



Improve Iowans' Health Status

Medical Assistance

Medical Contracts

Children's Health Insurance Program

Iowa Health and Wellness Plan

State Supplementary Assistance

Medical Assistance

Medicaid - Title XIX



Purpose

Medical Assistance (Medicaid—Title XIX) provides medically necessary healthcare coverage for financially needy children, parents with children, people with disabilities, elderly people, and pregnant women. The goal is for members to live healthy, stable, and self-sufficient lives.

Who Is Helped

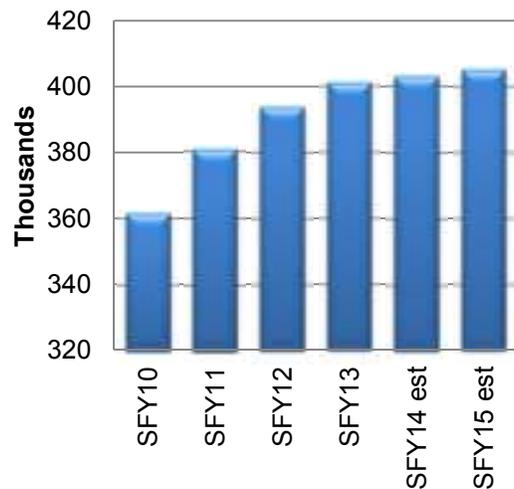
Medicaid is projected to serve nearly 680,000 Iowans (unduplicated) or 22.2 percent of Iowa's population in SFY14 and nearly 800,000 (unduplicated) or 26.0 percent in SFY15.

- Medicaid is Iowa's second largest healthcare payor, processing nearly 39 million claims in SFY13 (18 percent increase over SFY12).

Traditional Medicaid eligibility is based on a combination of income and other criteria that must be met.

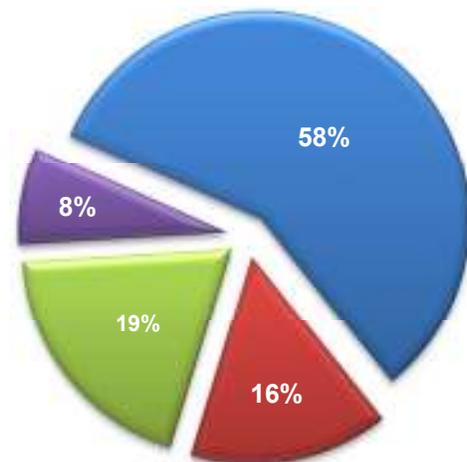
- Members must meet certain income criteria based on multiple eligibility standards and be a U.S. citizen or a legal qualified non-citizen. Citizenship status is verified through the Social Security Administration and legal non-citizens must provide original documentation to verify their status.
- Generally, Medicaid covers low-income members who are aged (over age 65), blind, disabled, pregnant women, children (under 21 years of age), or members of a family with children.
- Medicaid is not available to individuals considered to be inmates of public, non-medical institutions except for inpatient hospital care provided off the grounds of the jail/prison under certain circumstances. Persons who are on probation or are paroled are not considered inmates. Persons who are on work release are considered to be inmates.
- The most common Medicaid member is, on average, a 9-year old child who is very healthy and uses very few health care services apart from well-child care, immunizations, and treatment for common childhood illnesses, such as ear infections. Medicaid covers thousands of such children for very minimal cost.

Average Regular Medicaid Enrollment



Average Regular Medicaid Enrollment SFY13: 401,129

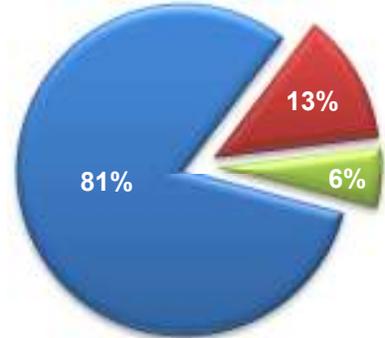
- Child (58%)
- Adult (16%)
- Disabled (19%)
- Elderly (8%)



- Additional populations served include:
 - Individuals with income over 133 percent of the Federal Poverty Level (FPL) through the Family Planning Waiver. This program provides very limited covered services.
 - Medicare populations, where Medicaid covers the cost of Medicare premiums, deductibles, and co-payments (Qualified Medicare Beneficiaries).
- **Enrollment growth is slowing.** There were 402,077 members enrolled in regular Medicaid at the end of SFY13, a growth of 1.90 percent from SFY12. Growth has decreased from 3.39 percent in SFY12 and 5.36 percent in SFY11. Excluding the Iowa Health and Wellness Plan enrollment increases, enrollment growth is projected to continue to decrease to 0.48 percent in SFY14 and 0.51 percent in SFY15.
- Of those newly enrolled, the largest growth in recent years has been with children, but this growth has steadily declined. In SFY10 growth was 12.80 percent, in SFY11 growth fell to 6.47 percent, in SFY12 growth was 3.72 percent, and in SFY13 growth was 2.43 percent. Growth for SFY14 – SFY15 is projected to be 0.45 percent in SFY14, and 0.16 percent in SFY15.
- Medicaid plays a key role in the state's child welfare system by funding healthcare for children in state care. Medicaid provides coverage to children in subsidized adoptive homes, thereby making permanent placement more accessible for children who cannot return to their birth families.

