



Iowa's Medicaid Program
Health and Human Services
Appropriations Subcommittee

January 27, 2015



***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?

Manage Resources & Service Delivery \$0.03

Employment & Economic Security \$0.05

Safety, Well-Being, & Permanency for Children \$0.04

Behavioral & Disabilities Health Programs \$0.03

Health Programs \$0.85

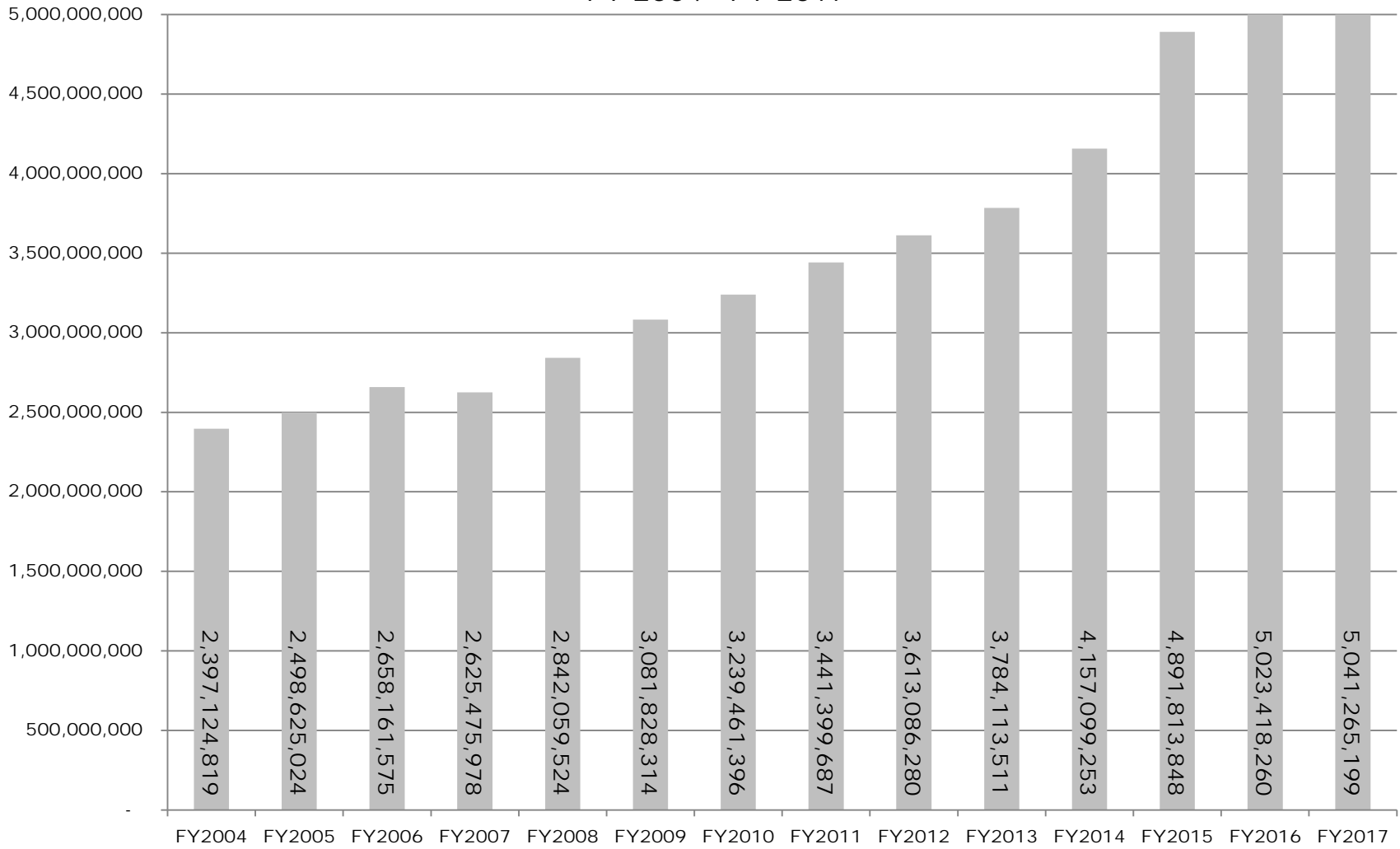




Iowa Medicaid Growth

- 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



Notes:

- Totals are **not** net of rebates and recoveries
- Beginning in FY 2014, totals include expenses for the Iowa Health and Wellness Plan

