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**SF 538** – Medicaid Expansion, Community Engagement (LSB1842SV.1)  
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Fiscal Note Version – As amended and passed by the Senate

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### **Description**

**Senate File 538** as amended and passed by the Senate requires the Department of Human Services (DHS) to submit a request to the Centers for Medicare and Medicaid Services (CMS) by March 1, 2020, 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 Amendment 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 Amendment 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**

- The DHS anticipates implementation effective March 1, 2021.
- Until the specific community engagement or work activities requirement criteria is defined, the DHS is unable to determine if IHAWP enrollment will be impacted.
- Until the limited benefits plan is defined, the Legislative Services Agency (LSA) is unable to make a savings estimate, although State savings will be minimal as 90.0% of the IHAWP costs are covered by the federal government. In addition, there is no specified period of ineligibility defined for the IHAWP. It is assumed if an individual is disenrolled due to noncompliance, that individual may reenroll at any time.

### **DHS Field Staff**

- There are approximately 166,748 IHAWP cases. It is estimated that 57.5% of members would be exempt from the work requirements based on the criteria, leaving 70,868 members requiring review.
- It will take 10 minutes per case twice per year to gather and update the required information on 70,868 cases, requiring 15.0 Income Maintenance Worker (IM2) full-time equivalent (FTE) positions, 2.0 Typist Advanced FTE positions, and 1.0 IM Supervisor FTE position.
- In FY 2021, the cost for the IM Supervisor FTE position will be incurred for six months, and the cost for the IM2 and Typist Advanced FTE positions will be incurred for five months.
- 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.

## 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.

## Education and Training Program

After additional review, the DHS does not believe it would be required to fund additional Supplemental Nutrition Assistance Program (SNAP) Education and Training Costs (E&T) beyond what is currently funded. **If the General Assembly chooses to fund additional slots, the assumptions and fiscal impact are listed below.**

- There are approximately 61,000 IHAWP members participating in 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 E&T 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 E&T Program. An additional 29.0 IM2 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.
- In FY 2021, E&T Program participant costs will be incurred for four months, the cost for the IM6 FTE position will be incurred for eight months, the cost for the IM Supervisor FTE positions will be incurred for six months, and the cost for the IM2 and Typist Advanced FTE positions will be incurred for five months.
- The federal match rate for all E&T Program activities is 50.0% federal and 50.0% State.

## Fiscal Impact

[Senate File 538](#) as amended and passed by the Senate 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 \$1.1 million in FY 2021 and \$669,000 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.

**Table 1 — Estimated DHS Operating Cost**

	FY 2021				FY 2022			
	FTEs	Salary & Benefits	Total Cost	State Share	FTEs	Salary & Benefits	Total Cost	State Share
<b>DHS Field Operations</b>								
Income Maintenance Worker 2	6.3	\$57,214	\$ 357,588	\$ 236,653	15.0	\$57,214	\$ 858,210	\$ 567,967
Typist Advanced	0.8	42,416	35,347	23,393	2.0	42,416	84,832	56,142
Income Maintenance Supervisor	0.5	68,544	34,272	22,681	1.0	68,544	68,544	45,363
<b>DHS Field Operations Total</b>	<b>7.6</b>		<b>\$ 427,206</b>	<b>\$ 282,727</b>	<b>18.0</b>		<b>\$ 1,011,586</b>	<b>\$ 669,471</b>
<b>DHS Systems Changes</b>	<b>Hours</b>	<b>Cost</b>	<b>Total Cost</b>	<b>State Share</b>	<b>Hours</b>	<b>Cost</b>	<b>Total Cost</b>	<b>State Share</b>
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
<b>DHS Systems Changes Total</b>			<b>\$ 5,233,120</b>	<b>\$ 809,269</b>			<b>\$ 0</b>	<b>\$ 0</b>
<b>Total Increased Cost</b>			<b>\$ 5,660,326</b>	<b>\$ 1,091,996</b>			<b>\$ 1,011,586</b>	<b>\$ 669,471</b>

\*Totals may not sum due to rounding.

If the General Assembly chooses to provide additional funds to support the SNAP E&T Program, there would be an additional need of \$3.9 million in FY 2021 and \$11.2 million in FY 2022. Detailed costs of the SNAP E&T Program are listed in Table 2.

**Table 2 — SNAP E&T Program Costs**

E&T Program	FY 2021				FY 2022			
	Cost	Number	Total Cost	State Share	Cost	Number	Total Cost	State Share
SNAP Participants	\$ 530	12,200	\$ 6,466,000	\$ 3,233,000	\$ 1,590	12,200	\$ 19,398,000	\$ 9,699,000
<b>E&amp;T Field Operations</b>	<b>FTEs</b>	<b>Salary &amp; Benefits</b>	<b>Total Cost</b>	<b>State Share</b>	<b>FTEs</b>	<b>Salary &amp; Benefits</b>	<b>Total Cost</b>	<b>State Share</b>
Income Maintenance Worker 2	18.3	\$57,214	\$ 1,047,016	\$ 523,508	44.0	\$57,214	\$ 2,517,416	\$ 1,258,708
Income Maintenance Worker 6	0.7	70,009	49,006	24,503	1.0	70,009	70,009	35,005
Typist Advanced	2.5	42,416	106,040	53,020	6.0	42,416	254,496	127,248
Income Maintenance Supervisor	1.5	68,544	102,816	51,408	3.0	68,544	205,632	102,816
<b>E&amp;T Field Operations Total</b>	<b>23.0</b>		<b>\$ 1,304,879</b>	<b>\$ 652,439</b>	<b>54.0</b>		<b>\$ 3,047,553</b>	<b>\$ 1,523,777</b>
<b>E&amp;T Program Total</b>			<b>\$ 7,770,879</b>	<b>\$ 3,885,439</b>			<b>\$ 22,445,553</b>	<b>\$ 11,222,777</b>

\*Totals may not sum due to rounding.

**Source**

Department of Human Services

/s/ Holly M. Lyons

March 25, 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.