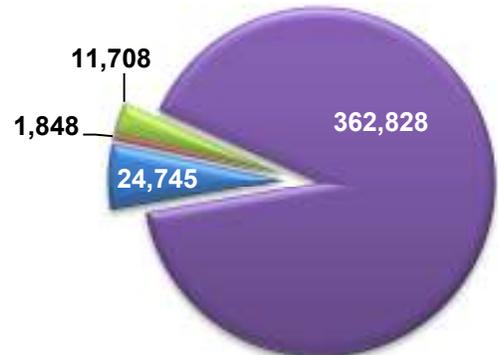
Medicaid Enrollment SFY13

- Regular Medicaid (81%)
- IowaCare (13%)
- Family Planning Waiver (6%)

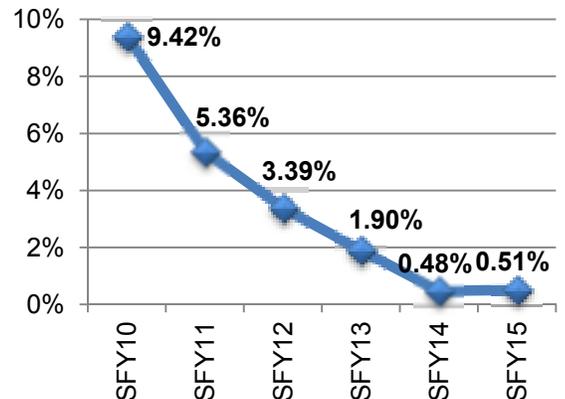


Recipients by Setting SFY13

- HCBS Waivers (24,745)
- ICF/ID (1,848)
- NF (11,708)
- Home (362,828)



Medicaid Enrollment Change



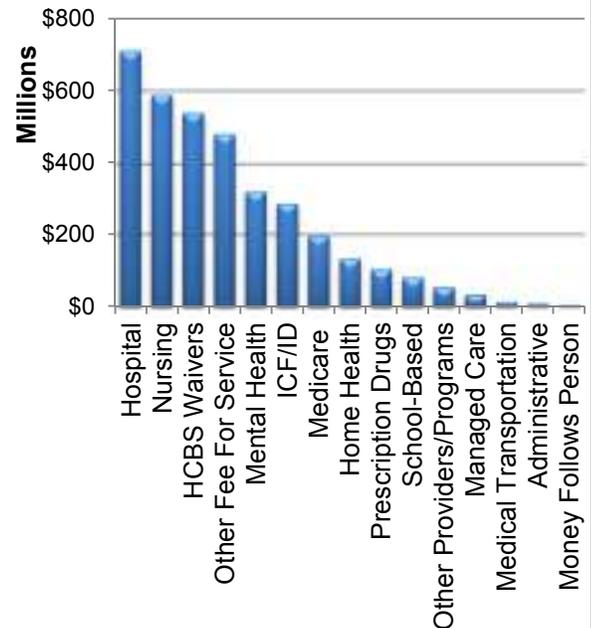
- ✓ Since SFY10, children have accounted for 67 percent of Medicaid growth.
- ✓ Medicaid serves adults with serious and persistent mental illness (such as schizophrenia or bipolar disorder) and children with Serious Emotional Disturbance. Studies show that adults with serious mental illness live 25 years less than adults without this condition.
- ✓ Medicaid serves elderly persons who are low-income and very frail. The typical long term care member for older lowans (65 and older) is a 72 year-old female who needs assistance with at least one activity of daily living, such as personal care.
- ✓ Medicaid serves individuals with both physical and/or intellectual disabilities. The typical member with a disability accessing long term care services is a 28 year-old male with an intellectual disability and needs supports with life skills.

Services

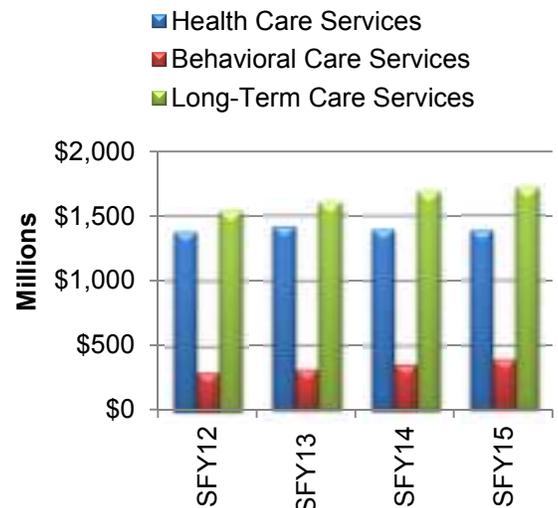
Medicaid covers a comprehensive range of healthcare services for lowans who meet the program's eligibility criteria.

- **Healthcare Services** include physician care, hospital services, labs, prescription drugs, home health care, rural health care services, Federally Qualified Health Centers (FQHCs) services, chiropractic care, physical therapy, and dental care.
- **Behavioral Care Services** include community mental health services, hospital services, physician care, psychiatric medical institution care, outpatient treatment and therapy, rehabilitative mental health services (known as Behavioral Health Intervention Services), as well as non-traditional services such as peer support and Assertive Community Treatment, and substance abuse treatment. The majority of Medicaid behavioral care services are delivered through the **Iowa Plan**, which is a federally approved waiver that allows services to be delivered through a managed care organization, currently awarded to Magellan.
- **Long-Term Care Services** include nursing home care, Intermediate Care Facilities for the Mentally Retarded (ICF/MR), and home and community based support that allows individuals to remain in their homes.
- **Home and Community Based Supports (HCBS)** allow members to remain in their homes at a lower cost than being served in a facility. Long-term care services provided at home include services such as home health, assistance with personal care, homemaking, and respite care that allows individuals to avoid or delay institutional care.

SFY13 Medicaid Expenditures by Provider Type \$3.6 Billion



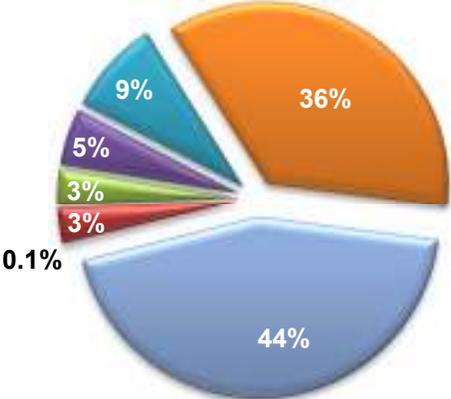
Medicaid Spending by Category



- **HCBS Services** are delivered through seven 1915(c) waivers that are targeted to specific populations including persons who:
 - Are Elderly
 - Have Intellectual Disabilities
 - Have a Disability (two waivers)
 - Physical
 - Other Disabilities
 - Are Children with Serious Emotional Disturbance
 - Are Living with HIV/AIDS
 - Have a Brain Injury

