
FISCAL TOPICS

Fiscal Services Division

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Federal Medical Assistance Percentage (FMAP) Rates

Medicaid is a jointly funded State and federal program that provides health and long-term care coverage to low-income and disabled Iowans. Since the Program's creation in 1965, the FMAP formula has been used to calculate the portion of the Medicaid Program that is funded by the federal government on a state-by-state basis.

The FMAP formula, as required by federal statute, is based on a rolling three-year average of per capita income for each state as calculated by the Bureau of Economic Analysis of the U.S. Department of Commerce. Per capita income is calculated by dividing the total personal income of a state, as calculated by the Bureau of Economic Analysis, by the Census Bureau's annual midyear population estimate. The metric per capita personal income represents a state's ability to tax its base and therefore fund the Medicaid Program.

Figure 1 below illustrates how Iowa's FY 2023 FMAP rate is calculated, using Iowa's per capita personal incomes for 2018, 2019, and 2020, compared to the U.S. average. The constant factor of 0.45 used in the formula is intended to guarantee that any state with per capita income equal to the U.S. average receives an FMAP rate of 55.00%. The squaring of the formula ensures higher FMAP rates to states with below-average per capita incomes, while states with higher-than-average per capita incomes receive lower rates.

Figure 1 — FMAP Formula

Formula	
State Share	$= 0.45 \times \frac{(3\text{-Year Avg. State Per Capita Income})^2}{(3\text{-Year Avg. U.S. Per Capita Income})^2}$

Iowa - State Share FFY 2023	
0.3687	$= 0.45 \times \frac{((\$49,548 + \$50,533 + \$53,478) \div 3)^2}{((\$54,098 + \$56,047 + \$59,510) \div 3)^2}$

In Iowa, the base FMAP rate is 63.13% for federal FY 2023. This means that for every dollar spent on the Medicaid Program, the federal government pays \$0.6313 and Iowa pays \$0.3687. The rate applies to most, but not all, Medicaid expenditures paid for by the State. Other services or programs may receive different or enhanced rates.

The federal statute contains both minimum and maximum percentages, so no state pays more than 50.00% of the cost and the federal government pays no more than 83.00% of the cost. State FMAP rates are calculated annually on a federal fiscal year (FFY) basis and vary widely from state to state, ranging in FY 2023 from a high of 77.86% in Mississippi to the 50.00% floor in a number of states. If the formula did not have a floor, Connecticut (wealthiest state per capita) would receive a federal match rate of 18.49%.

More Information

Federal Medicaid website: www.medicaid.gov

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Iowa's FMAP rate of 63.13% ranks in the middle (29th) of all states and the District of Columbia in FY 2023. **Figure 2** provides FMAP rates for 2022 and 2023.

Figure 2 — FMAP Rates 2022 and 2023

State	2022	2023	Change	State	2022	2023	Change	State	2022	2023	Change
Alabama	72.37	72.43	0.06	Kentucky	72.75	72.17	-0.58	North Dakota	53.59	51.55	-2.04
Alaska	50.00	50.00	0.00	Louisiana	68.02	67.28	-0.74	Ohio	64.10	63.58	-0.52
Arizona	70.01	69.56	-0.45	Maine	64.00	63.29	-0.71	Oklahoma	68.31	67.36	-0.95
Arkansas	71.62	71.31	-0.31	Maryland	50.00	50.00	0.00	Oregon	60.22	60.32	0.10
California	50.00	50.00	0.00	Massachusetts	50.00	50.00	0.00	Pennsylvania	52.68	52.00	-0.68
Colorado	50.00	50.00	0.00	Michigan	65.48	64.71	-0.77	Rhode Island	54.88	53.96	-0.92
Connecticut	50.00	50.00	0.00	Minnesota	50.51	50.79	0.28	South Carolina	70.75	70.58	-0.17
Delaware	57.72	58.49	0.77	Mississippi	78.31	77.86	-0.45	South Dakota	58.69	56.74	-1.95
District of Columbia*	70.00	70.00	0.00	Missouri	66.36	65.81	-0.55	Tennessee	66.36	66.10	-0.26
Florida	61.03	60.05	-0.98	Montana	64.90	64.12	-0.78	Texas	60.80	59.87	-0.93
Georgia	66.85	66.02	-0.83	Nebraska	57.80	57.87	0.07	Utah	66.83	65.90	-0.93
Hawaii	53.64	56.06	2.42	Nevada	62.59	62.65	0.06	Vermont	56.47	55.82	-0.65
Idaho	70.21	70.11	-0.10	New Hampshire	50.00	50.00	0.00	Virginia	50.00	50.65	0.65
Illinois	51.09	50.00	-1.09	New Jersey	50.00	50.00	0.00	Washington	50.00	50.00	0.00
Indiana	66.30	65.66	-0.64	New Mexico	73.71	73.26	-0.45	West Virginia	74.68	74.02	-0.66
Iowa	62.14	63.13	0.99	New York	50.00	50.00	0.00	Wisconsin	59.88	60.10	0.22
Kansas	60.16	59.76	-0.40	North Carolina	67.65	67.71	0.06	Wyoming	50.00	50.00	0.00

A positive FMAP change above reflects the federal government is responsible for a greater share of Medicaid expenditures, and a negative change reflects the state is responsible for a greater share of Medicaid expenditures.