Midpoint Gov Rec Est
Gov Rec

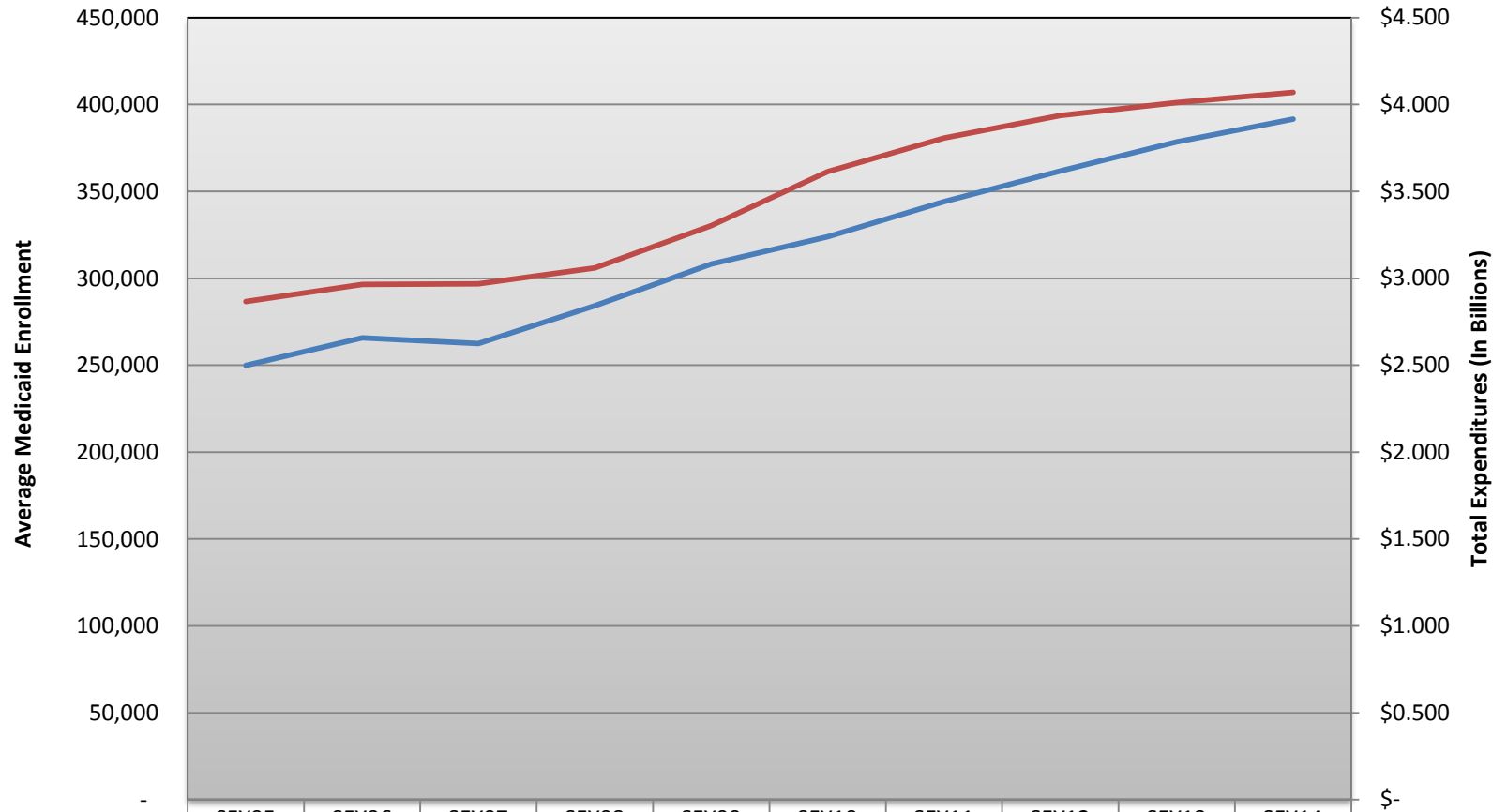


Iowa Medicaid Growth

- 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.*

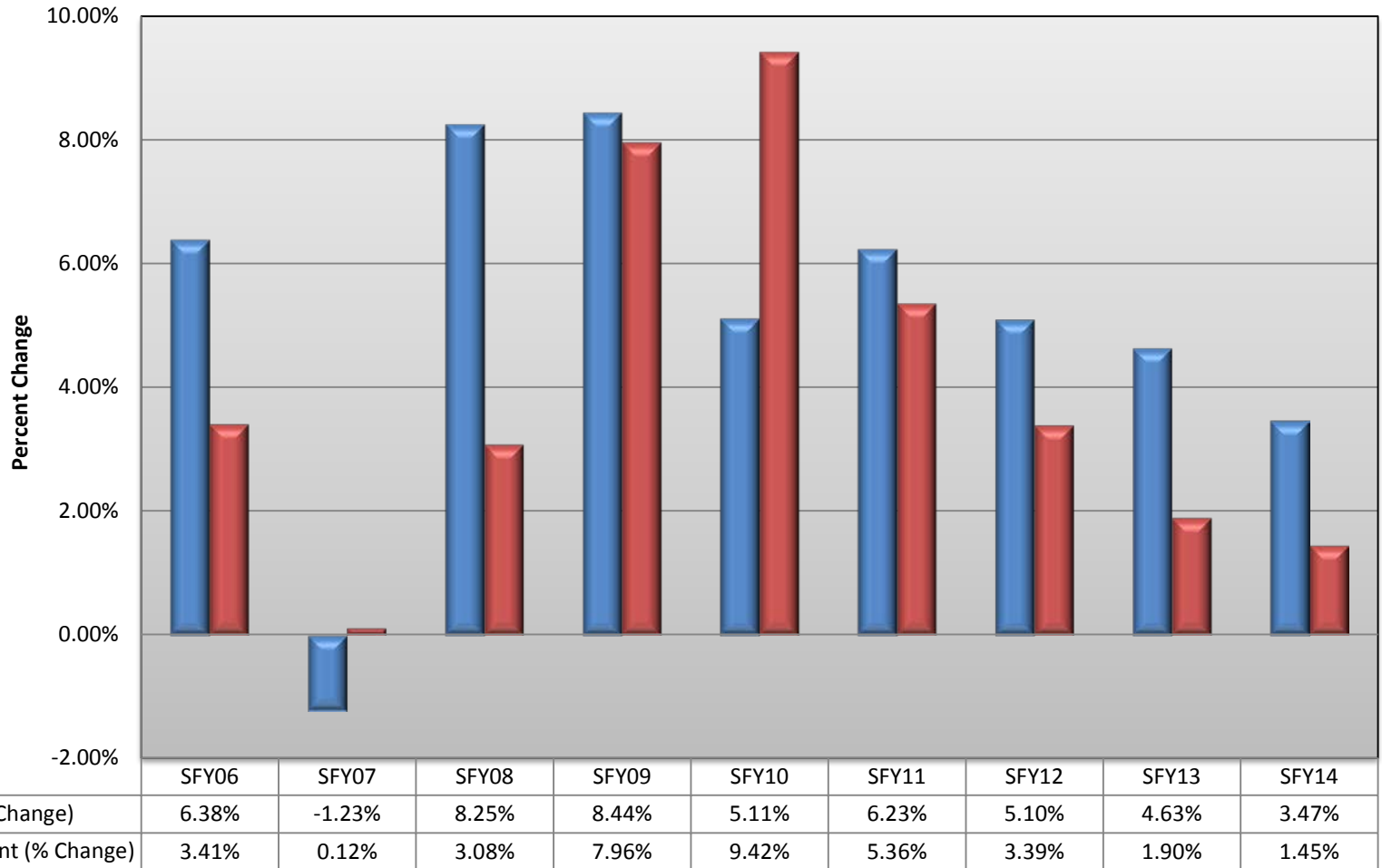
Iowa Department of Human Services Historical Medicaid Expenditures and Enrollment



— Avg. Enrollment	286,685	296,451	296,797	305,941	330,286	361,385	380,749	393,664	401,129	406,944
— Total Exp. (In Billions)	\$2.499	\$2.658	\$2.625	\$2.842	\$3.082	\$3.239	\$3.441	\$3.617	\$3.784	\$3.916

