



Iowa Department of Human Services

Iowa's Medicaid Program
prepared for the
House Appropriations Committee

January 21, 2015



Iowa Department of Human Services

***Iowa's Medicaid growth
over the past decade***



Total Department Budget

- Approximately \$6.2 billion in total dollars
- \$1.85 billion state general fund

Where Does the Money Go?

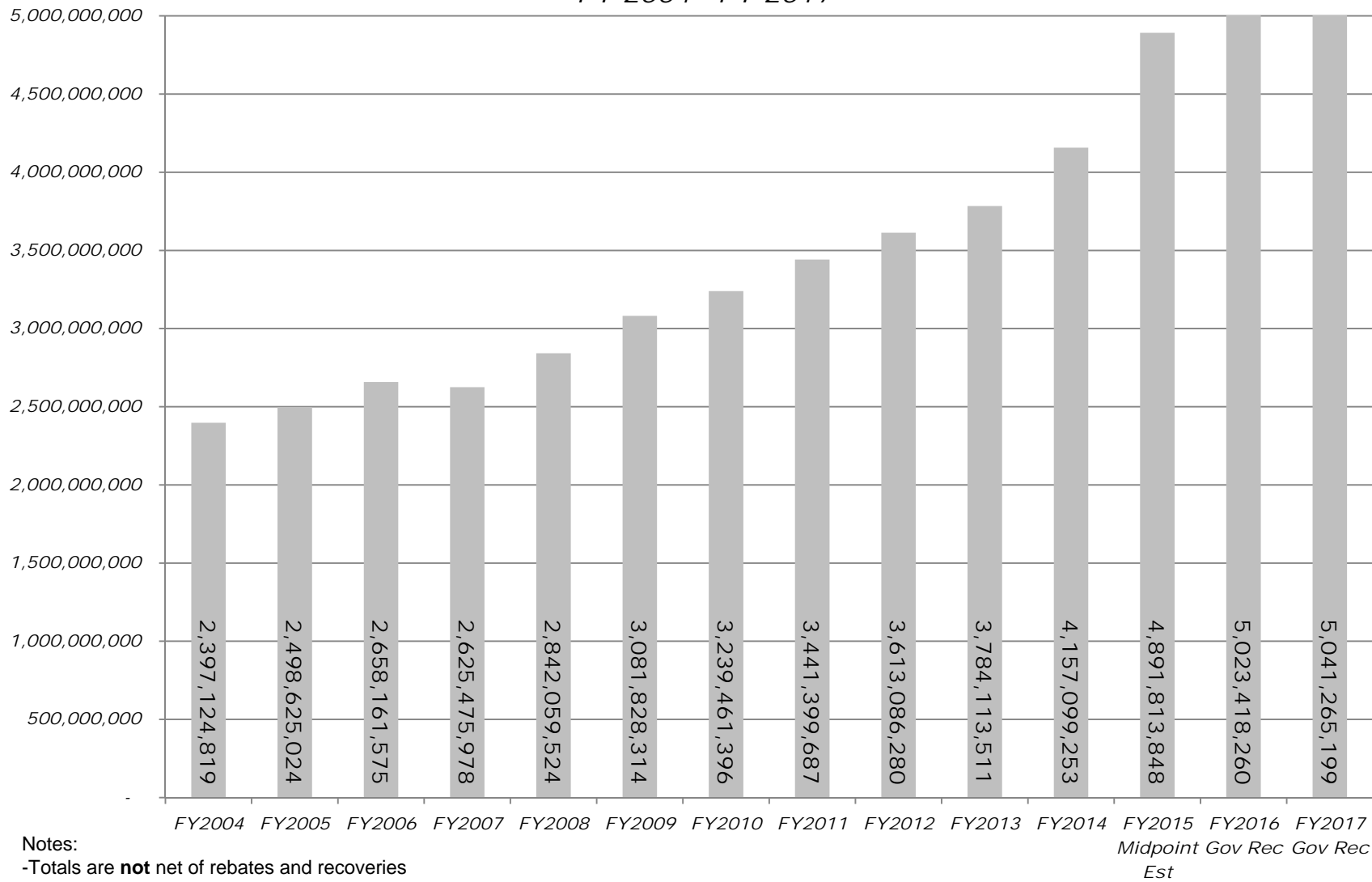




Iowa Medicaid Growth

- Medicaid in Iowa currently serves about 545,000 people at a cost of approximately \$4.2 billion dollars annually (total dollars).
- The cost of delivering this program has grown by 73 percent since 2003.