HCBS Waivers SFY13

- Persons with HIV/AIDS (0.1%)
- Physical Disabilities (3%)
- Children with SED (3%)
- Brain Injury (5%)
- Health & Disability (9%)
- Elderly (36%)
- Intellectual Disabilities (44%)



- ✓ *The average cost of a member in a nursing facility is \$47,034 per year, versus \$10,389 for a person served through an HCBS waiver.*
- ✓ *The average cost of a member in an Intermediate Care Facility for the Intellectually Disabled is \$150,444, versus an average cost of \$36,181 for a person served through the ID HCBS waiver.*
- ✓ *Medicaid generates 10-20 percent of most hospitals' revenues, but is on average, about 50 percent of nursing facilities' revenue. In the area of services for people with disabilities, Medicaid is often the primary or only revenue source.*

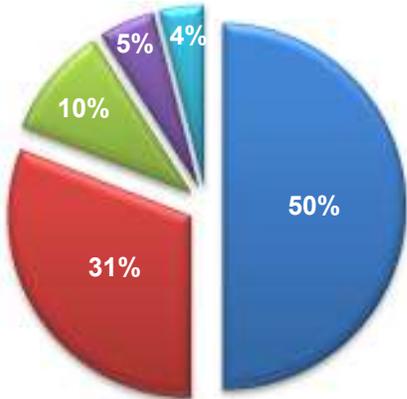
Goals & Strategies

Iowa seeks to not simply be a payor of healthcare services, but to manage high quality and cost effective healthcare. IME continually produces a high return on investment saving millions of dollars through program integrity initiatives while maintaining a four percent administrative cost ratio.

- Improve Iowans' health status
 - Provide access to healthcare services
 - Promote patient centered care via Health Homes
- Promote behavioral health status
 - Provide access to mental health services
 - Develop an array of critical mental health services
- Promote choice for seniors and persons with disabilities
 - Promote access to home and community based options for seniors and persons with disabilities

2012 Member Survey "Ease to See Provider"

- Strongly Agree (50%)
- Somewhat Agree (31%)
- Neither (10%)
- Somewhat Disagree (5%)
- Strongly Disagree (4%)



- Effectively manage Medicaid
 - Implement cost containment strategies
 - Expand program integrity
 - Medicaid has achieved savings through the Health Insurance Premium Payment Program (HIPP) where Medicaid pays premiums for private insurance if determined cost effective.

- Iowa was one of the first states to implement a Health Home program, which will provide payments to providers to coordinate health care for members with chronic disease.
- Health Home savings are projected to be between \$7 million and \$15 million in state dollars over the three-year period from 2013-2015.
- The HIPP program produced a net savings to the Medical program of \$8.4 million (state and federal) in SFY13.
- The projected Preferred Drug List (PDL) savings for the state in SFY13 are \$69 million.

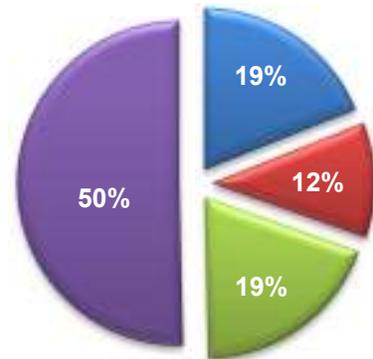
- ✓ *The Iowa Plan provided over 1,400 joint individual conferences in SFY13 where parents and the member were involved in determining the treatment plan as a part of the Intensive Care Management program in order to reduce inpatient hospitalizations.*
- ✓ *Medicaid collected over \$249 million in revenue through cost avoidance and recovery when other insurance is present in SFY13. IME projects \$275 million to be collected in SFY15.*
- ✓ *Medicaid achieved savings and cost avoidance of \$40.9 million (state and federal) through the identification of overpayments, coding errors, and fraud and abuse in SFY13.*

Cost of Services

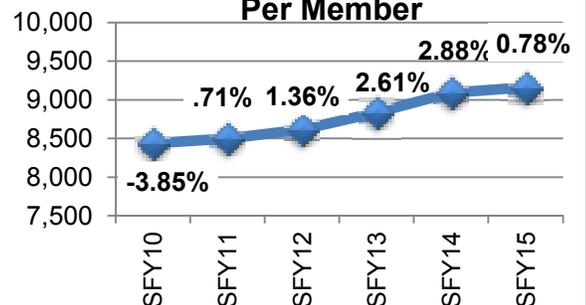
- **Costs remain low.** The trend in the growth of the cost per member has been very low. Projected per member costs are projected to increase by 2.88 percent in SFY14 and increase by 0.78 percent in SFY15.
- **Costs vary widely.** 58 percent of Medicaid members are children, but they account for only 19 percent of costs. Conversely, 19 percent of members are people with disabilities, but they account for half of Medicaid expenses.
- The average annual cost for Medicaid services provided to a member is \$8,838 in SFY13 (all funds). Medicaid has a large number of healthy children with a low cost of \$2,755, and a small number of very costly elderly and disabled persons with an average cost of \$21,685.
- Members with chronic disease drive a significant share of Medicaid costs. Five percent of members account for 48 percent of acute care costs.

SFY13 Iowa Medicaid Expenditures

- Child (19%)
- Elderly (19%)
- Adult (12%)
- Disabled (50%)