Traditional Medicaid only incl. not newly eligible IHWP

Iowa Department of Human Services Historical Expenditure and Enrollment Changes

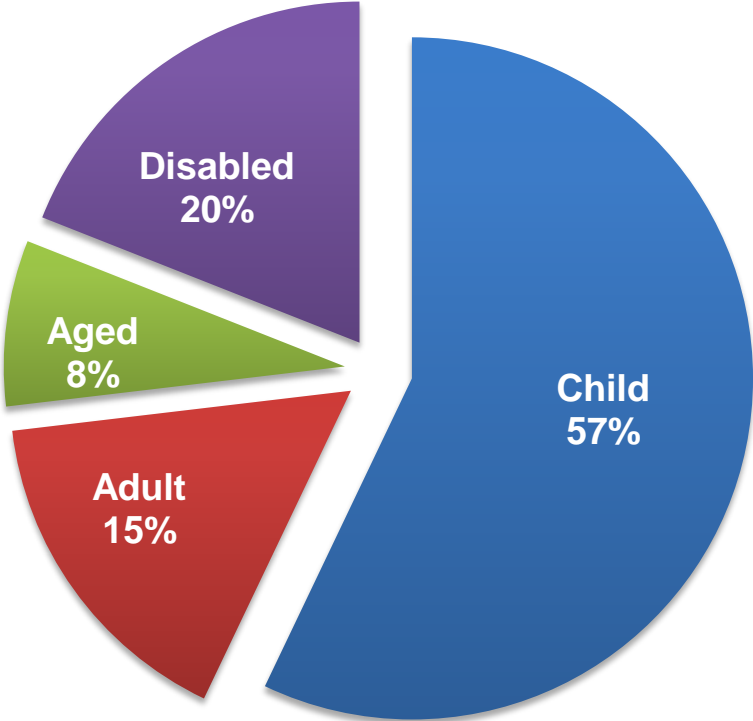


Traditional Medicaid only incl. not newly eligible IHWP

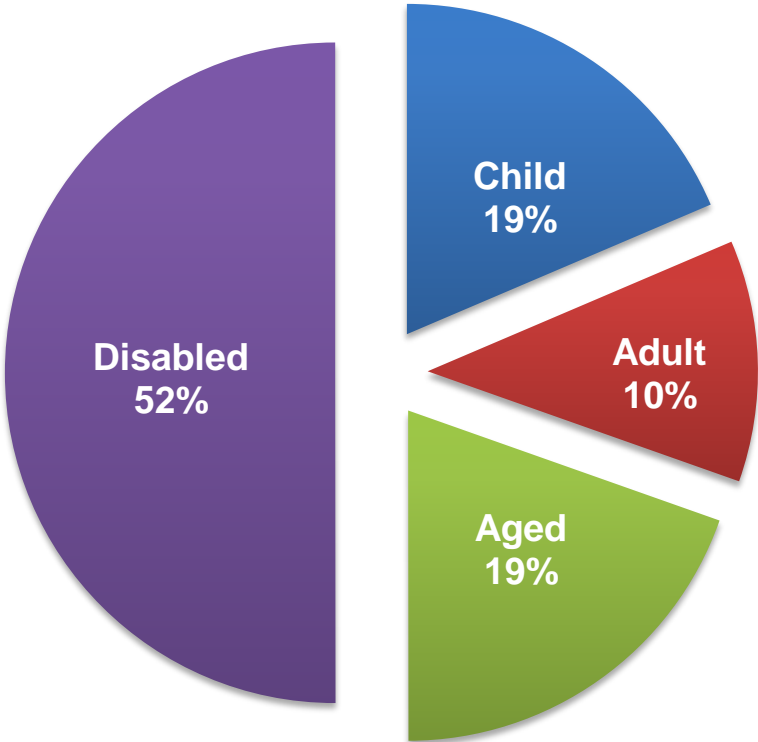
Medicaid Enrollment and Expenditures

Traditional Medicaid only

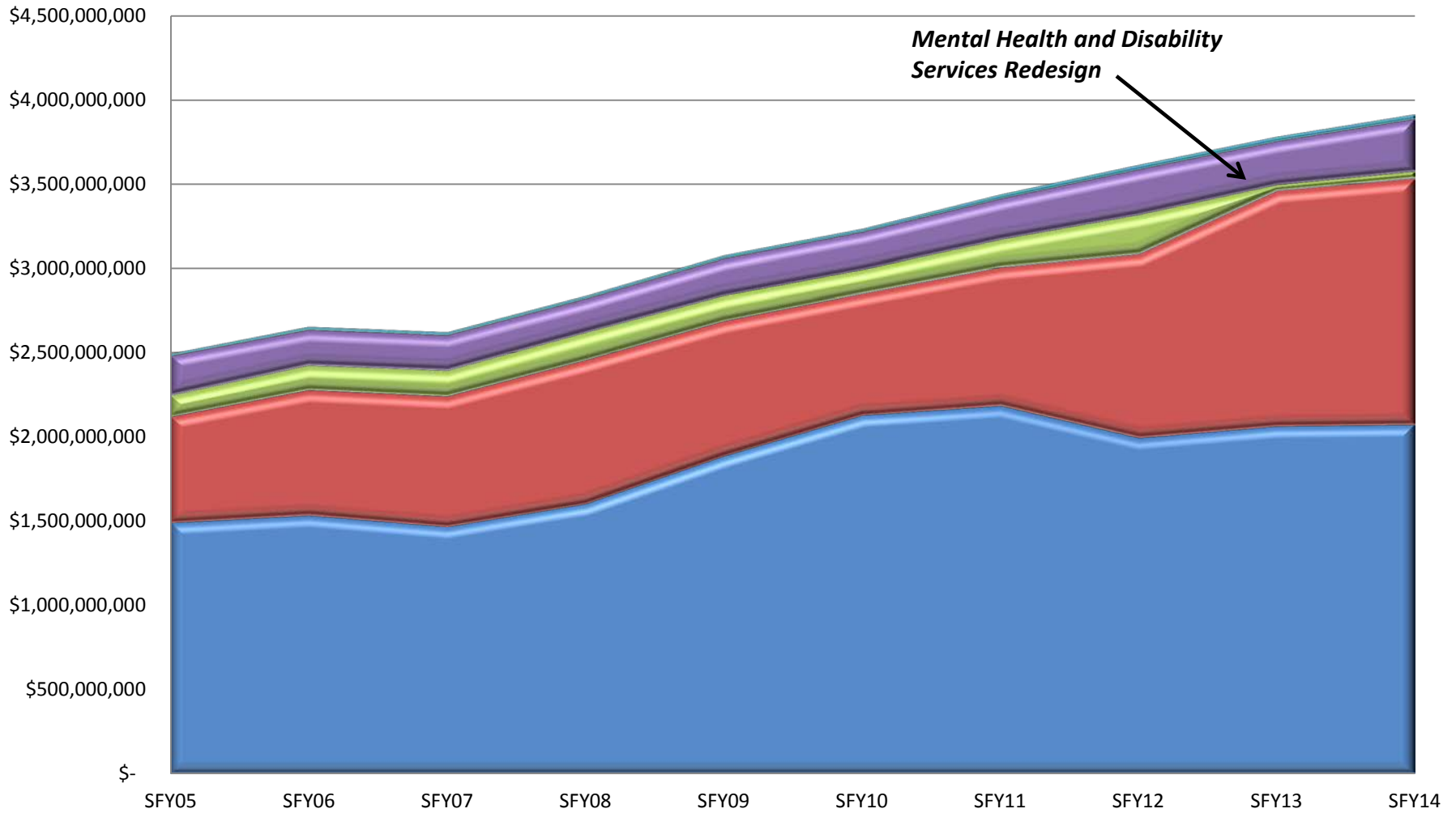
Enrollment - SFY14



Expenditures - SFY14

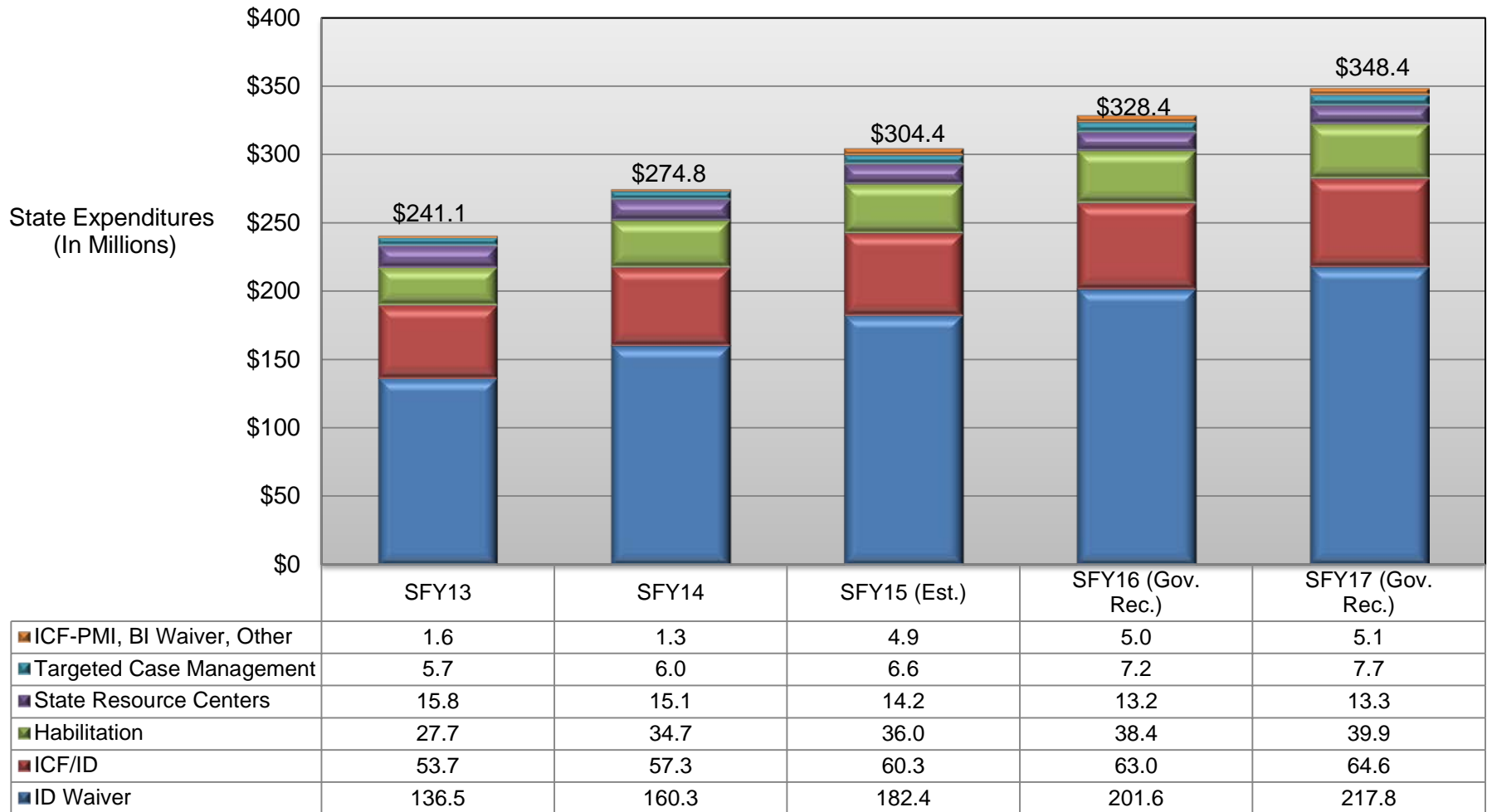


Iowa Department of Human Services Historical Medicaid Expenditures by Fund Source



■ Federal
 ■ State
 ■ County/Local
 ■ Rebates and Recoveries
 ■ Other
 Traditional Medicaid only incl. not newly eligible

Iowa Department of Human Services MHDS Redesign - State Expenditures



***SFY16 and SFY17 represent the Governor's recommended funding levels;
distributed by service category based on DHS projections.***



Health Care Redesign (Affordable Care Act)

- Access expanded
- Improved integration of care
- Focus on individual responsibility for health status
