
BUDGET UNIT BRIEF – FY 2026

Fiscal Services Division

July 1, 2025



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

Medical Assistance — Medicaid Fraud Fund

Background

[Medical Assistance \(Medicaid\)](#) is a joint federal and state-funded entitlement program that provides medical assistance to certain low-income individuals who are aged, blind, disabled, or pregnant and to children or members of families with dependent children.

Created in 1965 by Title XIX of the Social Security Act, the Medicaid program gave each state the freedom to design its own program by establishing eligibility standards; determining the type, scope, amount, and duration of services; setting service rates; and administering its own program. In Iowa, Medicaid is managed by the Department of Health and Human Services (HHS).

The Department implemented the IA Health Link managed care program for the majority of the Medicaid population on April 1, 2016. Most Medicaid members are now being served by the following three managed care organizations (MCOs): Amerigroup, Iowa Total Care, and Molina Healthcare. The MCOs provide comprehensive health care services including physical health, pharmacy, behavioral health, and long-term supports and services. The Iowa Medicaid program continues to operate a limited Fee-for-Service (FFS) program for the Medicaid members not enrolled in managed care.

The federal [Patient Protection and Affordable Care Act](#), more commonly referred to as the Affordable Care Act (ACA), was signed into law on March 23, 2010, giving states the option to expand their Medicaid programs to all adults ages 19 through 64 with income at or below 133.0% of the federal poverty level (FPL). Through 2013 Iowa Acts, chapter [138](#) (FY 2014 Health and Human Services Appropriations Act), Iowa expanded Medicaid eligibility and created the Iowa Health and Wellness Plan (IHAWP).

The most recent enrollment, expenditure estimates, and Federal Medical Assistance Percentage (FMAP) rates for Medicaid and the IHAWP are available on the Iowa General Assembly [website](#).

Funding

The HHS receives an annual standing appropriation from the Medicaid Fraud Fund (MFF) to supplement the annual General Fund appropriation for Medicaid. 2024 Iowa Acts, [House File 2698](#) (FY 2025 Health and Human Services Appropriations Act), codified the appropriation, requiring any funds remaining in the MFF at the close of a fiscal year to be appropriated to the HHS for the Medicaid program. Prior to FY 2025, the annual Health and Human Services Appropriations Act appropriated the balance of the MFF to the HHS.

The MFF, under the authority of the Department of Inspections, Appeals, and Licensing (DIAL), consists of revenue from penalties, recouped investigative costs, and receipts received as a result of prosecutions stemming from DIAL investigations and audits to ensure compliance with the Medicaid program. Revenues to the MFF are estimated to generate approximately \$150,000 annually.

More Information

Medicaid and Public Assistance Fraud: dial.iowa.gov/i-need/report/medicaid-public-assistance-fraud
LSA Staff Contact: Louie Hoehle (515.281.6561) louie.hoehle@legis.iowa.gov

Related Statutes and Administrative Rules

Iowa Code chapters [249A](#) and [249N](#)

Iowa Code section [249A.50](#)

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