
ISSUE REVIEW

Fiscal Services Division

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Des Moines, Iowa 50319

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Iowa Health and Wellness Plan

ISSUE

The Iowa Health and Wellness Plan began providing coverage on January 1, 2014. This **Issue Review** provides an overview of the Plan, the services available, the eligibility requirements, and examines enrollment and expenditures over the first six years of the Plan.

AFFECTED AGENCIES

[Department of Human Services \(DHS\)](#)

CODE AUTHORITY

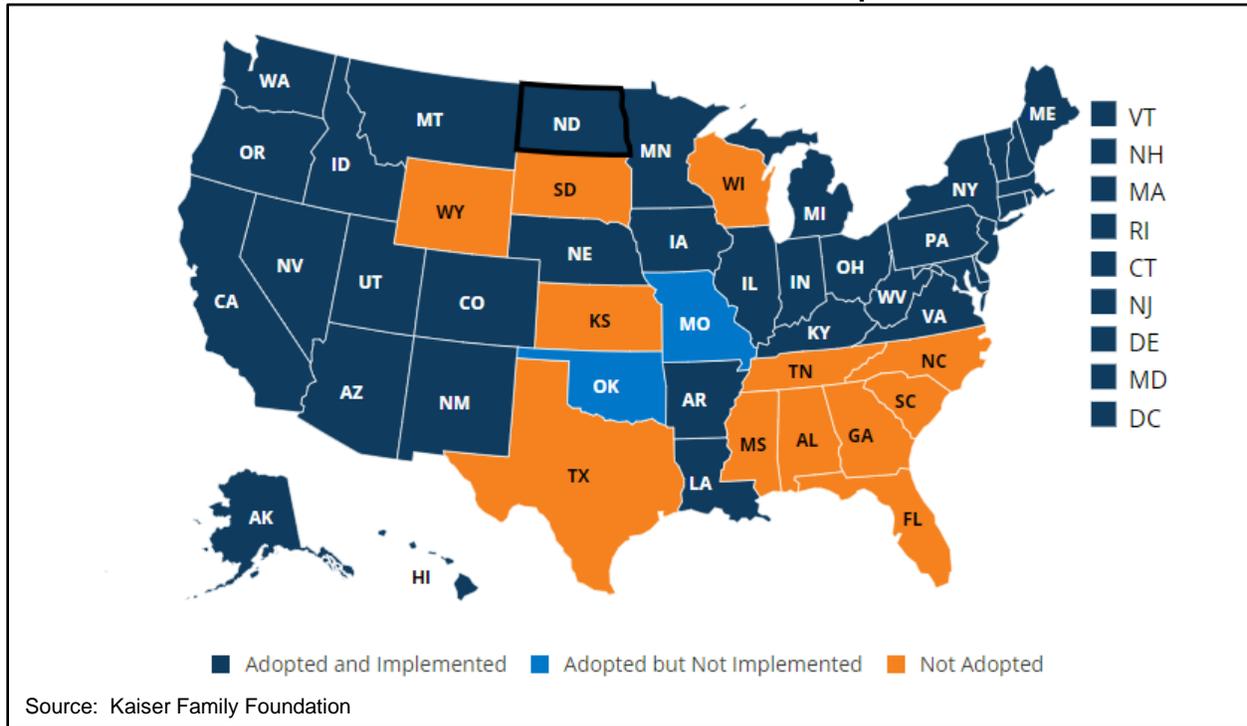
Iowa Code chapter [249N](#)

BACKGROUND

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. One of the main features of the law was the provision that required states to expand their Medicaid Program to all adults ages 19 to 64 with incomes not exceeding 133.0% of the Federal Poverty Level (FPL) beginning January 1, 2014. The constitutionality of that provision as well as the individual mandate in the ACA were challenged in the courts. On June 28, 2012, the United States Supreme Court upheld the constitutionality of the individual mandate but ruled that while the Medicaid expansion provision could remain a part of the ACA, Congress could not penalize states that chose not to participate in the expansion by taking away existing Medicaid funds. Effectively, the decision gave states the option, but did not require them to participate in the expansion. To date, 39 states and the District of Columbia have adopted Medicaid expansion, and there are varying efforts in the remaining 14 states to enact the expansion (**Figure 1**). A summary of where each state stands is available on the Kaiser Family Foundation [website](#) and is updated regularly.

