



SF 538 – Medicaid Expansion, Community Engagement (LSB1842SV)
Analyst: Jess Benson (515.281.4611) jess.benson@legis.iowa.gov
Fiscal Note Version – REVISED

Description

[Senate File 538](#) requires the Department of Human Services (DHS) to submit a request to the Centers for Medicare and Medicaid Services (CMS) by October 1, 2019, for a waiver to require participation in community engagement or work activities as a condition of eligibility for the Iowa Health and Wellness Plan (IHAWP). The Bill specifies the types of community engagement or work activities to be required under the waiver and provides exceptions to required participation in community engagement or work activities. The Bill directs the DHS to implement the terms of the waiver upon receipt of approval from the CMS.

Background

While adding this requirement as a condition of eligibility does not conflict with existing federal law, other states have experienced lawsuits and legal implications after receiving approval from the CMS to impose community engagement or work activity requirements.

Assumptions

- It is assumed there will be minimal expenditures in FY 2020 as the DHS works with the CMS to approve a waiver.
- Until the specific community engagement or work activities requirement criteria is defined, the DHS is unable to determine if IHAWP enrollment will be impacted.
- There is no consequence outlined in the Bill for failure to cooperate with community engagement or work activity requirements (for example, a specified period of ineligibility for the IHAWP). It is assumed if an individual is disenrolled due to noncompliance, they may reenroll at any time.

DHS Field Staff

- There are approximately 166,748 IHAWP cases. It is estimated that 16,675 individuals meet the work or school exemption criteria.
- It will take 10 minutes per case once per year to gather and update the required information on 150,173 cases, requiring 16.0 Income Maintenance Worker (IM2) full-time equivalent (FTE) positions, 2.0 Typist Advanced FTE positions, and 1.0 IM Supervisor FTE position.
- It is estimated that one-sixth of the FTE positions will be hired each month in FY 2021, with all FTE positions hired midway through the year.
- A 2.0% increase in salary and benefits is assumed in FY 2022.
- The federal match rate for field operations staff is 33.82% federal and 66.18% State.
- Because the community engagement or work activity requirements would be a condition of eligibility, there may be an increase in applications due to “churn” and individuals reapplying for coverage. This may impact the workload of the DHS Contact Center, and the increase in scope could result in the Member Services provider requesting a contract amendment to increase cost. The impact of this increase is not known at this time.

Education and Training Program

- There are approximately 61,000 IHAWP members participating in the Supplemental Nutrition Assistance Program (SNAP).
- Based on the number of members participating in SNAP who are working or would qualify for an exemption, it is assumed that 20.0% would elect to participate in the current SNAP Education and Training Program in order to meet work program requirements under [SF 538](#), section 1, subsection 2, paragraph “b.”
- Participant costs vary greatly based on current job market needs and the course requirements. A two-year average cost to provide education and training to one person was \$1,590 per year.
- An additional 15.0 IM2 FTE positions and a new 1.0 IM6 FTE position will be required to manage the cases.
- Currently, community colleges fund the State share of the Education and Training Program. An additional 29.0 IMW2 FTE positions would be required for navigation and case management that the community colleges currently administer.
- Education and Training case management and navigation would require 3.0 additional IM Supervisor FTE positions and 6.0 additional Typist Advanced FTE positions.
- It is estimated that one-sixth of the FTE positions will be hired each month in FY 2021, with all FTE positions hired midway through the year.
- A 2.0% increase in salary and benefits is assumed in FY 2022.
- The federal match rate for all Education and Training Program activities is 50.00% federal and 50.00% State.

Systems Updates

- The data warehouse will need to be updated to include Eligibility Integrated Application Solution (ELIAS) System data not in the data warehouse, along with updates to the Iowa Medicaid Access Portal. These changes are estimated to take 315 hours at \$105 per hour.
- The income maintenance systems would require a new tracking system for work requirement, training, and school truancy. Data sources would need to isolate the source of earned income and identify the number of hours worked to determine compliance with community engagement or work activities. These changes are estimated to take 11,429 hours at \$105 per hour.
- The ELIAS System would need a new interface for the work requirements system. This would require two contractor staff teams spending four months to develop a solution and would include associated support expenditures. These changes are estimated to take 22,240 hours at \$105 per hour plus support staff.
- The match rate varies for the different systems that need to be updated, but the blended rate for all systems changes is 84.66% federal and 15.34% State.

Fiscal Impact

[Senate File 538](#) is not anticipated to have a significant impact in FY 2020 as the DHS works with the CMS to approve a waiver. The Bill is estimated to increase the DHS State operating costs by \$12.3 million in FY 2021 and \$12.0 million in FY 2022 and subsequent fiscal years. The increase for FY 2021 includes \$809,000 in one-time costs. Details of the increase in FTE positions and other costs are listed in **Table 1** below.

The DHS provided an updated estimate compared to the original [Fiscal Note](#) published on March 12, 2019, to include the cost of the Education and Training Program and additional hours required to update the data warehouse.

Table 1 — Fiscal Estimate for SF 538

	FY 2021				FY 2022			
	FTEs	Salary & Benefits	Total Cost	State Share	FTEs	Salary & Benefits	Total Cost	State Share
DHS Field Operations								
Income Maintenance Worker 2	47.5	\$57,214	\$ 2,717,665	\$ 1,476,402	60.0	\$58,358	\$ 3,501,480	\$ 1,901,821
Income Maintenance Worker 6	1.0	70,009	70,009	35,005	1.0	71,409	71,409	35,705
Typist Advanced	6.4	42,416	271,462	146,712	8.0	43,264	346,112	184,513
Income Maintenance Supervisor	3.4	68,544	233,050	127,616	4.0	69,915	279,660	149,086
DHS Field Operations Total	58.3		\$ 3,292,186	\$ 1,785,735	73.0		\$ 4,198,661	\$ 2,271,125
Education & Training Program	Cost	Number	Total Cost	State Share	Cost	Number	Total Cost	State Share
SNAP Participants	\$ 1,590	12,200	\$ 19,398,000	\$ 9,699,000	\$ 1,590	12,200	\$ 19,398,000	\$ 9,699,000
DHS Systems Changes	Hours	Cost	Total Cost	State Share	Hours	Cost	Total Cost	State Share
Data Warehouse	315	\$ 105	\$ 33,075	\$ 11,780	0	\$ 105	\$ 0	\$ 0
Income Maintenance Systems	11,429	105	1,200,045	411,148	0	105	0	0
ELIAS	22,240	105	2,335,200	225,546	0	105	0	0
Support Costs for ELIAS			1,664,800	160,795			0	0
DHS Systems Changes Total			\$ 5,233,120	\$ 809,269			\$ 0	\$ 0
SF 538 Total Increased Cost			\$ 27,923,306	\$ 12,294,004			\$ 23,596,661	\$ 11,970,125

*Totals may not sum due to rounding.

Source

Department of Human Services
LSA analysis and calculations

/s/ Holly M. Lyons

March 15, 2019

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.