Medicaid Expenditures (All Funds)
FY 2004 - FY 2017



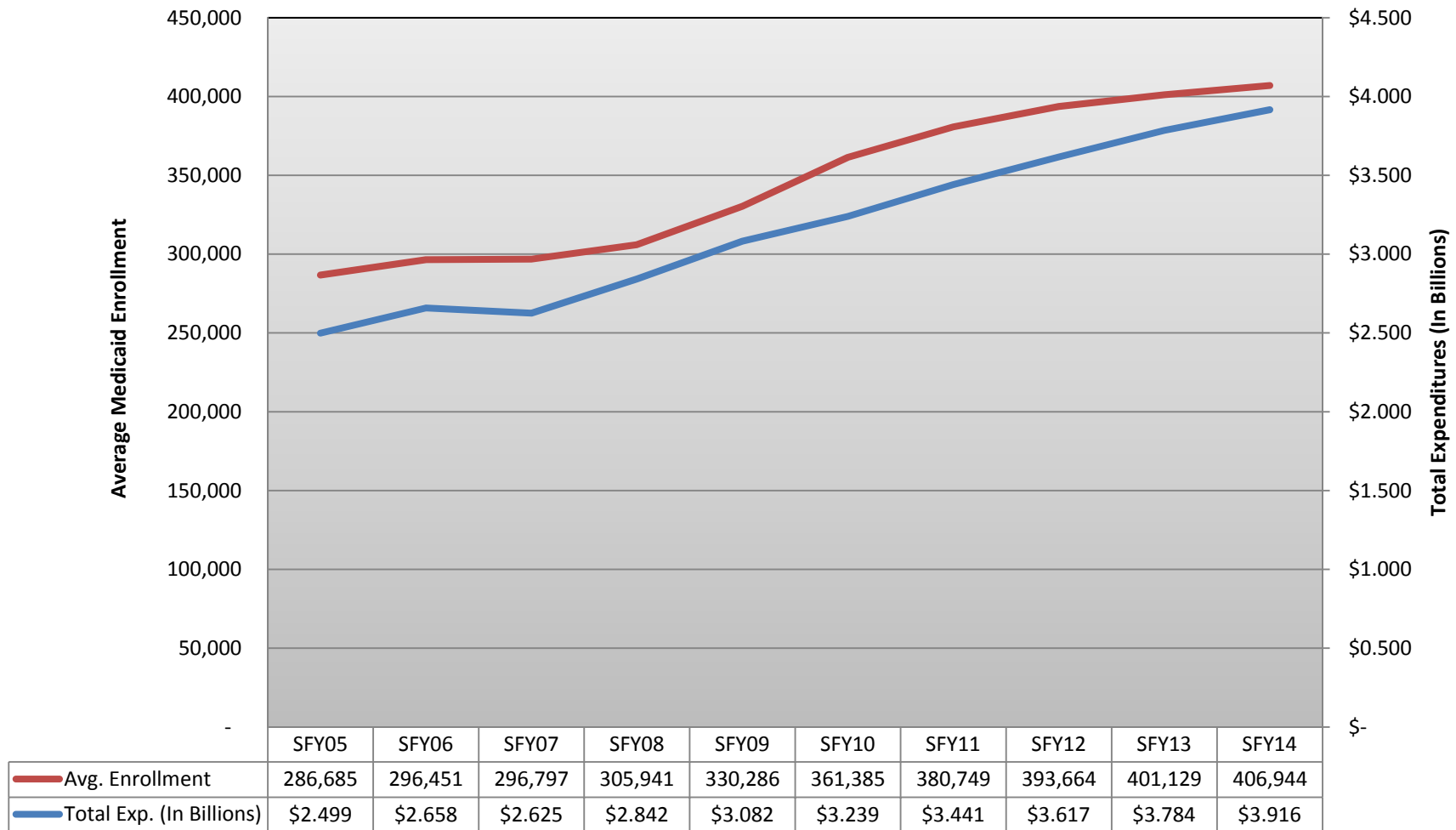


Iowa Medicaid Growth

- SFY14 spending
 - \$4,157,099,253 total dollars (includes Iowa Health and Wellness Plan)
 - \$1,160,637,778 general fund*
- SFY03 spending
 - \$2,400,570,125 total dollars
 - \$418,742,073 general fund*