 - 17,325 Iowa Health and Wellness Plan members have completed both a Health Risk Assessment & Wellness Exam (as of January 23, 2015)



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)



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	



Potential Solutions for SFY15

In defining shortfall solutions for SFY15, the Department's goals are:

- Minimize provider and beneficiary/member impact
- Capitalize on one-time carry forwards and other one-time funds
- Maximize the use of available federal funding
- Utilize projected/managed surpluses



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
State Medicaid Revenue and Expenditures

	SFY14 (Final)	SFY15 (Midpoint)	SFY16 (Midpoint)	SFY16 (Gov. Rec.)
State Revenue				
Carry Forward*	\$11,869,317	\$0	\$0	\$0
General Fund **	\$1,135,293,332	\$1,250,658,393	\$1,250,658,393	\$1,361,820,871
Health Care Trust Fund	\$225,591,447	\$221,790,000	\$221,790,000	\$221,790,000
Quality Assurance Trust Fund	\$28,788,917	\$29,195,653	\$29,195,653	\$36,705,208
Hospital Health Care Access Trust Fund	\$34,253,871	\$34,700,000	\$34,700,000	\$34,700,000
CHIPRA Performance Bonus Payment	\$10,857,652	\$177,017	\$0	\$0
Palo Tax	\$1,004,356	\$1,379,442	\$1,216,383	\$1,216,383
Medicaid Fraud Fund	\$8,717,020	\$2,422,695	\$0	\$500,000
Magellan Revenue	\$8,700,000	\$0	\$0	\$0
Appropriation Transfers	\$15,314,423	\$0	\$0	\$0
Total State Funds Available	\$1,480,390,335	\$1,540,323,200	\$1,537,560,429	\$1,656,732,462
State Expenditures				
Medical Assistance	\$1,201,625,497	\$1,284,598,675	\$1,394,094,585	\$1,307,266,618
MHDS Redesign	\$274,814,033	\$304,446,444	\$328,392,168	\$328,392,168
Iowa Health and Wellness Plan	\$3,950,806	\$19,278,081	\$21,073,676	\$21,073,676
Total State Expenditures	\$1,480,390,335	\$1,608,323,200	\$1,743,560,429	\$1,656,732,462
Ending Balance	\$0	(\$68,000,000)	(\$206,000,000)	\$0
Year-to-Year Increase	<i>SFY14 to SFY15 ></i>	\$127,932,865	<i>SFY15 to SFY16 ></i>	\$48,409,261
* including General Fund and MH Risk Pool Carry Forward				
** including 1/3 allocation in SFY14				



