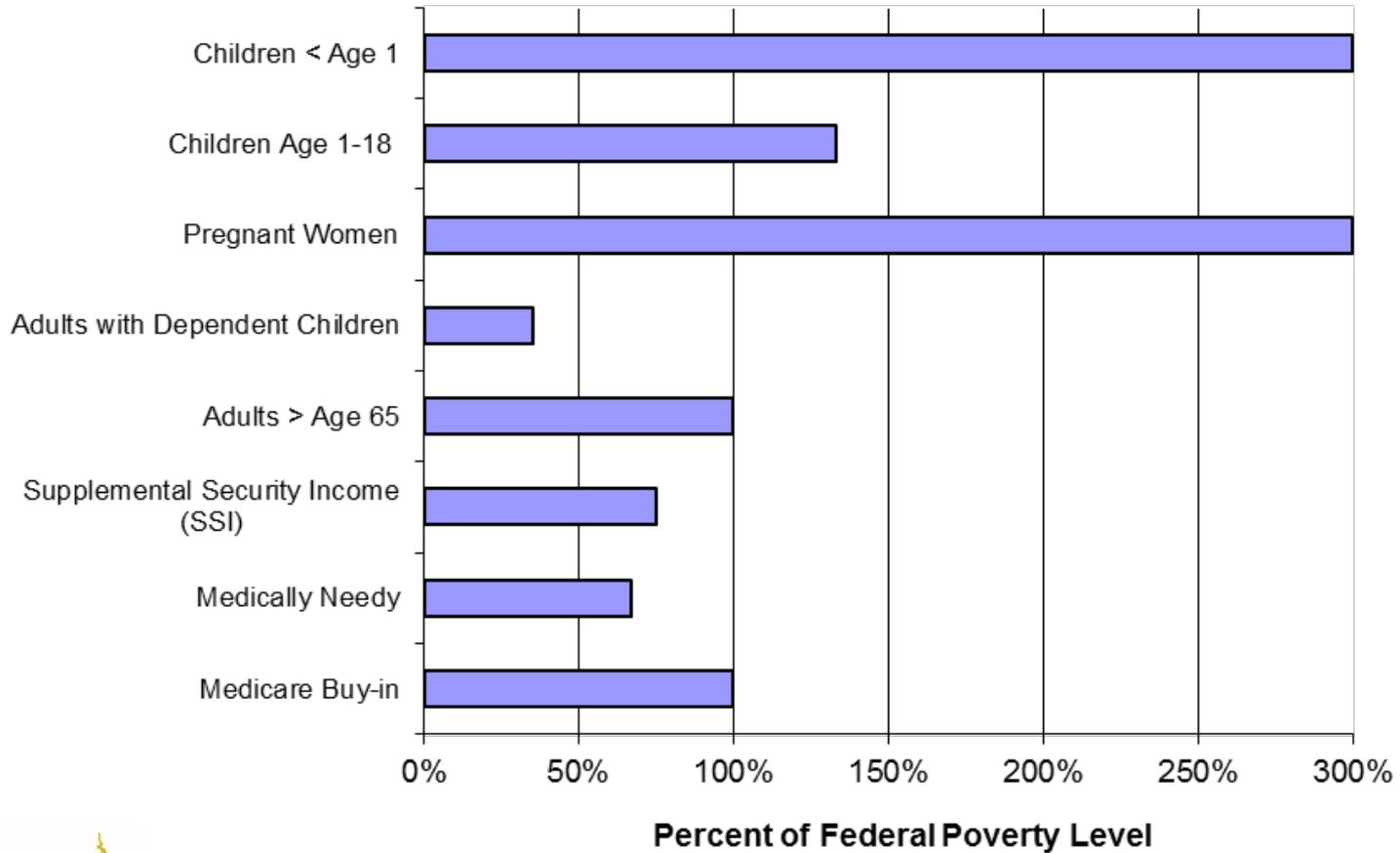
Federal Medical Assistance Percentage (FMAP)

- 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 will not pay more than 83.0%.
- The Iowa FMAP rate is 59.87% federal and 40.13% State for FY 2013. For FY 2014 it will be 58.35% federal and 40.55% State.