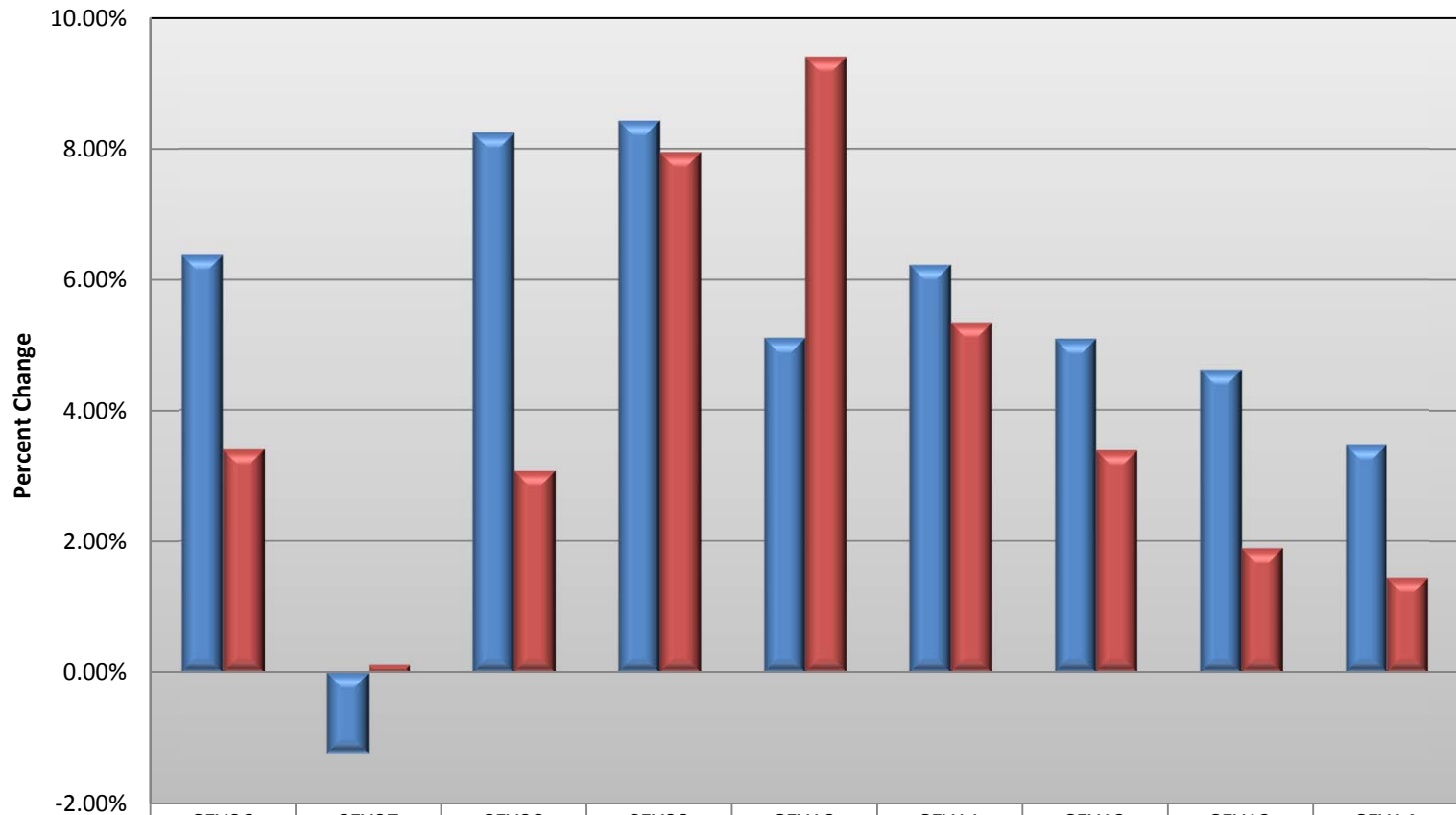
**Includes appropriations, appropriation transfers, supplementals and carry forwards.*

Iowa Department of Human Services Historical Medicaid Expenditures and Enrollment