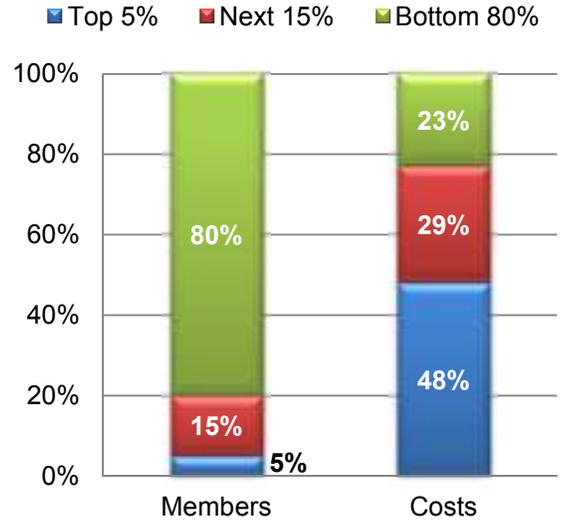


Change in Medicaid Cost Per Member

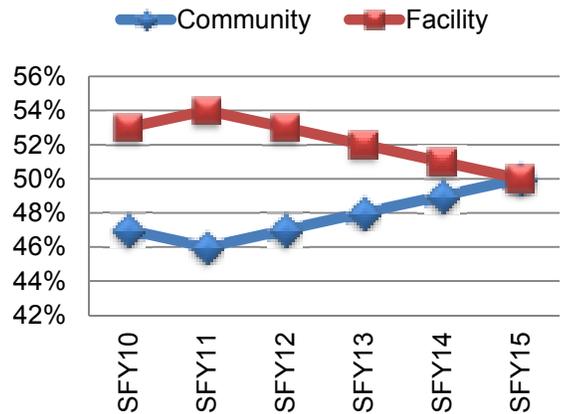


- As a result, a key initiative for Medicaid to reduce health care costs is implementation of health homes for members with chronic disease.
- Many of these high cost members are also 'dual eligibles' (members who are eligible for both Medicare and Medicaid). More than half of dual eligibles are adults with a Serious Mental Illness. 70,000 dual eligibles cost more than \$1 billion. Iowa has submitted a proposal to CMS to receive a share of Medicare savings if Iowa engages duals in the health home and other health management programs that result in savings.
- Long term care costs account for more than half of Medicaid spending. Many individuals could be served in less expensive home and community based settings. Iowa has an approved Balancing Incentive Program plan that will provide \$17.6 million in federal savings in SFY13 that will be used toward equalizing expenditures between facility-based and home and community based care.
- Approximately half of Medicaid expenditures are for long term care costs, such as nursing facilities, home and community based supports, and services for persons with disabilities.

Chronic Care Within Medicaid



LTC Percentage of Expenditures by Setting



- ✓ *The top five percent high cost/high risk Medicaid members have an average of 4.2 chronic conditions, receive care from five different physicians, and receive prescriptions from 5.6 prescribers. They account for 90 percent of all hospital readmissions within 30 days, 75 percent of total inpatient hospital costs, and 50 percent of prescription drug costs.*
- ✓ *Medicaid payments to hospitals total over \$700 million per year.*

Funding Sources

Medicaid is funded by state general funds, other state funds, and federal matching funds through the Federal Medical Assistance Percentage (FMAP).

The total budget for SFY15 is \$3.95 billion:

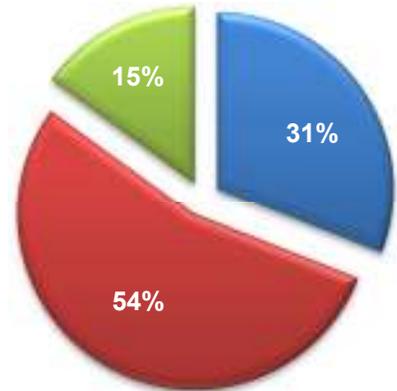
- \$1.23 billion (31.2 percent) is state general fund.
- \$2.11 billion (53.5 percent) is federal funding.
- \$605.9 million (15.3 percent) is other state funding including drug rebates and other recoveries, Health Care Trust Fund (tobacco tax), and nursing facility and hospital assessment fee revenue.

The FMAP rate (federal share) has decreased with the expiration of ARRA. Iowa's FMAP rate has also declined as Iowa's economy improves relative to other states.

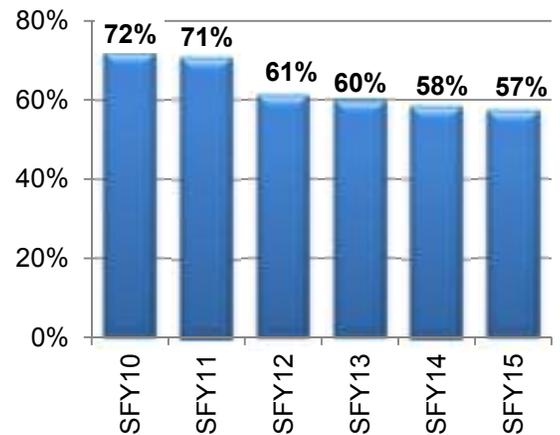
- SFY10: 72.09 percent
- SFY11: 70.64 percent
- SFY12: 61.19 percent
- SFY13: 59.87 percent
- SFY14: 58.35 percent
- SFY15: 57.29 percent

SFY15 Funding

- State General Fund (31%)
- Federal (54%)
- Other Funding (15%)



Iowa FMAP Rate



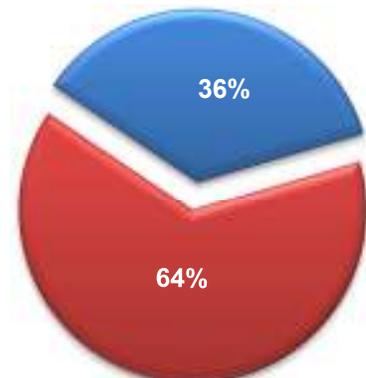
SFY15 Budget Drivers

The total SFY15 Medical Assistance budget request reflects a \$94,026,093 (7.1 percent) general fund reduction from the SFY15 Governor's Recommendation.

The primary reason for the decrease is that the Governor's SFY15 general fund recommendation is \$190.4 million higher than the enacted SFY14 general fund appropriation, and this level of increase exceeds the amount of growth anticipated in SFY15.