Eligibility

- To be eligible for Medicaid you must be categorically eligible.
- This means in general Medicaid only covers:
 - Children
 - Pregnant women
 - Families with a dependent child
 - Age 65 and over (elderly)
 - Blind
 - Disabled
- To be eligible for Medicaid you must meet income requirements.
 - Federal Poverty Level (FPL) for a family of four in Calendar Year 2013 is \$23,550.
- To be eligible for Medicaid you must prove citizenship and identification.

Eligibility Chart



Federal Poverty Level - 2013

Family Size	25%	50%	75%	100%	133%	175%	200%	250%	300%
1	\$2,873	\$5,745	\$8,618	\$11,490	\$15,282	\$20,108	\$22,980	\$28,725	\$34,470
2	\$3,878	\$7,755	\$11,633	15,510	20,628	\$27,143	\$31,020	\$38,775	\$46,530
3	\$4,883	\$9,765	\$14,648	19,530	25,975	\$34,178	\$39,060	\$48,825	\$58,590
4	\$5,888	\$11,775	\$17,663	23,550	31,322	\$41,213	\$47,100	\$58,875	\$70,650
5	\$6,893	\$13,785	\$20,678	27,570	36,668	\$48,248	\$55,140	\$68,925	\$82,710
6	\$7,898	\$15,795	\$23,693	31,590	42,015	\$55,283	\$63,180	\$78,975	\$94,770
7	\$8,903	\$17,805	\$26,708	35,610	47,361	\$62,318	\$71,220	\$89,025	\$106,830
8	\$9,908	\$19,815	\$29,723	39,630	52,708	\$69,353	\$79,260	\$99,075	\$118,890

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

Home and Community-Based Services Waivers

The Medicaid Home and Community-Based Services (HCBS) Waivers Program was established by the federal government in 1981 and give states the flexibility to design and implement programs that target certain populations and supplement the traditional Medicaid program. The waivers forgo several key provisions of Medicaid law including:

- The provision that requires Medicaid to be statewide, giving states the flexibility to target the program in an area of the state with the greatest need or where there is a certain type of provider available.
- The provision requiring comparability of services, allowing states to target populations at a greater risk of being institutionalized, without providing specific services to the entire Medicaid population.
- The provision regarding income and resource limits, targeting people that would otherwise be eligible for an institution.

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 to persons with a diagnosis of mental retardation.
- **Brain Injury** – Provides services to persons with a brain injury diagnosis due to accident or illness that 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