Traditional Medicaid only incl. not newly eligible IHWP

Iowa Department of Human Services Historical Expenditure and Enrollment Changes



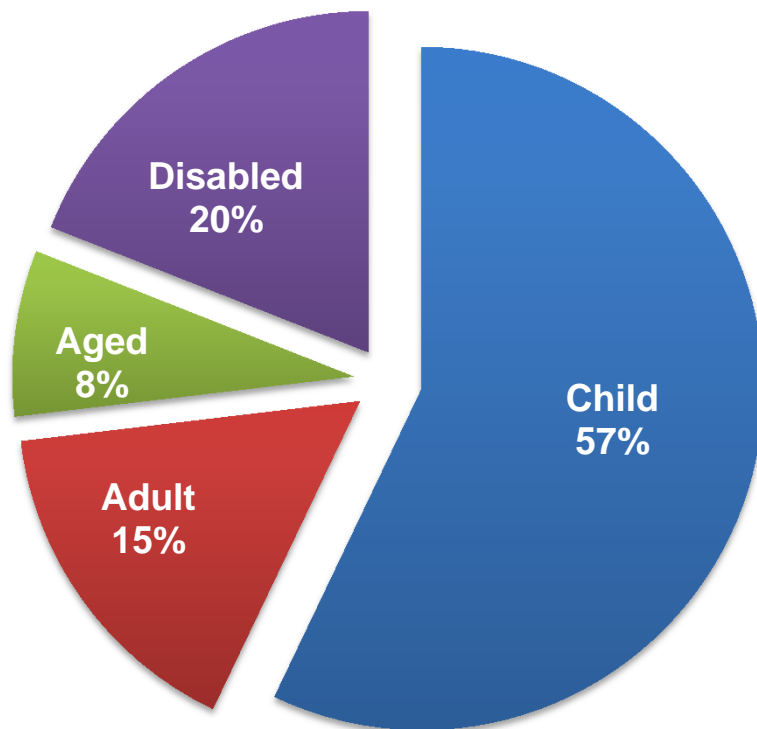
■ Total Exp. (% Change)	SFY06	SFY07	SFY08	SFY09	SFY10	SFY11	SFY12	SFY13	SFY14
■ Avg. Enrollment (% Change)	6.38%	-1.23%	8.25%	8.44%	5.11%	6.23%	5.10%	4.63%	3.47%
	3.41%	0.12%	3.08%	7.96%	9.42%	5.36%	3.39%	1.90%	1.45%