With the enactment of [SF 446](#) (FY 2014 Health and Human Services Appropriations Act), Iowa chose to move forward with a modified version of Medicaid expansion. The Iowa Health and Wellness Plan (IHAWP) was enacted to replace the expiring IowaCare Program. The IowaCare Program was a limited-insurance benefit that covered adults ages 19 to 64 with incomes between 0.0% and 200.0% of the FPL. The Iowa Health and Wellness Plan is a comprehensive insurance benefit covering the same age group, but it only applies to individuals with income up to 133.0% of the FPL. See the Table below for the 2020 federal poverty guidelines and corresponding incomes.

Figure 1
Status of State Action on the Medicaid Expansion



When enacted, IHAWP provided two coverage options, the Iowa Wellness Plan, which covered individuals from 0.0% to 100.0% of the FPL, and the Marketplace Choice Plan, which covered individuals from 101.0% to 133.0% of FPL. Individuals who were covered by the Iowa Wellness Plan received their coverage administered by the State, and individuals who were covered by the Marketplace Choice Plan were able to choose one of the plans from select private insurance carriers, with the State paying the premiums to the commercial health plan on behalf of the member.

U.S. Federal Poverty Guidelines for 2020

Family Size	25%	50%	75%	100%	133%	200%
1	\$ 3,190	\$ 6,380	\$ 9,570	\$ 12,760	\$ 16,971	\$ 25,520
2	4,310	8,620	12,930	17,240	22,929	34,480
3	5,430	10,860	16,290	21,720	28,888	43,440
4	6,550	13,100	19,650	26,200	34,846	52,400

On January 1, 2016, all Marketplace Choice Plan members were moved to the Iowa Wellness Plan because there were no longer any participating qualified health plans available. When the State transitioned the Medicaid Program from fee-for-service to managed care on April 1, 2016, all individuals with incomes between 0.0% to 133.0% of the FPL began receiving coverage through one of the managed care organizations (MCOs).

Iowa Health and Wellness Plan Coverage

The IHAWP is administered by the Iowa Medicaid Enterprise (IME) and all members receive medical care through one of the MCOs. The Plan provides comprehensive health services and coverage that is equal to the benefits provided to State employees through the 2014 Wellmark Alliance Select Plan. Individuals enrolled in the Plan have access to the same providers available to the Medicaid Program, and members have the ability to choose their primary care physician. Some of the main services covered under the Plan are:

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| <ul style="list-style-type: none"> • Physician services, including primary care • Outpatient services • Emergency room services • Emergency transportation • Hospitalization • Mental health and substance use disorders | <ul style="list-style-type: none"> • Rehabilitative and habilitative services and devices • Lab services, X-rays, imaging (MRI, CT, etc.) • Preventive and wellness services • Home and community-based services • Prescription drugs • Dental services |
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Out-of-Pocket Costs, Premiums, Healthy Behaviors

A key feature of the Iowa Health and Wellness Plan is the cost-sharing structure. There are no out-of-pocket costs, with the exception of an \$8.00 copayment if a member uses the emergency room when their condition does not constitute an emergency.

There are no premiums for individuals with incomes below 50.0% of the FPL. An individual with income above 50.0% of the FPL will not be charged premiums if the member completes two healthy behavior activities each year. Healthy behaviors include the completion of a health-risk assessment and a physical or dental wellness exam. The assessment is a survey that asks questions about a member's health and experience in getting health care. If those two activities are completed in a member's first year, no premiums will be charged to the individual the following year. In the second year and beyond, completing the healthy behavior activities throughout the year will waive any possible contributions for the following year.

If a member fails to complete the specified activities, a premium of \$5.00 per month will be charged to an individual with income between 50.0% and 100.0% of the FPL, and a premium of \$10.00 per month will be charged to an individual with income between 101.0% and 133.0% of the FPL. Total out-of-pocket costs, including both premiums and copayments, cannot exceed 5.0% of an individual's income.