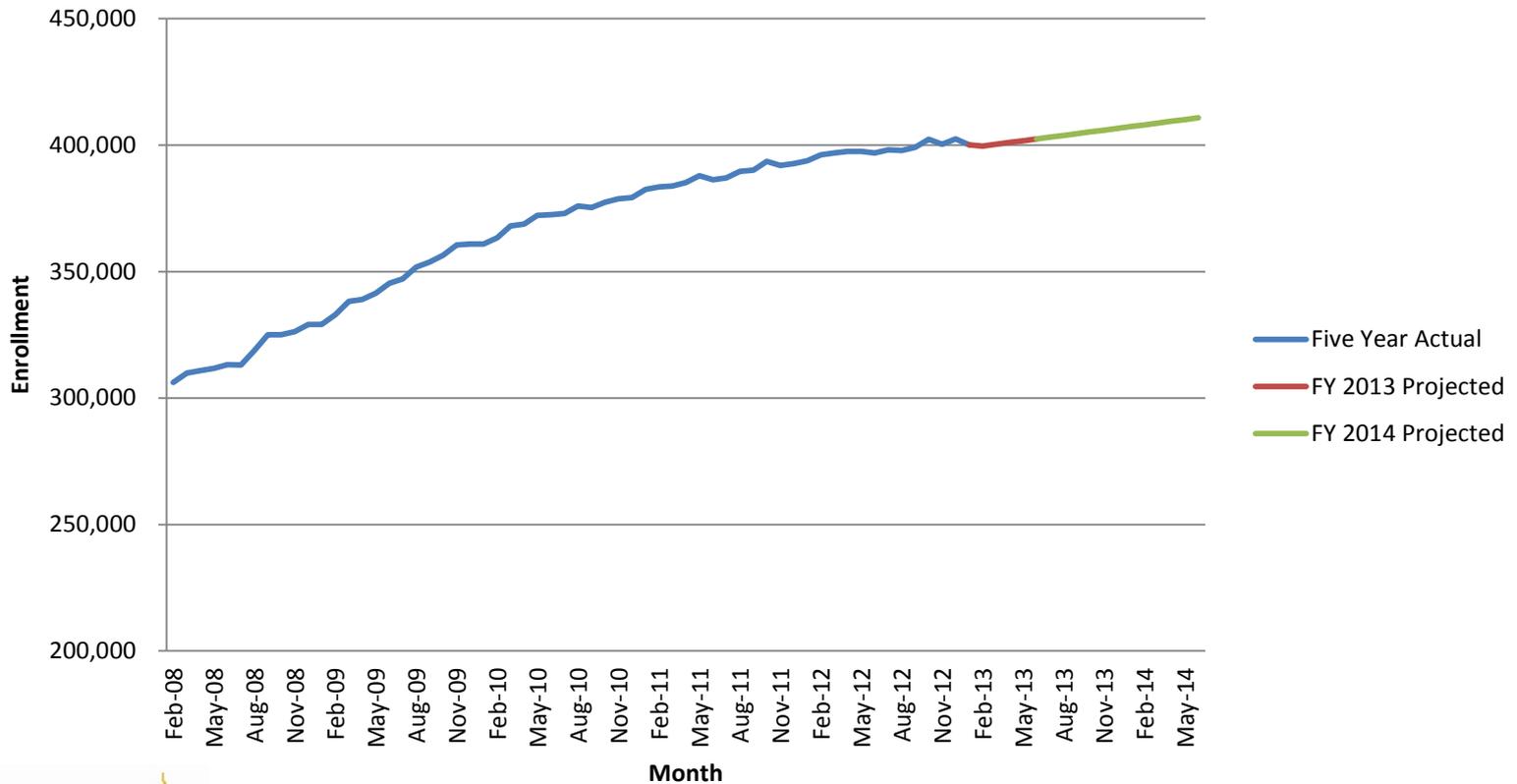
The HCBS Waivers provide a variety of different services to individuals they serve. Although the services provided vary by waiver, some of the more common waiver services include:

- 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

Enrollment

- As of January 2013, there were 401,582 individuals enrolled in the Medicaid program in Iowa. This includes:
 - 231,408 children
 - 62,156 adults
 - 30,424 elderly
 - 77,594 disabled
- Enrollment in the Medicaid program has grown substantially over the past five years with peak enrollment growth of 9.4% in FY 2009. In February of 2008, enrollment in the Program was 306,211.
- Of the new enrollees in the program, the vast majority are children. Of the 10,526 individuals added to Program in FY 2012, 7,360 were children.