Medicaid Increase by Budget Driver (Compared to the SFY14 Enacted Budget)

- Federal Match (36%)
- Prior Year (64%)
- Other (0%)



	<p>Key reasons for the \$190.4 million variance include:</p> <ul style="list-style-type: none"> • \$139.3 million due to other funds: The Governor’s recommendation is higher than the SFY14 enacted appropriation because the SFY14 enacted appropriation relies on \$139.3 million in other fund sources that were not included in the Governor’s recommendation. • \$50.1 million due to growth: The Governor’s recommendation is higher than the SFY14 enacted appropriation because it includes \$50.1 million in anticipated growth that was not included in the SFY14 enacted budget. • \$1.0 million due to legislative action: The Governor’s recommendation is higher than the SFY14 enacted appropriation because the SFY14 enacted appropriation accounts for legislative action that, in the aggregate, is expected to reduce Medicaid spending by \$1.0 million. <p>After accounting for these adjustment, the SFY15 budget request reflects a \$96.3 million increase over the SFY14 enacted budget. The key drivers of this increase are:</p> <ul style="list-style-type: none"> • Declining FMAP rate (\$35.1 million in SFY15). • SFY14 funding shortfall (\$38.2 million). • Replacement of funds appropriated in SFY14 that will not be available in SFY15. This includes a general fund carry-forward, CHIPRA performance bonus payment, Mental Health Risk Pool transfer, and Medicaid Fraud funds (\$23.6 million). • Assumed continuation of the Affordable Care Act primary care physician increase after expiration of the 100% FMAP, which is scheduled to end 12/31/2014 (\$4.3 million). • Routine growth in enrollment and costs (\$16.2 million). <p>These increases are being partially offset by the discontinuation of an IowaCare transfer (\$11.9 million) and savings associated with health home implementation (\$9.1 million).</p> <ul style="list-style-type: none"> ✓ <i>Medicaid growth due to enrollment and cost increases is near zero in SFY15. More than \$61 million of projected expenditure increases are due to anticipated under-funding in SFY14 and state revenue losses.</i> ✓ <i>FMAP decreases result in a revenue decrease of \$35.1 million in SFY15.</i>
<p>Legal Basis</p>	<p>Federal: Title XIX of the Social Security Act 42 CFR 440. 42 CFR 440.210 and 42 CFR 440.220</p> <p>State: The Iowa Code Chapter 249A further defines the services and eligibility categories the Iowa Medicaid Program is required to cover. This offer maintains statutorily required services and populations.</p>

**Request - Medical Assistance
State Fiscal Year 2015**

Request Total: \$3,947,820,950

General Fund Need: \$1,231,636,666

Request Description:

This request maintains current Iowa Medicaid eligibility standards, and provides those services mandated by Title XIX for all eligible individuals. This request also provides all State Plan services which are not "mandatory" under Title XIX but which are medically necessary and currently covered by Iowa Medicaid.

Funding for the Health Insurance Premium Payment (HIPP) program is also included. The purpose of the HIPP program is to reduce Medicaid costs by obtaining health insurance for Medicaid-eligible people. Section 4402 of the Omnibus Budget Reconciliation Act (OBRA) permits states to pay the cost of enrolling an eligible Medicaid recipient in an employer group health insurance plan when it is determined cost-effective to do so. Medicaid program costs are reduced by establishing or maintaining a third-party resource as the primary payer of the recipient's medical expenses. This is particularly true for persons who may not otherwise enroll in an available health insurance plan or who may drop health insurance once Medicaid eligibility is attained.

SFY15 Governor's Recommendation - 2013 Session

SFY15 Enacted Appropriation: Medical Assistance	\$1,143,810,311
SFY15 Enacted Appropriation: MH Redesign	\$0
Restore Enacted Approp to SFY15 Gov. Rec.: Medical Assistance	(\$85,005,859)
Restore Enacted Approp to SFY15 Gov. Rec.: MH Redesign	\$266,459,813
I3 Distribution	\$398,494

Total State \$ Appropriated: \$1,325,662,759

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	This decision package adjusts status quo SFY15 to SF 446 for SFY14 as enacted during the 2013 Legislative session. This includes adjustments to the SFY14 enacted nursing facility rebasing, other rate changes, cost containment, IowaCare funding, revenue changes, and Affordable Care Act eligibility changes. This also includes a negative adjustment to account for the fact that the Governor's SFY15 budget recommendation included program growth from SFY14 to SFY15 and a negative adjustment to account for other funding sources used by the enacted appropriation.	(\$190,369,427)
2	Carry-Forward Replacement -- Replacement of General Fund carry-forward dollars that were available in SFY14, but will not be available in SFY15.	\$7,385,771
3	Prior Year Shortfall -- There is an estimated Medical Assistance shortfall of \$38.2 million in SFY14. Funding to cover this shortfall will be needed in addition to funding for growth in SFY15.	\$38,192,881
4	Other Revenue Changes -- A reduction in other revenue sources will need to be replaced with General Funds. This includes the CHIPRA Performance Bonus Payment (\$9.5M), Mental Health Risk Pool transfer (\$2.7M), and Medicaid Fraud Funds (\$4.8M). These reductions are partially offset by increased Quality Assurance and Hospital Health Care Access Trust Funds (\$0.8M).	\$16,191,074
5	Fee-for-Service (Hospitals, Physicians, Clinics, Dental, Prescription Drugs, etc.) -- The increase is primarily due to enrollment growth and the continuation of the Affordable Care Act primary care physician increase after expiration of the 100% federal match rate. Very little inflationary growth is assumed. Expenditure increases are being partially offset by an assumed transition to managed care, which will lower fee-for-service payments.	\$2,696,082