Traditional Medicaid only incl. not newly eligible IHWP

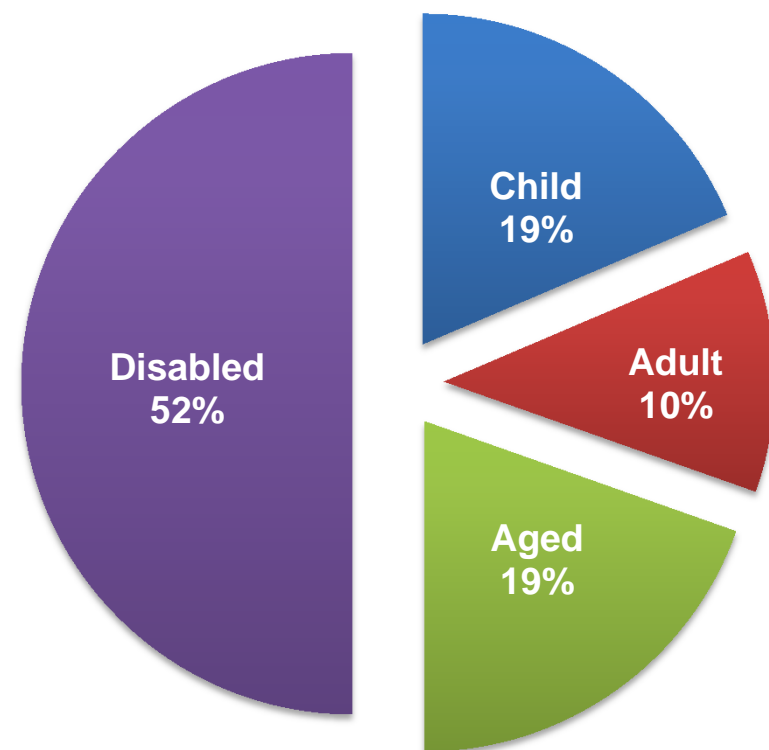
Medicaid Enrollment and Expenditures

Traditional Medicaid only

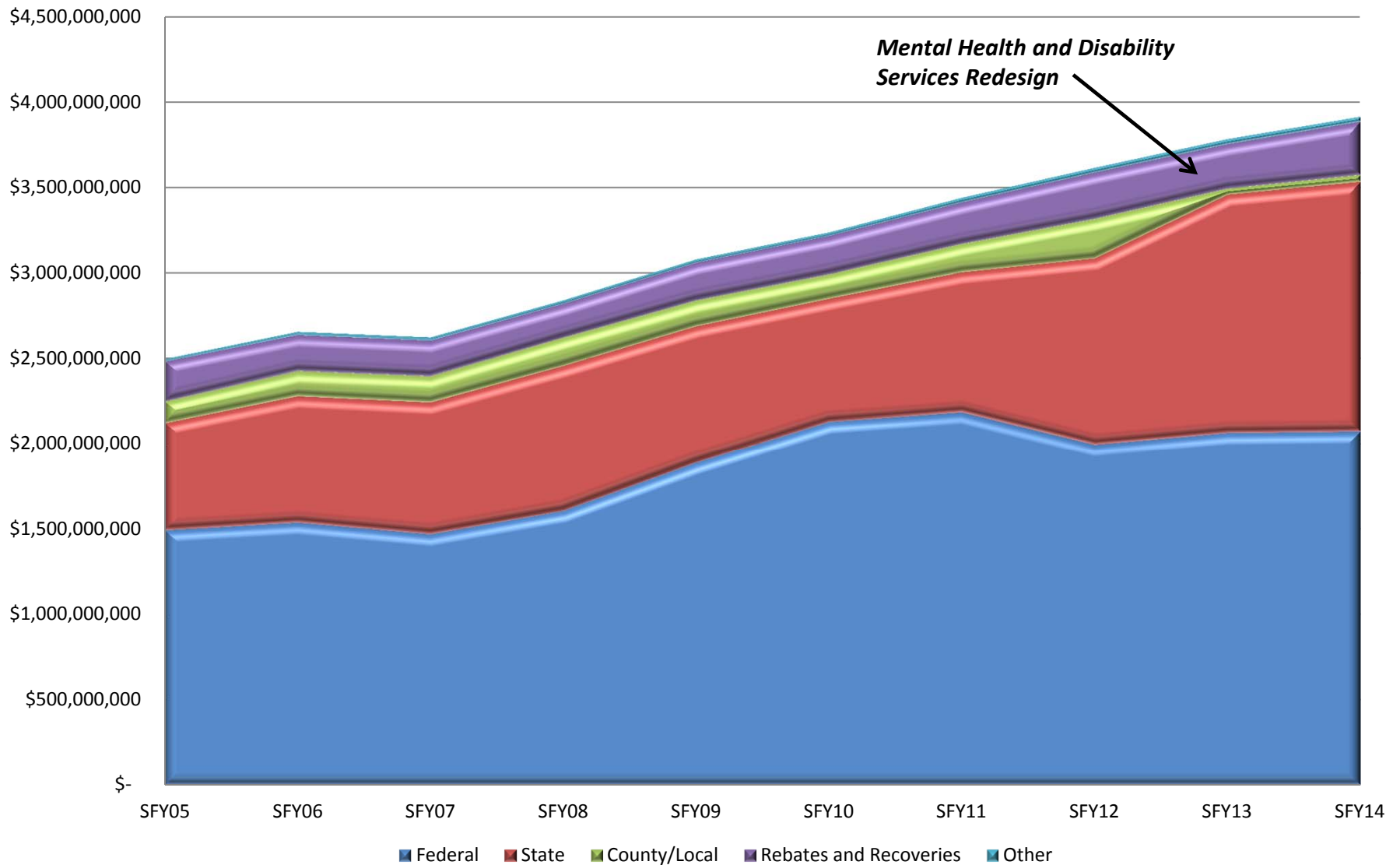
Enrollment - SFY14



Expenditures - SFY14



Iowa Department of Human Services Historical Medicaid Expenditures by Fund Source



Traditional Medicaid only incl. not newly eligible



Health Care Redesign (Affordable Care Act)

- Access expanded
- Improved integration of care
- Focus on individual responsibility for health status



Access to Health Care Coverage

- Current enrollment is 544,837 (as of December 2014)
 - 403,937 traditional Medicaid
 - 121,275 IHWP
 - 19,625 Family Planning Waiver
- 58,321 children in Iowa have access to health coverage through CHIP and hawk-i (as of December 2014)



Iowa Department of Human Services

Governor's Medicaid funding proposal

SFY15 – SFY16 Medicaid Estimates

- Includes Medical Assistance, MHDS Redesign, and Iowa Health and Wellness Plan.