Five-Year Monthly Enrollment

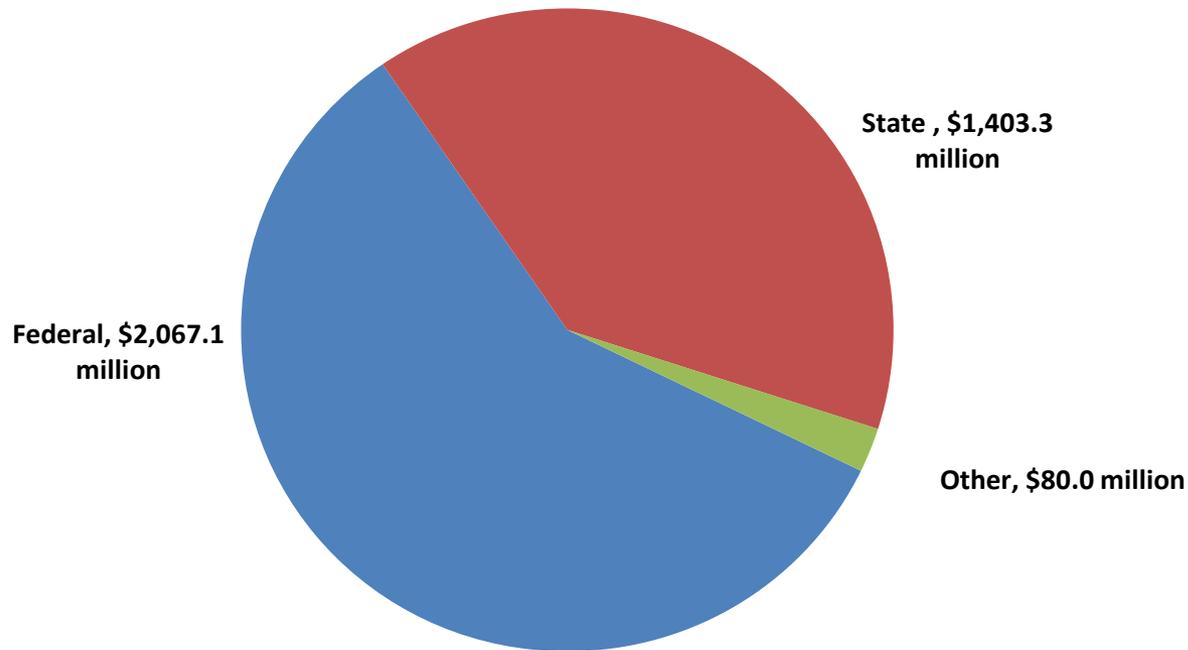


Expenditures

- Total Medicaid expenditures for FY 2013 are estimated to be \$3.6 billion. This includes:
 - \$2.1 billion in federal funds.
 - \$1.4 billion in State funds.
 - \$79.9 million other funds.
- The top five estimated State expenditure categories in Medicaid for FY 2013 include:
 - Hospitals - \$278.1 million
 - Nursing Facilities - \$239.6 million
 - HCBS Waivers - \$216.3 million
 - Mental Health - \$127.3 million
 - Physicians - \$88.3 million