**Request - Medical Assistance
State Fiscal Year 2015**

6	Health Homes -- Program growth due to the implementation of IHH phases 2 and 3 on 7/1/14 and the expiration of the 2-year 90% FMAP for the chronic care health home. This is being offset by assumed reductions in hospital and targeted case management spending.	(\$9,135,935)
7	Behavioral Health Services -- Increases in Iowa Plan payments (Regular, BHIS, PMIC, Habilitation and TCM administration) based on enrollment growth and actuarially mandated rate increases.	\$3,831,362
8	Nursing Facilities -- 0.8% increase due to bed day increases and inflation for 100% cost-based providers (special population facilities and the Iowa Veterans Home). SFY15 is a non-rebasing year.	\$2,114,318
9	ICF/ID -- The increase is primarily due to inflation of community-based ICF/ID rates, but is being partially offset by lower state resource center costs.	\$34,457
10	HCBS Waivers and Home Health --3% increase primarily due to inflationary growth for cost-based providers and continued growth in ID and Elderly waiver recipients.	\$8,076,590
11	Managed Care -- Sizeable growth (approximately 20%) due to increased coverage by the Meridian HMO. This growth is assumed to be cost neutral as it is being offset by reductions in fee-for-service spending.	\$5,369,431
12	Medicare-Related Payments -- 0.2% increase due to recipient growth and an assumed 2% increase in Part A and Part B premiums. This growth is being partially offset by a 3% reduction in Medicare Part D Clawback per diems.	\$207,613
13	Targeted Case Management -- 10.6% increase based on historical growth in recipients and costs. Growth in SFY15 is expected to be similar to historical activity, although growth in SFY14 is expected to be much lower due to cost containment and the transition of CMH waiver case management to Magellan.	\$1,872,169
14	Other Program Areas -- Includes growth in other program areas including medical transportation, HIPP program costs, Money Follows the Person, and the supplemental personal needs allowance.	\$1,241,556
15	Administrative Costs -- This includes adjustments to administrative activities funded through the Medical Assistance appropriation including medical contracts, HIPP administration, standardized assessments, Balancing Incentive Program implementation activities, and Mental Health Redesign administrative activities.	(\$132,566)
16	IowaCare Transfer -- In SFY14, the IowaCare program will be partially funded by a transfer from the Medical Assistance appropriation. IowaCare ends 12/31/2013 so this transfer will not be needed in SFY15.	(\$11,921,225)
17	Recoveries/State Offsets -- This includes increased revenue due to program recoveries (third party liability, program integrity, etc...) and other offsets resulting from enhanced federal match rates (family planning services, breast and cervical cancer treatment, etc...). Medicaid recoveries will be approximately \$70 million in SFY15. The \$4.8 million amount represents the incremental change from SFY14 to SFY15.	(\$4,819,338)
18	FMAP Change -- This reflects the increased demand on state dollars due to a reduced FMAP. The FMAP is expected to drop from 58.35% in SFY14 to 57.29% in SFY15.	\$35,139,094

Total Requested for Current Service Level Funding: (\$94,026,093)

**Request - Medical Assistance
State Fiscal Year 2015**

Funding for Improved Results

Decision Package	Decision Package Description	Amount
		\$0
Total Requested for Improved Results Funding:		\$0

General Fund Total	\$1,231,636,666
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General Fund Change From Prior Year	(\$94,026,093)
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Total Funding Summary:

State Funding Total	\$1,517,168,878
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	Program
General Fund	\$1,231,636,666
SLTF	\$0
Tobacco	\$218,046,400
Iowa Care	\$0
HCTA	\$0
Other*	\$67,485,812
Total	\$1,517,168,878

*Includes nursing facility and hospital assessment fee revenue, Medicaid Fraud Fund revenue, and Palo tax revenue.

Federal Funding Total	\$2,110,280,468
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	Program
TANF	\$0
SSBG	\$0
ARRA	\$0
IowaCare	\$0
HCTA	\$0
Other**	\$2,110,280,468
Total	\$2,110,280,468

**Includes Federal Medicaid Match.

Other Funding Total	\$320,371,604
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	Program
Other***	\$320,371,604

***Includes intra-state transfers, rebates and recoveries, Glenwood and Woodward ICF/ID, and school-based services.

Totals	Program	Request Total
	\$3,947,820,950	\$3,947,820,950

FTEs included in request:

FTEs	15.0
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It is estimated (by Milliman - low estimate), that the woodwork/welcome mat effect of the ACA could increase Medicaid enrollment by 28,800 by the end of SFY15. The projected cost of this increased enrollment is an additional \$29.6 million in SFY15. *This potential cost is not reflected in the figures above.*

Medical Contracts

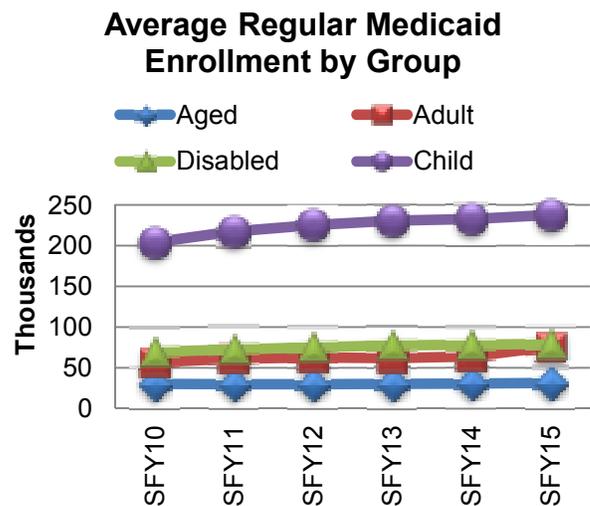
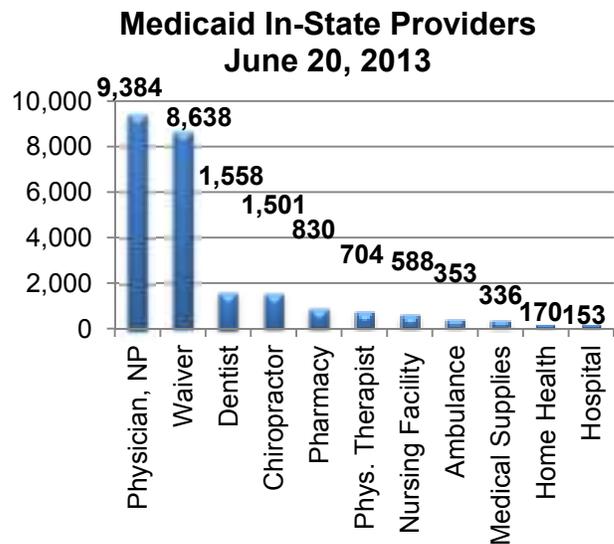


Purpose

The Medicaid program is administered by the Iowa Medicaid Enterprise (IME). The IME is comprised of 43 full-time state employees (including 12 HIPP staff) and nine performance-based contracts with private vendors. State staff performs policy functions and manage the vendors to assure access, cost effectiveness, and value. Vendors carry out the majority of the business functions of operating the program including efficiently processing medical claims, working with providers and members, and pursuing cost recovery.