	Forecasting Group Midpoint (as of December 2014)		Governor's Budget
	SFY15	SFY16	SFY16
State Revenue	\$1,540,323,200	\$1,537,560,429	\$1,656,732,462
State Expenditures	\$1,608,323,200	\$1,743,560,429	\$1,656,732,462
Ending Balance	(\$68,000,000)	(\$206,000,000)	\$0

SFY15 Explained

SFY15 Forecasting Group Midpoint - History

	2014 Session	Current Estimate	Variance
Projected Revenue	\$1,551,310,082	\$1,540,323,200	(\$10,986,882)
Projected Expenses	\$1,585,310,082	\$1,608,323,200	\$23,013,118
Ending Balance	(\$34,000,000)	(\$68,000,000)	(\$34,000,000)

Explanation of Current SFY15 Variance

Variance from 2014 Session to Current	\$34,000,000	
Magellan Excess Claims	\$11,375,877	All excess claims revenue was used to offset the SFY14 shortfall. No additional funds are anticipated for SFY15.
June 2014 Forecasting Group Adjustments	\$9,624,123	The incorporation of SFY14 trends increased the SFY15 expenditure estimate.
SFY14 Payments Occurring in SFY15	\$6,500,000	Includes the 1% provider rate increase, nursing facility, mental health case management, and HMO payments.
SFY15 Payment Trends	\$6,500,000	Year-to-date trend approximately 1 percent above projections - occurring across both medical and long-term care.
Grand Total	\$34,000,000	

SFY16 Revenue

	Governor's Budget
	SFY16
General Fund	\$1,361,820,871
Health Care Trust	\$221,790,000
Quality Assurance Trust*	\$36,705,208
Hospital Trust	\$34,700,000
Palo Tax	\$1,216,383
Medicaid Fraud	\$500,000
CHIP Bonus	\$0
Total State Revenue	\$1,656,732,462

** Includes \$7.5 million to reflect the Governor's recommendation for an increase in the nursing facility assessment fee*

SFY15 – SFY16 Expenditure Comparison

	Forecasting Group Midpoint	Governor's Budget
	SFY15	SFY16
State Expenditures	\$1,608,323,200	\$1,656,732,462
SFY16 Increase		\$48,409,262

SFY16 Expenditures

	Governor's Budget
FMAP Changes	\$56,105,434
Medicaid Trend	\$36,331,795
NF Rebase	\$32,500,000
Hospital Rebase	\$6,400,000
Home Health Rebase	\$3,900,000
NF Assmt. Fee Payments	\$3,630,405
Geropsychiatric Capacity	\$1,765,119
MHI Transfers (status quo adjustment)	(\$25,874,211)
Cost Containment	(\$66,349,280)
Total State Expenditures	\$48,409,262



Iowa Department of Human Services

***Governor's Medicaid
cost containment proposal***

Cost Containment Initiatives

Governor's Budget	SFY16 Savings	SFY17 Savings above SFY16
Integrity:		
Prepay editing	\$500,000	-
Consumers Directed Attendant Care	\$1,000,000	-
Service Delivery Reform:		
Medicaid Modernization – more coordinated care	\$51,136,508	\$51,136,508
Eliminate systems of care due to integrated health homes	\$1,600,000	-
Waiver management & Wait List prioritization	\$6,000,000	-
Complex Pharmacy Oversight Program	\$700,000	-

Cost Containment Initiatives (cont'd)

Governor's Budget	SFY16 Savings	SFY17 Savings above SFY16
Payment Reform:		
Nat'l Avg Drug Acquisition Cost (NADAC) Reimbursement for Rx	\$400,000	-
Nursing Facility Assessment Fee Increase to 3%	included in rev/exp above	
Medicare Alignment:		
Medicare policy - reduced hospital pymt for readmissions within 30 days	\$500,000	-
Payment Adjustments:		
State share of DSH payments (U of I)	\$4,512,772	-
Total Medicaid Cost Containment Initiatives	\$66,349,280	\$51,136,508
Nursing Facility Assessment Fee Increase to 3%	\$3,879,150	-
Revised Total	\$70,228,430	\$51,136,508



Iowa Department of Human Services

***What other states are doing
to contain Medicaid costs***



What has Iowa done to manage Medicaid expenditures?