*The District of Columbia's FMAP rate is frozen at 70.00% as part of the city's federal financing structure.

Source: Federal Funds Information for States

Other FMAP Rates

In addition to the match rate for the regular Medicaid Program, a number of programs, services, and activities receive an enhanced match rate designed to incentivize certain behaviors or shifts in expenditures to lower cost options. The federal government may also temporarily increase FMAP rates during times of economic downturns or public health emergencies. For example, during the COVID-19 pandemic, the federal government increased the federal share of the FMAP rate by 6.20%. While the rate was increased, the federal government placed new requirements on states in order for them to receive those additional funds.

Another example of enhanced FMAP rates is a provision in the federal American Rescue Plan Act (ARPA) which provided a 10.00% increase for home and community-based service providers from April 1, 2021, through March 31, 2022. The goal of the FMAP rate increase was to help states meet home and community-based services needs created by the COVID-19 pandemic and to build capacity to help advance long-term services and supports rebalancing reforms with the goal of moving or keeping individuals in the community.

Enhanced FMAP rates also apply to other jointly funded state and federal health programs. Iowa's FMAP rate for the Healthy and Well Kids in Iowa (Hawki) Program is 74.02% in FY 2022. Iowa also receives an enhanced FMAP rate under the federal Affordable Care Act (ACA) for the Iowa Health and Wellness Program (I-HAWP), which covers individuals with income up to 133.00% of the federal poverty level who were previously ineligible for Medicaid. The federal FMAP rate for the first three calendar years (2014 through 2016) of the Program was 100.00%, with a gradual decline to 90.00% for CY 2020, where it will remain unless federal law is changed.

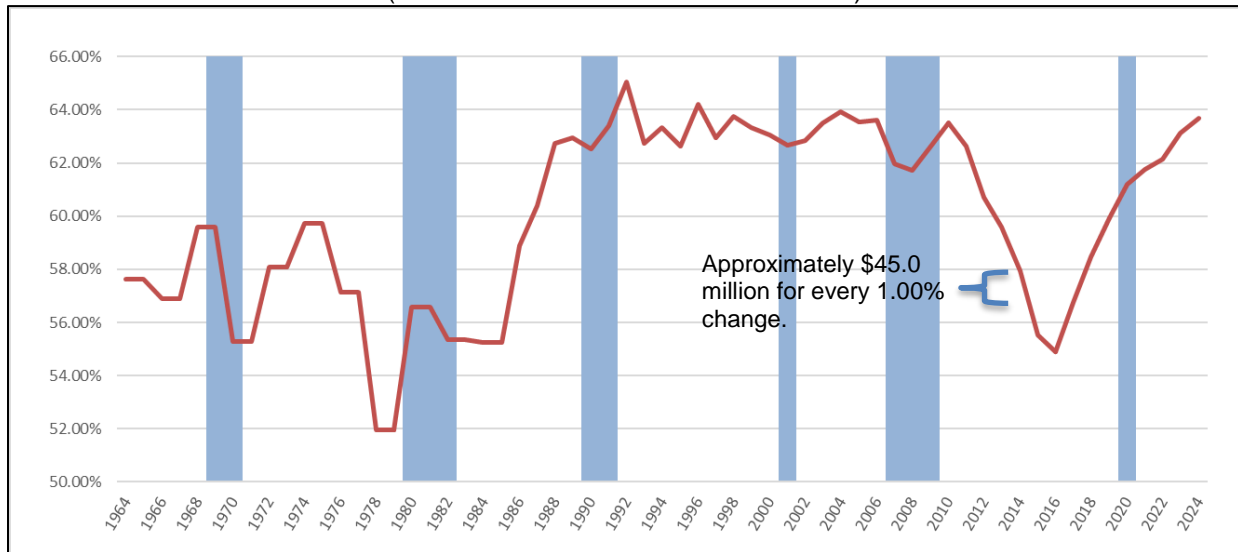
History of the Iowa FMAP Rate

The FMAP formula has remained mostly unchanged since the beginning of the Medicaid Program in 1965. From FY 1965 through FY 1987, the FMAP rate was calculated on a biannual basis. Beginning in 1988, the federal Consolidated Omnibus Budget Reconciliation Act (COBRA) changed the frequency of the calculation to an annual basis.

Figure 3 illustrates the history of Iowa's FMAP rate which has fluctuated between a high of 65.04% in 1992 to a low of 51.96% in FY 1979. Before the farm crisis of the 1980s, the Iowa FMAP rate was

nearing the federal minimum of 50.00%. With the beginning of the crisis, the FMAP rate began a steady climb to approximately 63.00%, where it remained until 2011. During the great recession, which began at the end of 2007, Iowa's economy fared much better than those of other states, in large part due to a strong farm economy. Due to stronger economic conditions compared to most states, the Iowa FMAP rate began a steady decline beginning in FY 2011, declining 8.60% between FY 2011 and FY 2016. Beginning in FY 2017, the FMAP rate began trending back up and has made up most of the difference from the shift in the previous five years.

Figure 3 — History of Iowa's FMAP Rate FY 1964-2022
(Shaded Bars Indicate U.S. Recessions)



Note: Recession data represented in the shaded bars is from the National Bureau of Economic Research (NBER).

Related Statutes and Administrative Rules

Iowa Code chapter [249A](#)

Iowa Administrative Code IAC [441.36](#)

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