



[SF 2251](#) – Postpartum Coverage, Medicaid (LSB5156SV.3)
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Fiscal Note Version – Final Action

Description

[Senate File 2251](#) extends postpartum Medicaid coverage for women. The Bill does the following:

- Extends postpartum Medicaid coverage from 60 days to 12 months after a pregnancy ends.
- Amends the income eligibility threshold for infants and pregnant women to 215.0% of the federal poverty level (FPL) for postpartum Medicaid coverage.
- Requires the Iowa Department of Health and Human Services (HHS) to submit a Medicaid State plan amendment to the Centers for Medicare and Medicaid Services (CMS) to provide continuous Medicaid eligibility to pregnant women until 12 months after a pregnancy ends, beginning January 1, 2025.
- Requires the HHS to submit a Children’s Health Insurance Program (CHIP) State plan amendment to the CMS to update infant eligibility consistent with provisions of the Bill, beginning January 1, 2025.

The section of the Bill directing the HHS to submit a Medicaid State plan amendment to the CMS takes effect upon enactment. The eligibility measures in the Bill for infants and pregnant women take effect January 1, 2025.

Background

Iowa Code section [249A.3\(1\)\(h\)](#) provides Medicaid coverage to women who meet eligibility requirements, except for income, for 60 days after a pregnancy ends. Currently in Iowa, children under one year of age and pregnant women are eligible for postpartum coverage with income eligibility requirements up to 375.0% of the FPL (\$117,000 for a family of four in calendar year 2024). The [American Rescue Plan Act of 2021](#) allowed states to submit a Medicaid State plan amendment, effective for five years, to provide postpartum Medicaid coverage for 12 months after a pregnancy ends. Subsequently, a provision in the [Consolidated Appropriations Act of 2023](#) removed the five-year limitation period for the State plan amendment. As of March 2024, 46 states (including Washington, D.C.) have [extended postpartum coverage](#) to 12 months, with Nevada, Idaho, and Wisconsin having submitted State plan amendments to the CMS to implement a 12-month extension. Iowa and Arkansas have not formally submitted amendments to the CMS to increase postpartum coverage to 12 months.

Income eligibility for Medicaid for pregnant women and infants under one year of age is specified in [441 IAC 75.1\(28\)](#) at a maximum of 375.0% of the FPL. The Healthy and Well Kids in Iowa (Hawki) program has an income eligibility limit of 302.0% of the FPL. Currently, pregnant women who lose Medicaid coverage after 60 days may be eligible to enroll in the Iowa Health and Wellness Program (IHAWP), which has an income limit of up to 133.0% of the FPL. [42 C.F.R. §435.116](#) details minimum and maximum federal income eligibility requirements for pregnant women who are eligible to receive Medicaid benefits.