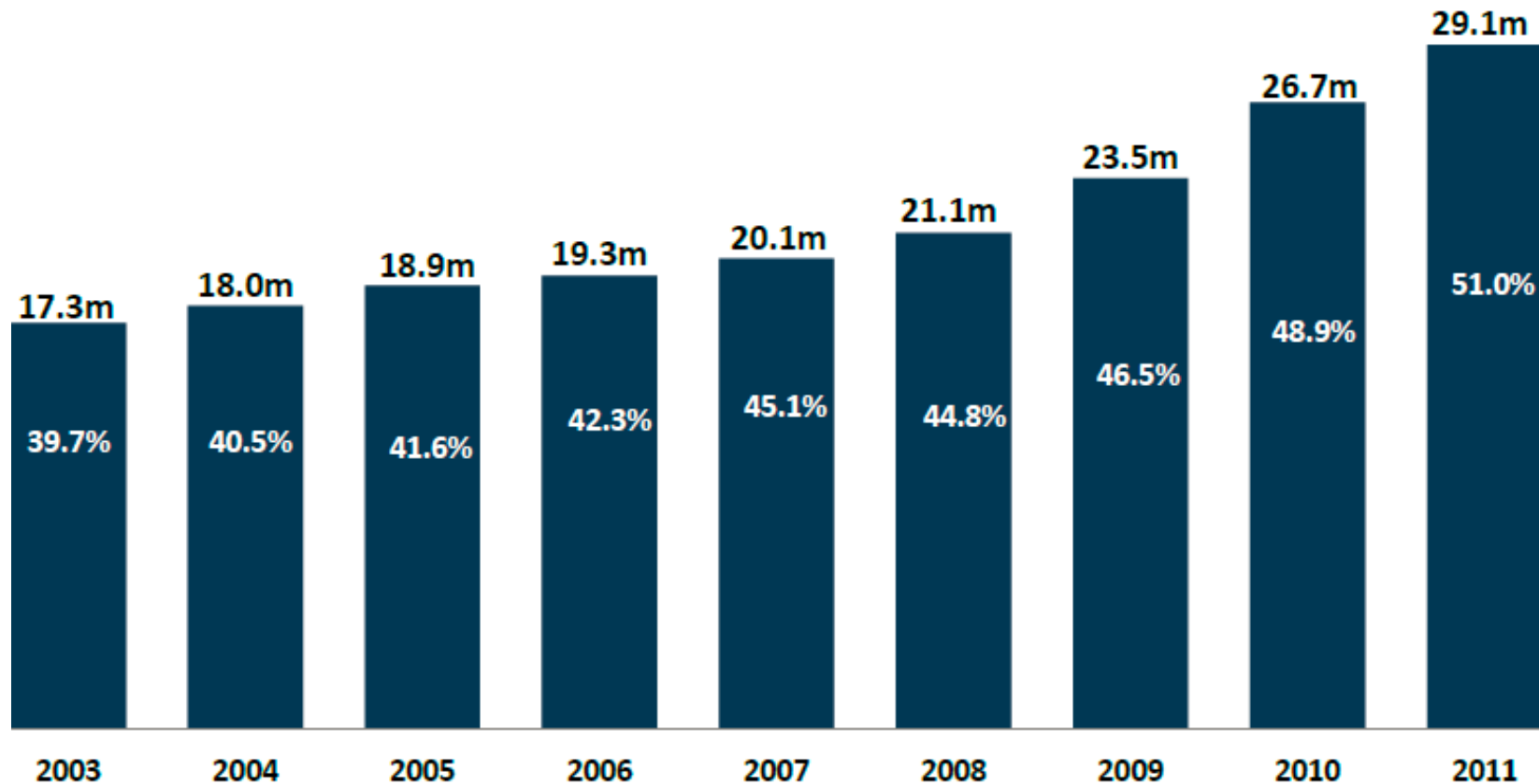
- Medicaid's Program Integrity efforts have saved taxpayers more than \$49.5 million over the past 4 years through cost avoidance and recoveries
- The state's preferred drug list has saved the state over \$267 million in the past 4 years
- Numerous cost containment initiatives have been implemented over the years
 - Based on national best practice
 - Centered on reimbursement methodologies, evidence-based services, integration of care, etc.



What do other states do to manage Medicaid expenditures?

