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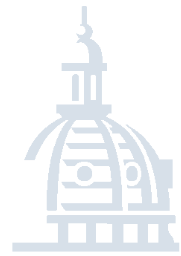

HF 2583 – Postpartum Coverage, Medicaid (LSB5156HV)
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Fiscal Note Version – New

Description

House File 2583 extends postpartum Medicaid coverage for women. The Bill does the following:

- Extends postpartum Medicaid coverage from 60 days to 12 months after a pregnancy ends.
- Amends the income eligibility threshold for infants and pregnant women to 215.0% of the federal poverty level (FPL) for postpartum Medicaid coverage.
- Requires the Iowa Department of Health and Human Services (HHS) to submit a Medicaid State plan amendment to the Centers for Medicare and Medicaid Services (CMS) to provide continuous Medicaid eligibility to pregnant women until 12 months after a pregnancy ends, beginning January 1, 2025.
- Requires the HHS to submit a Children's Health Insurance Program (CHIP) State plan amendment to the CMS to update infant eligibility consistent with provisions of the Bill, beginning January 1, 2025.

The section of the Bill directing the HHS to submit a Medicaid State plan amendment to the CMS takes effect upon enactment. The eligibility measures in the Bill for infants and pregnant women take effect January 1, 2025.

Background

Iowa Code section 249A.3(1)(h) provides Medicaid coverage to women who meet eligibility requirements, except for income, for 60 days after a pregnancy ends. Currently in Iowa, children under one year of age and pregnant women are eligible for postpartum coverage with income eligibility requirements up to 375.0% of the FPL ($117,000 for a family of four in calendar year 2024). The American Rescue Plan Act of 2021 allowed states to submit a Medicaid State plan amendment, effective for five years, to provide postpartum Medicaid coverage for 12 months after a pregnancy ends. Subsequently, a provision in the Consolidated Appropriations Act of 2023 removed the five-year limitation period for the State plan amendment. As of January 2024, 44 states (including Washington, D.C.) have extended postpartum coverage to 12 months, with Alaska, Nevada, Utah, and Wisconsin having submitted State plan amendments to the CMS to implement a 12-month extension. Arkansas, Idaho, and Iowa have not formally submitted amendments to the CMS to increase postpartum coverage to 12 months.

Income eligibility for Medicaid for pregnant women and infants under one year of age is specified in 441 IAC 75.1(28) at a maximum of 375.0% of the FPL. The Healthy and Well Kids in Iowa (Hawki) program has an income eligibility limit of 302.0% of the FPL. Currently, pregnant women who lose Medicaid coverage after 60 days may be eligible to enroll in the Iowa Health and Wellness Program (IHAWP), which has an income limit of up to 133.0% of the FPL. 42 C.F.R. §435.116 details minimum and maximum federal income eligibility requirements for pregnant women who are eligible to receive Medicaid benefits.