Assumptions

- It is assumed that the State plan amendment will be approved by the CMS to begin on January 1, 2025.
- Pregnant women and infant members currently receiving postpartum coverage with an income level of 215.0% of the FPL or higher will remain continuously eligible for Medicaid after January 1, 2025. The earliest date a pregnant woman will be disenrolled is December 2025, while the latest date will be September 2026. Infant disenrollment will begin in January 2025 for infants that enrolled in Medicaid or saw renewed eligibility in January 2024, while disenrollment will not occur until December 2025 for infants that enrolled in Medicaid or saw renewed eligibility in December 2024.
- Postpartum coverage will remain without interruption for Medicaid members with an income level of 215.0% of the FPL or lower.
- According to the HHS, one-time information technology (IT) costs totaling \$1.2 million are necessary due to enrollment changes in Medicaid and the IHAWP and will be expended in FY 2025. The State will pay for approximately 25.0% of these costs, or \$297,000, out of the Family Investment Program General Fund appropriation.
 - IT costs include hiring contractors for a total cost of \$107,000 for 438 total hours at \$125 per hour to update the data warehouse, 29 total hours at \$125 per hour for project management, 97 total hours at \$125 per hour for a business analyst, and 288 total hours at \$125 per hour for enterprise architecture.
 - IT costs also include \$1.1 million to update the HHS's Eligibility Integrated Application Solution (ELIAS) system to determine Medicaid eligibility for pregnant women.
- An actuarial services contract may be necessary to determine the impact of enrollment changes on managed care organization (MCO) capitation rates and maternal and infant health care payments to the MCOs. The costs of this contract are anticipated to be absorbed within the existing Health Program Operations General Fund appropriation.
- There are currently 10,800 Medicaid members with postpartum coverage. The HHS reports that approximately 15.8%, or 1,700 members per month on average, will be ineligible for Medicaid coverage in future years under the provisions of the Bill, including approximately 1,300 women with income between 215.0% and 375.0% of the FPL and 400 infants in families with income between 302.0% and 375.0% of the FPL.
- A monthly average of approximately 1,100 infants in families with income between 215.0% and 302.0% of the FPL may have coverage shifted from Medicaid to Hawki if they are not covered by other insurance.
- A monthly average of approximately 2,300 pregnant women are anticipated to maintain Medicaid coverage beyond the current two months postpartum instead of transferring to the IHAWP, which has income eligibility up to 133.0% of the FPL. Beginning in FY 2025, the State is estimated to pay for 36.75% of expenses under Medicaid for pregnant women and 11.61% of expenses for the IHAWP, creating increased net State costs of \$86 per month for these members.
- An estimated 2,700 women with an income level of 215.0% of the FPL or lower who otherwise would have lost Medicaid coverage after 60 days may be eligible for Medicaid coverage.
- Combined with program savings due to an estimated monthly average of 1,300 pregnant women who in future years will not be eligible for Medicaid coverage, the estimated fiscal impact related to pregnant women under Medicaid is an increase in total costs of \$1.8 million in FY 2025 (\$1.2 million increase in State costs), an increase in total costs of \$7.1 million in FY 2026 (\$5.4 million increase in State costs), and a decrease in total costs of \$685,000 in FY 2027 (\$2.7 million increase in State costs). Costs are anticipated to be funded from the Medical Assistance (Medicaid) General Fund appropriation.
- An additional monthly cost of \$3.89 per infant and \$6.60 per adult was added to account for dental costs paid outside of MCO capitation rates.

- A monthly average of approximately 400 infants in future years will no longer be eligible to receive Medicaid coverage due to the Bill, causing a decrease in total infant costs under Medicaid of \$1.5 million in FY 2025 (\$540,000 decrease in State costs), \$9.0 million in FY 2026 (\$3.3 million decrease in State costs), and \$10.1 million in FY 2027 (\$3.7 million decrease in State costs). State savings equal 36.75% of total savings beginning in FY 2025, and any savings are anticipated to be applied to the Medicaid General Fund appropriation.
- The coverage for approximately 1,100 infants may shift from Medicaid to Hawki due to the Bill, causing an increase in total costs of \$801,000 in FY 2025 (\$206,000 increase in State costs), \$4.9 million in FY 2026 (\$1.3 million increase in State costs), and \$5.5 million in FY 2027 (\$1.4 million increase in State costs). Costs are anticipated to be funded from the CHIP General Fund appropriation.
- According to the HHS, one-time MCO recovery moneys will be available for expenses outlined in the Bill.

Fiscal Impact

Senate File 2251 is estimated to increase State costs by approximately \$1.1 million in FY 2025, \$3.3 million in FY 2026, and \$388,000 in FY 2027.

Figure 1 — Medicaid Postpartum Coverage Fiscal Impact

Expense Category	FY 2025		FY 2026		FY 2027	
	Total	State	Total	State	Total	State
Information Technology	\$ 1,187,000	\$ 297,000	\$ 0	\$ 0	\$ 0	\$ 0
Medicaid — Pregnant Women	1,821,000	1,182,000	7,051,000	5,375,000	-685,000	2,679,000
Medicaid — Infants	-1,470,000	-540,000	-9,032,000	-3,319,000	-10,083,000	-3,705,000
Hawki — Infants	801,000	206,000	4,923,000	1,266,000	5,496,000	1,414,000
Total Fiscal Impact	\$ 2,339,000	\$ 1,145,000	\$ 2,942,000	\$ 3,322,000	\$ -5,272,000	\$ 388,000

Beginning in FY 2028, annual State costs are expected to increase by \$286,000.

Sources

Iowa Department of Health and Human Services
Centers for Medicare and Medicaid Services
Legislative Services Agency analysis

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.