***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



***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.



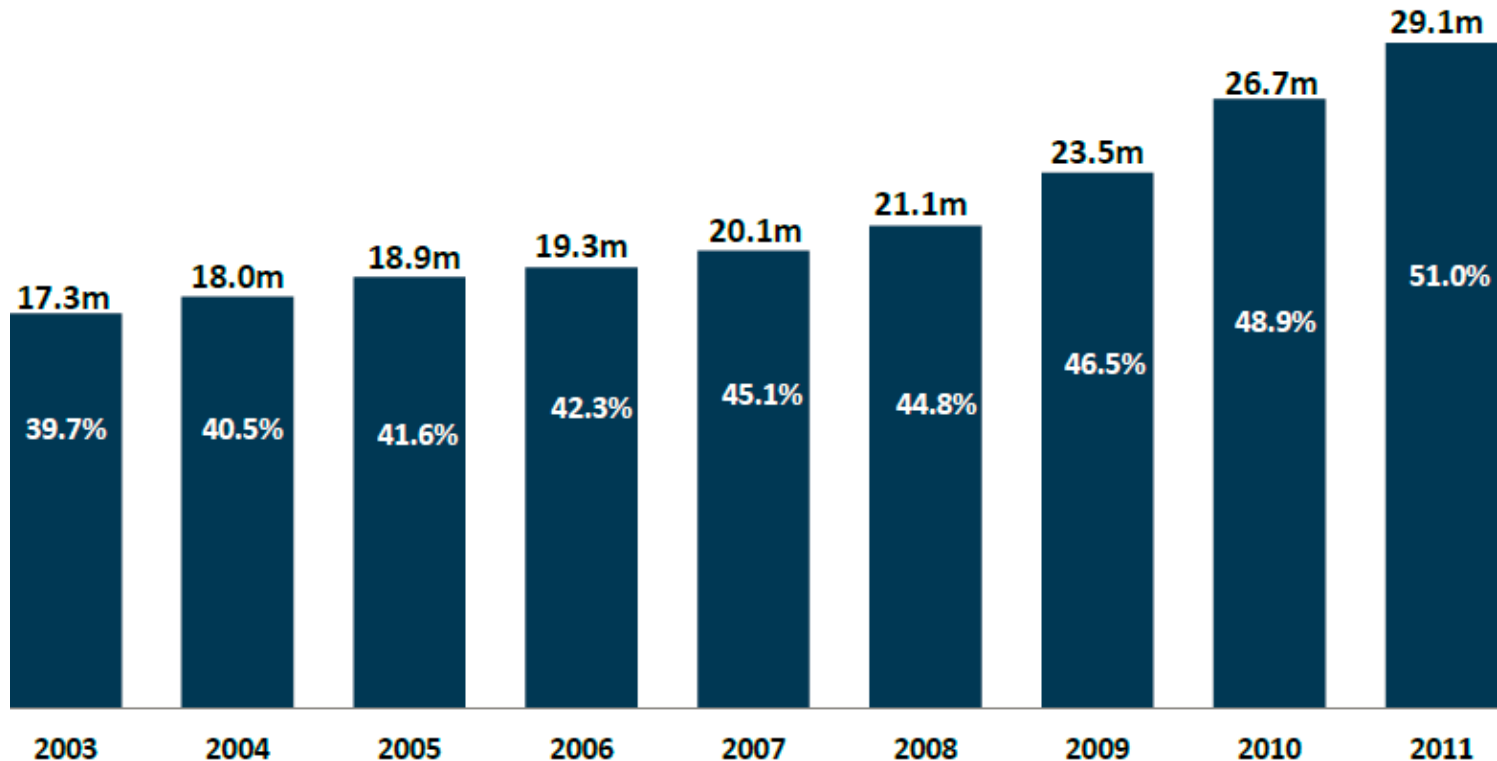
What do other states do to manage Medicaid expenditures?