Expenditures

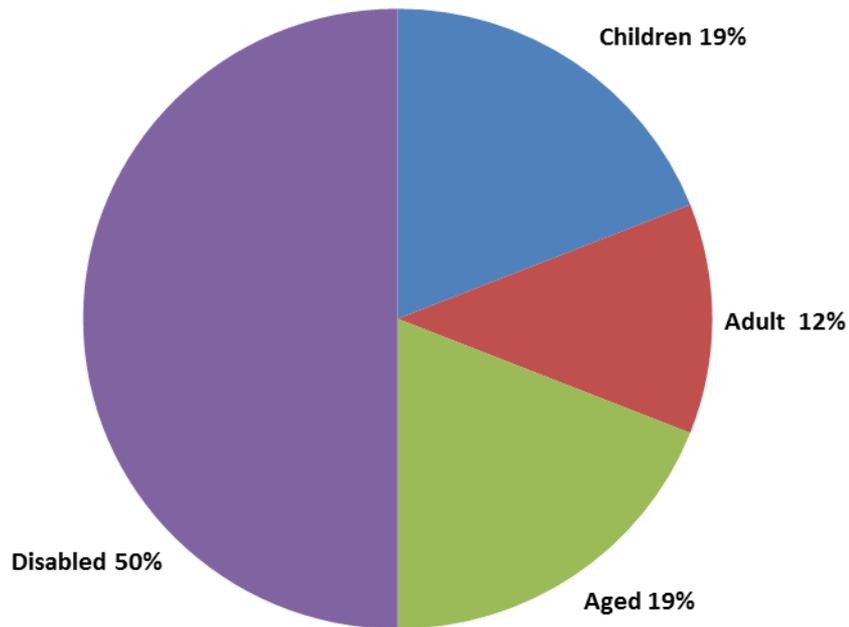
FY 2013 Projected Medicaid Expenditures



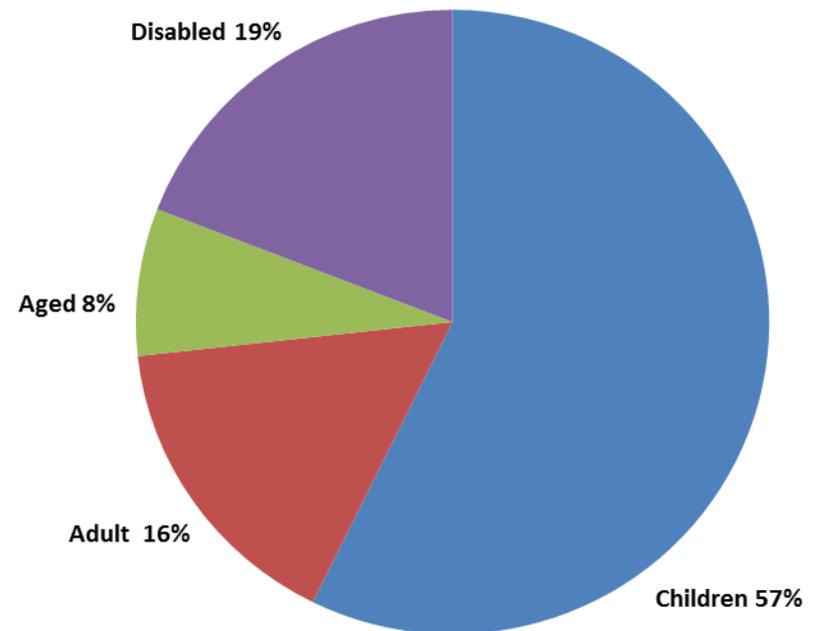
Total Projected Expenditures - \$3.6 billion

Enrollment and Expenditures

FY 2012 Expenditures



FY 2012 Enrollment



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 presumptive eligibility and provider rate reimbursement changes.

What is the Legislature responsible for?

- 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.
- The Legislature can no longer change eligibility (with some exceptions), change premiums or enrollment fees, or impose more restrictive eligibility procedures due to the Maintenance of Effort (MOE) requirements in the federal Affordable Care Act.

Medicaid Forecast

- Each month designated LSA, DHS, and Department of Management (DOM) staff meet to discuss estimated Medicaid expenditures and agree on an estimated (forecast) need or surplus for the current and upcoming fiscal year. In February 2013 the group agreed to:
 - For FY 2013, the group agreed Medicaid will have a need of \$31.0 million to \$61.0 million, with a midpoint need of \$46.0 million.
 - For FY 2014, the group agreed Medicaid will have a need of \$139.0 million to \$199.0 million, with a midpoint need of \$169.0 million
 - The large need in FY 2013 is due to the following factors:
 - An increase of \$46.0 million to fund the FY 2013 supplemental need.
 - An increase of \$52.0 million to reflect the declining FMAP rate.
 - An increase of \$34.4 million to replace one-time revenue from FY 2013.
 - An increase of \$14.3 million to rebase nursing facilities.

LSA Medicaid Publications

- Medicaid forecast
<http://www.legis.iowa.gov/LSAReports/medicaid.aspx>
- Audio One-on-One with Medicaid Director Jennifer Vermeer
<https://www.legis.iowa.gov/LSAReports/AudioVideo/fiscalOneOnOnesAudio.aspx>
- Medicaid Budget Unit Fiscal Topic
https://www.legis.iowa.gov/DOCS/LSA/Fiscal_Topics/2011/FTJRB003.PDF
- Medicaid FMAP Fiscal Topic
https://www.legis.iowa.gov/DOCS/LSA/Fiscal_Topics/2011/FTJRB000.PDF
- Medicaid HCBS Waiver Fiscal Topic
https://www.legis.iowa.gov/DOCS/LSA/Fiscal_Topics/2010/FTJRB000.PDF