If an individual is assessed a premium and the individual fails to pay, the resulting action will vary depending on the individual's income. For individuals with income between 50.0% and 100.0% of the FPL, unpaid premiums will be a debt subject to collection by the State. However, no loss of coverage will occur until the time of annual renewal. For individuals with incomes between 101.0% and 133.0% of the FPL, nonpayment of premiums will result in disenrollment after 90 days. Unpaid contributions form a debt to the State. Members can re-enroll in coverage at any time.

Medically Exempt

Individuals enrolled in the IHAWP may be determined medically exempt by the DHS and be provided coverage through the traditional Medicaid State Plan if they meet the following federal definition ([42 CFR §440.315\(f\)](#)):

'Medically Exempt' includes individuals with disabling mental disorders (including adults with serious mental illness), individuals with chronic substance use disorders, individuals with serious and complex medical conditions, individuals with a physical, intellectual or developmental disability that significantly impairs

their ability to perform one or more activities of daily living, or individuals with a disability determination based on Social Security criteria.

While most services received through the IHAWP and Medicaid State Plan are the same, there are a number of more intensive mental health, substance abuse, and managed treatment benefits that an individual is eligible to receive under the Medicaid State Plan. Those services are listed on the following table.

Service Category	Services
Additional services covered because of savings from the Managed Care Iowa Plan Waiver	<ul style="list-style-type: none"> •Intensive Psychiatric Rehabilitation •Community Support Services •Peer Support •Residential Substance Abuse Treatment
Habilitation - 1915(i) Home and Community-based Services	<ul style="list-style-type: none"> •An individualized, comprehensive service plan •Home-based habilitation •Day habilitation •Prevocational habilitation
Other Mental Health Services	<ul style="list-style-type: none"> •Behavioral Health Intervention services •Assertive Community Treatment (ACT)

Dental Wellness Plan

All individuals with income between 0.0% and 133.0% of the FPL on the IHAWP may receive dental coverage through the Dental Wellness Plan (DWP) through one of two dental carriers. All DWP members have access to full dental benefits (see below) for their first year of enrollment.

Full Benefits	
Exams	Root canals
Cleanings	Dentures
X-rays	Crowns
Fluoride	Extractions
Fillings for cavities	
Surgical and non-surgical treatment	

Basic Benefits
<ul style="list-style-type: none"> • Services needed to complete healthy behaviors • Services needed to identify the source of pain, extent of trauma, or source of infection • Services related to treat a traumatic clinical condition of the teeth

