

## Federal Medical Assistance Percentage (FMAP) Rates

### Description

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 produced by the Bureau of Economic Analysis of the U.S. Department of Commerce. Per capita income is calculated by dividing the 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.

The FMAP formula is designed to provide states with lower per capita income compared to the U.S. with a greater share of financial assistance. The statute contains both minimum and maximum percentages, so no state pays more than 50.00% of the cost, and the federal government will not pay 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 from a high of 74.17% in Mississippi for FFY 2016, 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 16.90%. Iowa's FMAP rate of 54.91% ranks in the middle (24th) of all states in FY 2016.

In Iowa, the base FMAP rate is 54.91% for FFY 2016. This means, for every dollar spent on the Medicaid Program, the federal government pays \$0.5491 and Iowa pays \$0.4509. The rate applies to most, but not all, medical service expenditures paid for by the state. Other services or programs may receive different or enhanced rates and are detailed below.

Formula	Iowa - State Share FFY 2016
$\text{State Share} = 0.45 \times \frac{(\text{3 Year Avg. State Per Capita Income})^2}{(\text{3 Year Avg. U.S. Per Capita Income})^2}$	$0.4509 = 0.45 \times \frac{((\$42,656 + \$44,014 + \$44,763) \div 3)^2}{((\$42,332 + \$44,200 + \$44,765) \div 3)^2}$

Total Iowa expenditures estimated for the Medicaid Program (not including the Iowa Health and Wellness Programs) for FY 2016 total just under \$4.0 billion. Given this, Iowa expenditures for the regular Medicaid Program will increase or decrease by approximately \$32.1 million for every 1.00% change in the FMAP rate. The Iowa FMAP rate has declined by 8.60% since 2011. As a result, when calculating state expenditures for FY 2016, approximately \$276.0 million has been shifted from the federal government back to Iowa for the same set of Medicaid services.

### Related Statutes and Administrative Rules

Iowa Code, Chapter [249A](#)

Iowa Administrative Code, [441.36 IAC](#)

### More Information

Federal FMAP website: <http://aspe.hhs.gov/health/fmap.htm>

LSA FMAP Issue Review: <https://www.legis.iowa.gov/docs/publications/IR/401788.pdf>

Iowa General Assembly: <https://www.legis.iowa.gov/>

LSA Staff Contact: Jess Benson (515-281-4611) [jess.benson@legis.iowa.gov](mailto:jess.benson@legis.iowa.gov)