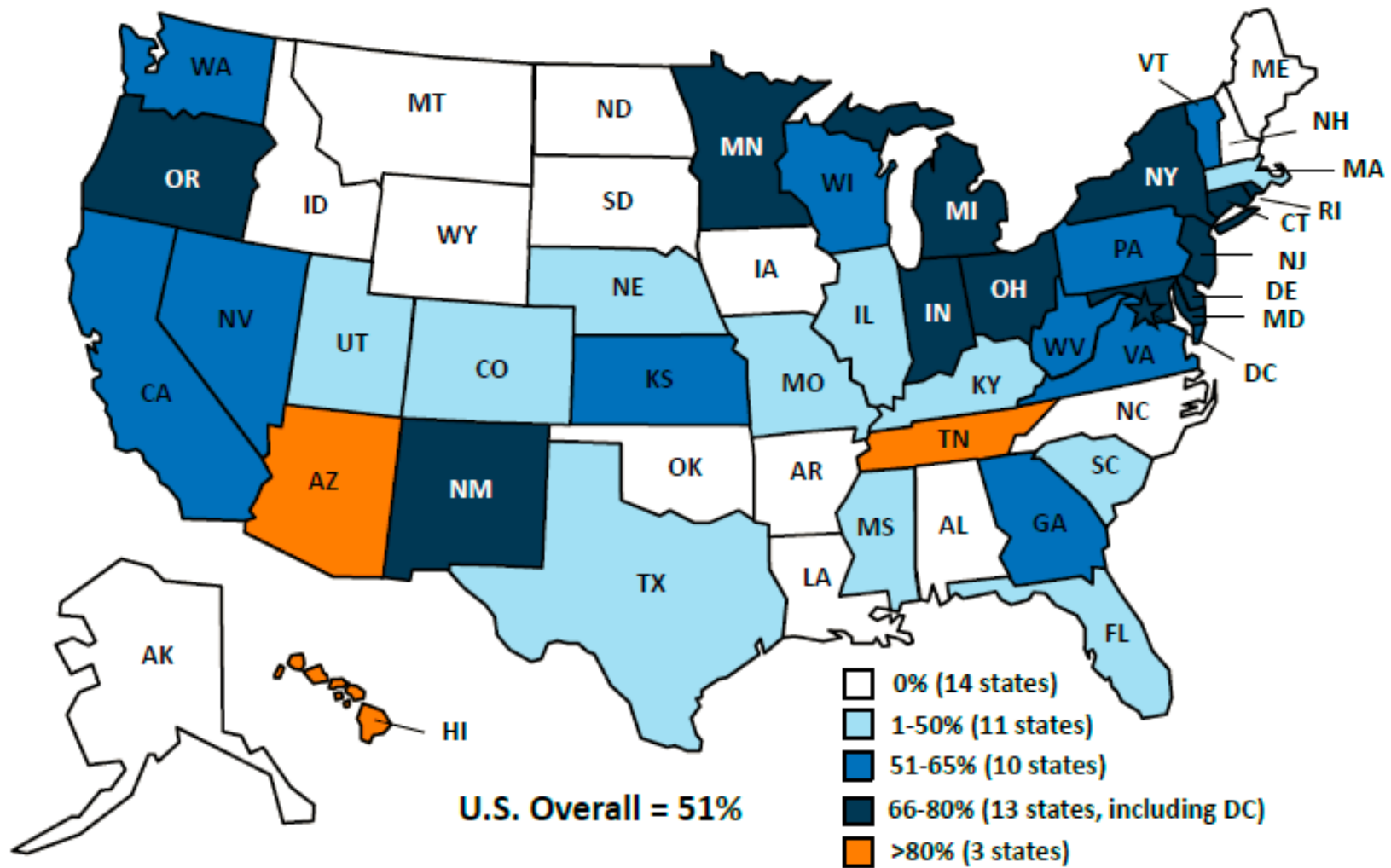
- Iowa's cost containment initiatives are based on best practice so similar initiatives are common
- Nationally, over half of Medicaid beneficiaries are enrolled in comprehensive risk-based Managed Care plans
- Limiting or eliminating optional services
- Limiting or eliminating expanded eligibility
- Limiting provider rate increases and/or reducing rates

Number and percent of Medicaid Enrollees in Comprehensive Risk-Based Managed Care.



Source: Medicaid Managed Care Enrollment Reports, 2003-2011, CMS.

Percent of Medicaid Enrollees in Comprehensive Risk-Based Managed Care (2011).



Source: Medicaid Managed Care Enrollment Reports 2011, CMS.



State Innovation Model (SIM) and Medicaid Modernization

- The SIM means a state is prepared for/committed to
 - planning, designing, testing, and supporting evaluation
 - of new payment and service delivery models
 - in the context of larger health system transformation



State Innovation Model (SIM) Goals and Medicaid Modernization

- Iowa is committed to this innovative work as we examine how best to modernize Iowa's Medicaid system in a way that improves outcomes and contains costs.
- SIM goals
 - Improving the patient experience of care (including quality and satisfaction);
 - Improving the health of populations; and
 - Reducing the per capita cost of health care.



DHS seeks greater stability and predictability in the Medicaid budget which will allow the state to continue offering comprehensive care now and into the future.