
BUDGET UNIT BRIEF – FY 2026

Fiscal Services Division

July 1, 2025



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

Health Program Operations

Purpose and History

The Department of Health and Human Services (HHS) Health Program Operations appropriation funds the Iowa Medicaid Program and related programs, as well as the third-party performance-based contracts with private vendors that administer the Program. The majority of day-to-day business operations, including oversight of managed care organizations (MCOs), claims processing, and vendor and member support, is handled through private vendors. The Medicaid Program is the second-largest health care payor in Iowa.

Programs and Services

The Medicaid Program oversees contracts with private vendors to administer day-to-day operations of the Program in these contract areas:

- The External Quality Review Organization (EQRO) carries out review and quality assurance functions required by the federal Centers for Medicare and Medicaid Services (CMS). These functions are designed to ensure the integrity of the managed care program operations.
- Core Services processes all fee-for-service (FFS) claims, processes MCO capitation rates, operates systems including the Medicaid Management Information System (MMIS), and manages mailroom operations.
- The Quality Improvement Organization (QIO) provides clinical support such as performing all initial level of care (LOC) decisions for waiver and institutional care, approving MCO-recommended LOC changes and all FFS LOC reviews, providing utilization management and quality assurance for FFS members, and carrying out quality assurance for both the FFS and the managed care programs.
- Member Services is the State's Medicaid managed care enrollment broker. It provides customer services to the FFS population and provides assistance to members seeking issue resolution with the MCOs.
- Actuarial Contract establishes the managed care capitation rates and assists in the review of expenditures data.
- Pharmacy Services maintains the Preferred Drug List (PDL), which applies to all Medicaid members. In addition, this vendor processes prior authorization (PA) requests and answers the Pharmacy Hotline for FFS members. The vendor also collects drug rebates from manufacturers, responds to pharmacy provider questions, and processes FFS pharmacy claims.
- Program Integrity performs provider audits and recoveries of improper payments; identifies potential fraud, waste, and abuse; and makes referrals to law enforcement for investigations and prosecutions. Program Integrity also coordinates with other units within the HHS, the Attorney General's Office, Dental Benefit Managers (DBMs), the Medicaid Fraud Control Unit (MFCU), MCOs, and other federal and State agencies to promote payment and program integrity. It also provides oversight of the

More Information

Iowa Medicaid Program: hhs.iowa.gov/programs/welcome-iowa-medicaid
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dental benefits and managed care entities' fraud, waste, and abuse programs and improper payment recoveries, and assists in validating managed care data.

- Provider Cost Audit (PCA) and Rate Setting perform rate setting, cost settlement and cost audit functions, and technical assistance to both providers and MCOs. Provider rates serve as the rate floor for MCOs unless otherwise negotiated.
- Provider Services enrolls all Medicaid providers, including FFS and managed care. Provider Services provides direct support to providers in the FFS programs and coordinates with the MCOs to provide training to providers. In addition, Provider Services gives assistance to providers seeking issue resolution with the MCOs.
- Revenue Collections carries out Third Party Liability (TPL) functions for FFS members and estate recovery for all members.

The [Autism Support Program \(ASP\)](#) provides applied behavior analysis (ABA) services to children under 14 years of age and who are not eligible for ABA services through Medicaid or private health insurance. ASP applicants must meet diagnostic and financial requirements. The ASP is administered by the Division of Aging and Disability Services.

The [Health Insurance Premium Payment \(HIPP\) Program](#) reimburses individuals and families for private health insurance plans if they qualify for Medicaid. HIPP is used to save money for the State by determining whether a private health plan is cost-effective compared to Medicaid. The Program also allows eligible individuals and families to keep or enroll in their desired plan at no cost.

The [Iowa Poison Control Center \(IPCC\)](#) provides telephone access to emergency poison information and treatment through the poison control hotline (1.800.222.1222). Calls are answered by trained staff with the goal of reducing emergency department visits and fatalities through in-home treatment.

Funding

These programs and services receive funding from a General Fund appropriation in the annual Health and Human Services Appropriations Act and federal funds. Additionally, the HHS receives funding from the Pharmaceutical Settlement Account for Health Program Operations.

Related Statutes and Administrative Rules

Iowa Code chapters [225D](#), [249A](#), [249B](#), [249E](#), [249L](#), [249M](#), and [249N](#)

Iowa Administrative Code [441—73](#) through [441—91](#) and [441—22](#)

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