Who Is Helped

- IME contracts with vendors to administer the Medicaid program. These administrative costs are funded through the Medical Contracts appropriation.
- IME continually produces a high return on investment, saving millions of dollars through program management initiatives, while maintaining a four percent administrative cost ratio.
- The IME served 640,417 Medicaid members (unduplicated) in SFY2013, (21 percent of the state population).
- With new eligibility requirements under the Patient Protection and Affordable Care Act of 2010 (ACA) and the addition of the Iowa Health and Wellness Plan, the IME is projected to serve nearly 800,000 members in SFY15 (25 percent increase).
- The IME supports over 38,000 dedicated public and private health care providers (in-state and out-of-state).
- Medicaid enrolls the same private and public providers as other insurers in Iowa and is the second largest healthcare payor in Iowa.



- ✓ *Provider Services answers over 31,800 calls per month from healthcare providers. Average wait time for providers to talk to a call center representative is 20 seconds.*
- ✓ *Member Services answers over 15,500 calls per month from members. The average time for members to talk to a call center representative is less than 30 seconds. SFY15 phone calls will increase comensurate with enrollment increases due to ACA however the increased call volume is not yet known.*

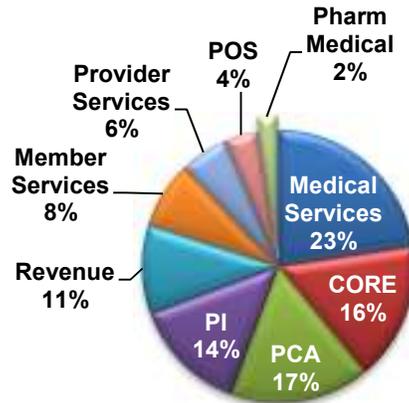
✓ Pharmacy Services processed over 101,000 prior authorizations in SFY13 with an average determination time of 3 hours and 31 minutes.

Services

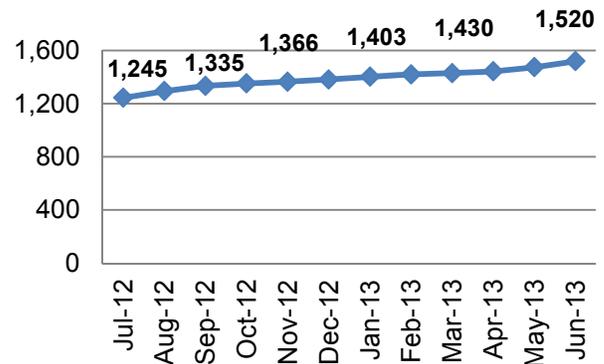
Iowa Medicaid utilizes nine performance-based contracts with vendors who provide key business services. These contracts are integrated under state oversight and management in a single location and comply with over 200 performance measures to achieve maximum value for Iowa taxpayers. The IME vendors carry out the following primary functions:

- **CORE Services** include mailroom operations, claims processing and operation of systems, including the Medicaid Management Information System (MMIS).
- **Medical Services** provides a variety of utilization management and quality management activities to ensure medical necessity requirements are met and provide guidance on covered services, standards of care, and best practices. Additional functions include activities associated with Medicaid Value Management (MVM).
- **Member Services** provides customer service, assists members in choosing a primary care provider, and provides proactive chronic care and maternity management through health coaches and health coordinators. Member Services operates the **Lock-In** program which prevents harmful or wasteful practices such as the misuse or overuse of emergency room services and drug abuse.
- **Pharmacy Medical Services** maintains the Preferred Drug List (PDL), processes prior authorization (PA) requests for preferred drugs, and responds to inquiries to the Pharmacy PA Hotline.
- **Pharmacy Point of Sale (POS)** collects drug rebates from manufacturers, answers questions and resolves claim issues for pharmacies, and provides POS claim function availability 24 hours-7 days per week.

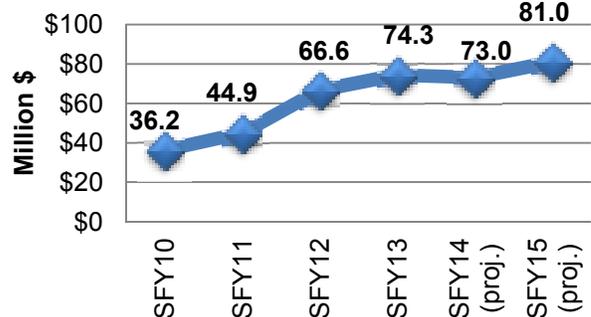
SFY 2015 Projected Share of State Expenditures by IME Units



Lock-in Monthly Enrollment SFY 2013



Preferred Drug List (PDL) Savings



- **Provider Cost Audit (PCA)** provides technical assistance to providers, performs rate setting, cost settlement, cost audit functions and ensures that payments made to Medicaid providers are in accordance with state and federal requirements.
- **Program Integrity (PI)** efforts include identifying potential fraud, waste and abuse through oversight and cost avoidance strategies.
- **Provider Services** is dedicated to supporting providers across the state that provides services to Medicaid members. Functions include operation of a call center, managing the provider network, provider enrollment, program integrity, and education and outreach activities.
- **Revenue Collections** functions include; Third Party Liability (TPL) for cost avoidance to ensure that Iowa Medicaid is the payer of last resort, recovery of funds where Medicaid has paid prior to a responsible third party, and estate recovery to obtain repayment of Medicaid expenditures from estates of members who have received long-term care services.
- These contracts were competitively procured through an integrated Request for Proposals (RFP) process in 2010.
- Medical Contracts includes a number of other contracts with additional vendors and other state agencies, such as the Department of Public Health and the University of Iowa. Those contracts all contribute to the administration of the Medicaid program.
- The IME administers the Electronic Health Record (EHR) Incentive Payment program, which distributes 100 percent federal payments to hospitals, physicians and other eligible Medicaid providers for implementing EHRs and incenting meaningful use of the systems. The IME also provides significant funding for Iowa's Health Information Network (HIN) implementation, which will allow real-time exchange of patient health information allowing for greater coordination of care for patients.