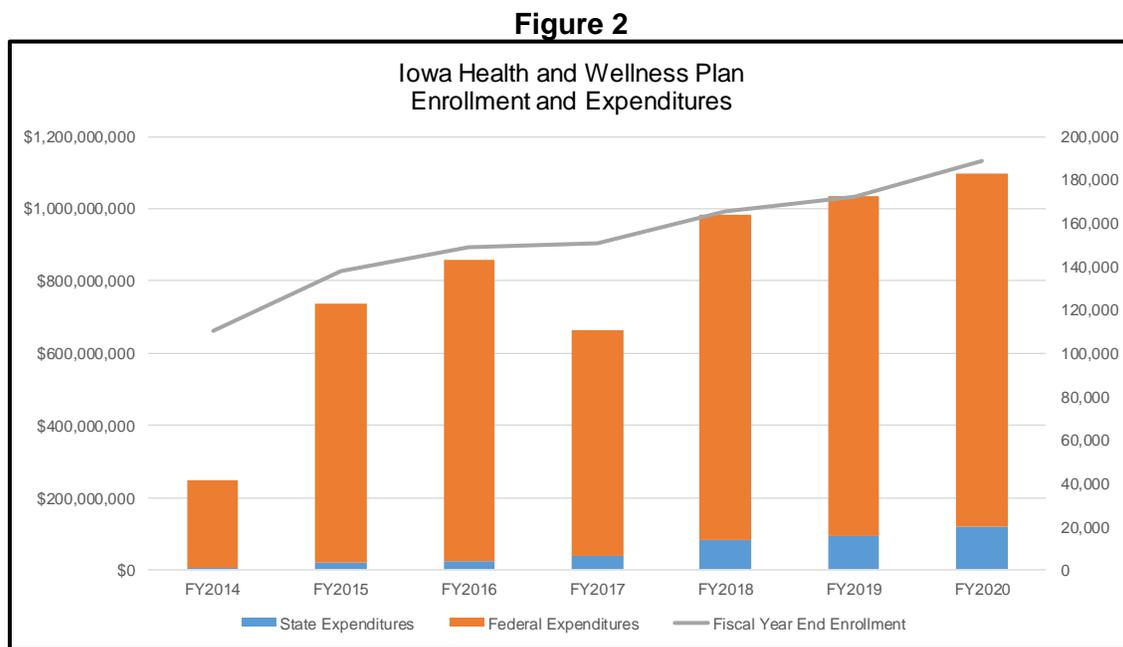
As with IHAWP, there are no premiums for individuals with incomes below 50.0% of the FPL. Individuals with incomes above 50.0% of the FPL will not be charged premiums if they complete two healthy behaviors (oral health self-assessment and preventative services) each year. If a member with income above 50.0% of FPL fails to complete the healthy behaviors, the member will be assessed a monthly premium of \$3.00. If a member fails to pay the monthly premium and does not claim a hardship, the member’s benefits will be reduced to basic benefits (see chart, above) for the remainder of the enrollment year. A member can regain full benefits in subsequent years by completing healthy behaviors or by paying premiums in the current year.

Enrollment and Expenditures

Total enrollment for the IHAWP began at 61,768 individuals in January 2014 when the majority of those individuals were shifted from the IowaCare Program and automatically enrolled in the IHAWP. **Figure 1** shows enrollment growing continuously since the Plan began. The Plan grew by 1.3% in FY 2017, 9.8% in FY 2018, and 4.0% in FY 2019.

The Families First Coronavirus Response Act, signed into law on March 18, 2020, provided a 6.2% increase to the states’ regular Federal Medical Assistance Percentage (FMAP) for each quarter in which the national emergency caused by COVID-19 remains in effect. To qualify for the enhanced match rate, states are prohibited from disenrolling most individuals from traditional Medicaid and Medicaid expansion. As a result, growth in IHAWP increased significantly at the end of FY 2020, ending the fiscal year with a 9.8% increase in enrollment.

Figure 2 shows that total Plan expenditures have grown steadily since the Plan began midway through FY 2014, with the exception of FY 2017. Expenditures dipped in FY 2017 due to the Plan being administered by two managed care organizations and due to shifting some expenditures from FY 2017 to FY 2018. Total expenditures grew by 48.0% in FY 2018, 5.4% in FY 2019, and 5.9% in FY 2020.



One of the main incentives for states to move forward with Medicaid expansion was the financing structure. Beginning January 1, 2014, for the first three calendar years of the Expansion, the federal government paid 100.0% of the cost of the Plan. After the initial three-year period, funding was gradually reduced to 90.0% at the beginning of calendar year 2020, where it will remain in perpetuity. With the match phased in, the State paid \$117.9 million for care in FY 2020, and the federal government paid \$978.6 million.

Iowa Health and Wellness Plan FMAP Rate 2014-2021

Calendar Year	Federal FMAP %
2014	100.00%
2015	100.00%
2016	100.00%
2017	95.00%
2018	94.00%
2019	93.00%
2020	90.00%
2021	90.00%

Conclusion

Although there have been challenges to expanding Medicaid and there are debates in many states about whether or not to move forward with Medicaid expansion, the IHAWP provides coverage to over 190,000 Iowans at approximately 10.0% match cost to the State relative to total expenditures. The Plan provides both comprehensive health and dental insurance while requiring no financial contributions from members as long as they complete certain healthy behavior activities to contribute to their overall wellness. The IHAWP cost the State and federal governments \$1.110 billion in FY 2020, with the federal government paying for approximately 90.0% of total expenditures. The 90.0% federal match rate will continue as long as there are no changes in federal law.

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