- 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



Iowa Department of Human Services

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

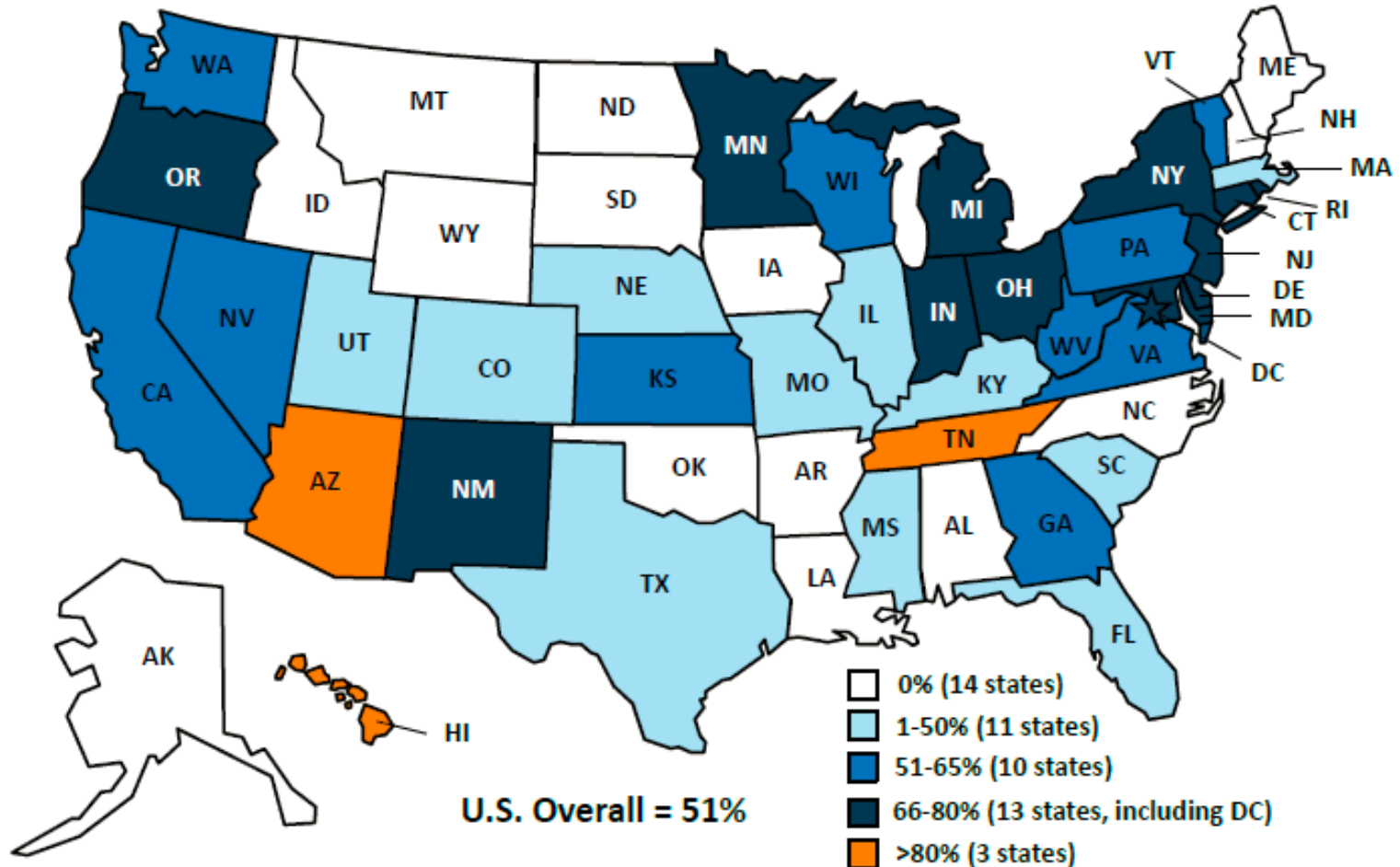


Source: Medicaid Managed Care Enrollment Reports, 2003-2011, CMS.



Iowa Department of Human Services

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





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.