Assumptions

- It is assumed that the State plan amendment will be approved by the CMS to begin on January 1, 2025.
- Postpartum coverage would remain without interruption for Medicaid members with an income level of 215.0% of the FPL or lower.
- According to the HHS, one-time information technology (IT) costs totaling $1.2 million are necessary due to enrollment changes in Medicaid and the IHAWP and would be expended in FY 2025. The State will pay for approximately 25.0% of these costs, or $297,000, out of the Family Investment Program General Fund appropriation.
  - IT costs include hiring contractors for a total cost of $107,000 for 438 total hours at $125 per hour to update the data warehouse, 29 total hours at $125 per hour for project management, 97 total hours at $125 per hour for a business analyst, and 288 total hours at $125 per hour for enterprise architecture.
  - IT costs also include $1.1 million to update the HHS's Eligibility Integrated Application Solution (ELIAS) system to determine Medicaid eligibility for pregnant women.
- An actuarial services contract may be necessary to determine the impact of enrollment changes on managed care organization (MCO) capitation rates and maternal and infant health care payments to the MCOs. The costs of this contract are anticipated to be absorbed within the existing Health Program Operations General Fund appropriation.
- There are currently 10,800 Medicaid members with postpartum coverage. The HHS reports that approximately 15.8%, or 1,700 members per month on average, may lose coverage under the provisions of the Bill, including approximately 1,300 women with income between 215.0% and 375.0% of the FPL and 400 infants in families with income between 302.0% and 375.0% of the FPL.
- A monthly average of approximately 1,100 infants in families with income between 215.0% and 302.0% of the FPL may have coverage shifted from Medicaid to Hawki if they are not covered by other insurance.
- A monthly average of approximately 2,300 pregnant women are anticipated to maintain Medicaid coverage beyond the current two months postpartum instead of transferring to the IHAWP, which has income eligibility up to 133.0% of the FPL. Beginning in FY 2025, the State is estimated to pay for 36.75% of expenses under Medicaid for pregnant women and 11.61% of expenses for the IHAWP, creating increased net State costs of $86 per month for these members beginning in FY 2026.
- An estimated 2,700 women with an income level of 215.0% of the FPL or lower who otherwise would have lost Medicaid coverage after 60 days may be eligible for Medicaid coverage.
- Combined with program savings due to an estimated 1,300 women losing Medicaid coverage, the estimated fiscal impact related to pregnant women under Medicaid is a decrease in total costs of $3.7 million in FY 2025 ($855,000 decrease in State costs), a decrease in total costs of $1.5 million in FY 2026 ($2.3 million increase in State costs), and a decrease in total costs of $963,000 beginning in FY 2027 ($2.6 million increase in State costs) and continuing annually. Costs are anticipated to be funded from the Medical Assistance (Medicaid) General Fund appropriation.
- An additional monthly cost of $6.60 per person was added to account for dental costs paid outside of MCO capitation rates.
- Approximately 400 infants may no longer receive Medicaid coverage due to the Bill, causing a decrease in total infant costs under Medicaid of $5.0 million in FY 2025 ($1.9 million decrease in State costs) and $10.1 million annually beginning in FY 2026 ($3.7 million in State costs). State savings equal 36.75% of total savings beginning in FY 2025, and any savings are anticipated to be applied to the Medicaid General Fund appropriation.

- Approximately 1,100 infants' coverage may shift from Medicaid to Hawki due to the Bill, causing an increase in total costs by $2.7 million ($707,000 in State costs) in FY 2025 and $5.5 million annually ($1.4 million in State costs) beginning in FY 2026. Costs are anticipated to be funded from the CHIP General Fund appropriation.
- According to the HHS, costs of the Bill beginning in FY 2027 will require a General Fund appropriation.

Fiscal Impact

House File 2583 is estimated to decrease State costs by approximately $1.7 million in FY 2025 and $40,000 in FY 2026 and will increase State costs by $286,000 beginning in FY 2027 and continuing annually.

Figure 1 — Medicaid Postpartum Coverage Fiscal Impact

Expense Category	FY 2025		FY 2026		FY 2027	
	Total	State	Total	State	Total	State
Information Technology	$ 1,187,000	$ 297,000	$ 0	$ 0	$ 0	$ 0
Medicaid — Pregnant Women	-3,723,000	-855,000	-1,450,000	2,251,000	-963,000	2,577,000
Medicaid — Infants	-5,041,000	-1,853,000	-10,083,000	-3,705,000	-10,083,000	-3,705,000
Hawki — Infants	2,748,000	707,000	5,496,000	1,414,000	5,496,000	1,414,000
Total Fiscal Impact	**$ -4,829,000**	**$ -1,704,000**	**$ -6,037,000**	**$ -40,000**	**$ -5,550,000**	**$ 286,000**

Sources

Iowa Department of Health and Human Services
Centers for Medicare and Medicaid Services
Legislative Services Agency analysis

/s/ Jennifer Acton

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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.

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