Budget Unit Brief
FY 2017

LSA LEGISLATIVE SERVICES AGENCY

Medicaid

Medicaid (Medical Assistance) is a joint federal/state-funded entitlement program that provides medical assistance to certain low-income individuals that are aged, blind, disabled, or pregnant, and to children or members of families with dependent children.

Created in 1965 by Title XIX of the Social Security Act, each state was given the freedom to design their own program by establishing eligibility standards; determining the type, scope, amount, and duration of services; setting service rates; and administering their own program. Because of this autonomy, programs tend to vary widely by state. In Iowa, Medicaid is managed by the Iowa Medicaid Enterprise, part of the Department of Human Services.

Funding for Medicaid is based on the Federal Matching Assistance Percentage (FMAP). Iowa's Medicaid program is funded 56.28% by the federal government and 43.72% by the state in FY 2017.

Eligibility

Medicaid eligibility is determined not only by income level, but also by other criteria, such as citizenship, age, or condition, including pregnancy, disability, or blindness. For states to be eligible to receive federal matching funds, they are required to provide mandatory eligibility to certain groups. These include but are not limited to:

- Most families with children that receive federally assisted income maintenance payments.
- Recipients of Supplemental Security Income.
- Infants born to Medicaid-eligible pregnant women.
- Children under the age of six and pregnant women with family income at or below 133.0% of the federal poverty level.
- Recipients of adoption assistance and foster care under Title IV-E of the Social Security Act.

States have also been given the latitude to expand Medicaid programs beyond the mandatory groups with federal approval and still receive federal matching funds. Iowa has chosen to expand coverage to children under the age of 21 and adults over the age of 65, individuals on a Home and Community-Based Waiver that would be eligible if in an institution, individuals needing breast or cervical cancer treatment, Medicaid for Employed People with Disabilities, and the Medically Needy Program.

One of the components of determining eligibility is citizenship and identity verification. To verify these, applicants are required to provide either a passport or a birth certificate, along with a government-issued identification document. Proof of citizenship is not required if applicants are already receiving Supplemental Security Income (SSI), Medicare, or Social Security Disability benefits. It is also not required for children in foster care and some subsidized adoption recipients. States are required to provide services that are adequate in duration, amount, and scope. Services must be offered throughout the state, and the amount cannot vary based on diagnosis or condition.

Services

States that participate in the Medicaid program are also required to provide a minimum set of benefits (mandatory services) in order to receive federal matching funds. These services include:

- Inpatient and outpatient hospital services
- Physician services
- Medical and surgical dental services
- Nursing home care
- Home health care
- Family planning services and supplies
- Laboratory and x-ray services
- Early periodic screening, diagnosis, and treatment
- Other services

More Information

Iowa Health Link: http://dhs.iowa.gov/iahealthlink

Iowa General Assembly: http://www.legis.iowa.gov

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

States have also been given the flexibility to provide additional services (optional services) to members. Iowa has chosen to provide prescription drugs; preventive dental services; chiropractic and podiatric services; durable medical equipment, such as wheelchairs, dentures, eyeglasses, and prosthetics; physical, occupational, and speech therapy; hospice care; home and community-based waiver services; and a few other services.

Managed Care

Effective April 1, 2016, Medicaid transitioned coverage for the majority of their physical health, behavioral health, and long-term services and supports to the management of three managed care organizations (MCOs). Managed Care is a health care delivery system organized to manage cost, utilization, and quality. In return, MCOs receive a set per-member, per-month (capitation) payment for these services.

Iowa Health and Wellness Program

Funding for the Iowa Health and Wellness Program is also included under the Medicaid appropriation. The Iowa Health and Wellness Program covers ages 19-64 with income under 133.0% of the Federal Poverty Level (FPL). The Iowa Wellness Plan, administered by the new MCOs, provides comprehensive health services and coverage that is equal to the benefits provided to state employees through Wellmark's Alliance Select Plan. As of August 31, 2016, there were 149,143 individuals enrolled in the Program. Financing for the Program is shared between the state and federal government, with the federal government funding 100.0% of the Program for calendar years 2014-2016 and phasing down to a low of 90.0% in 2020. The match rate is 97.5% for FY 2017 and 94.5% for FY 2018.

Enrollment and Expenditures

As of August 30, 2016, there were 422,183 enrolled in Medicaid, including 242,689 children, 67,578 adults, 31,282 aged, and 80,634 disabled. Total state expenditures for Medicaid, including the Iowa Health and Wellness Program, are estimated to be $1.64 billion in FY 2017. The Legislative Services Agency publishes a Medicaid forecast detailing the estimated funding need/surplus for the current and next fiscal years. The most recent estimate can be found here: https://www.legis.iowa.gov/publications/fiscal/medicaid.

Related Statutes and Administrative Rules

Iowa Code chapter 249A
441 Iowa Administrative Code chapters 75 through 92

Revised September 16, 2016