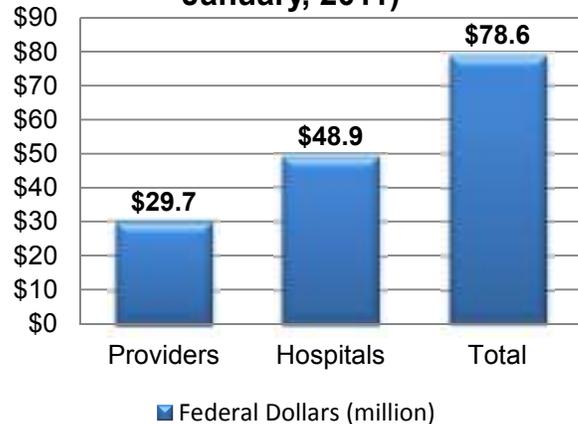
Program Integrity Savings (\$ Million)

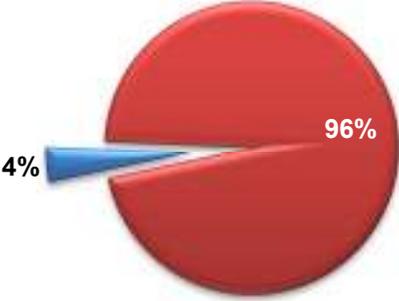


Revenue Collections (\$Million)



Medicaid Electronic Health Record Payments (since January, 2011)

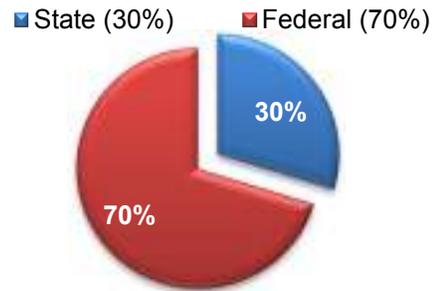


	<ul style="list-style-type: none"> ✓ <i>Medicaid processed nearly 39 million claims in SFY13. The average time from receipt of the claim to payment was 6.3 days in SFY13.</i> ✓ <i>The Medical Services Unit typically reviews up to 1,422 claims per day. IME projects they will process 1,950 claims per day in SFY15.</i> ✓ <i>Program Integrity saved Medicaid \$40.9 million in SFY13 through the identification of overpayments, coding errors, and fraud, waste, and abuse.</i> ✓ <i>Prior authorizations for HCBS saved over six million in SFY13.</i> 													
Goals & Strategies	<ul style="list-style-type: none"> • Effectively Manage Resources <ul style="list-style-type: none"> ○ Implement new Medicaid Management Information Systems (MMIS) ○ Implement new DHS and IME website ○ Increase Medicaid provider performance by sharing quality data ○ Expand Program Integrity efforts in DHS Programs ○ Maximize federal financial participation to the greatest extent possible. 	<p style="text-align: center;">SFY12 Medicaid Member Satisfaction with Call Center</p>  <table border="1"> <caption>SFY12 Medicaid Member Satisfaction with Call Center</caption> <thead> <tr> <th>Satisfaction Level</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Excellent</td> <td>31%</td> </tr> <tr> <td>Very Good</td> <td>25%</td> </tr> <tr> <td>Good</td> <td>27%</td> </tr> <tr> <td>Fair</td> <td>11%</td> </tr> <tr> <td>Poor</td> <td>6%</td> </tr> </tbody> </table>	Satisfaction Level	Percentage	Excellent	31%	Very Good	25%	Good	27%	Fair	11%	Poor	6%
Satisfaction Level	Percentage													
Excellent	31%													
Very Good	25%													
Good	27%													
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Poor	6%													
	<ul style="list-style-type: none"> ✓ <i>Medicaid collected over \$249 million in revenue in SFY13 through cost avoidance and recovery when other insurance is present. Medicaid projects cost avoidance and recovery savings of \$275 million in SFY15.</i> ✓ <i>Implementation of the Preferred Drug List (PDL) dramatically reduced the per user per year prescription drug cost from over \$1,000 in SFY12 to a projected cost of \$380.75 in SFY13. The PDL is projected to save over \$74 million in SFY13.</i> ✓ <i>IME is in the process of replacing its 30 year-old Medicaid Management Information System (MMIS). The new system will provide a modern, flexible IT platform that is less expensive to operate, will provide real-time processing capabilities to support members, and other enhancements that will increase IME performance in supporting both members and providers.</i> 													
Cost of Services	<ul style="list-style-type: none"> • Medicaid has a very low administrative overhead of four percent. Medicaid administrative costs go towards managing the program, processing claims, managing member usage of services, provider and member assistance, rate setting, and recovering funds from other payors or providers. • Total state expenditures for IME operational contracts were \$13.8 million in SFY13. Total state expenditures are projected to be \$14.3 million in SFY14 and \$14.7 million in SFY15. 	<p style="text-align: center;">Medicaid Expenditures</p> <p>■ Administration (4%) ■ Services (96%)</p>  <table border="1"> <caption>Medicaid Expenditures</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Administration</td> <td>4%</td> </tr> <tr> <td>Services</td> <td>96%</td> </tr> </tbody> </table>	Category	Percentage	Administration	4%	Services	96%						
Category	Percentage													
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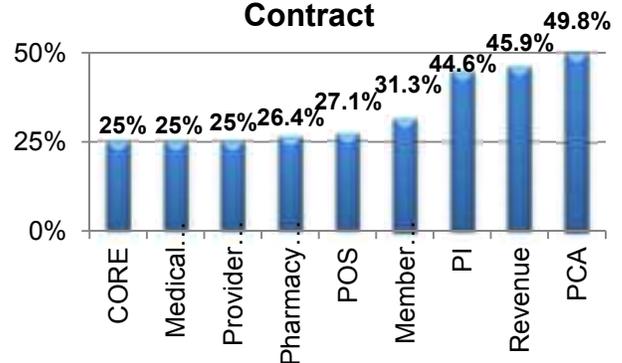
Funding Sources

- IME Medical Contracts are funded with state and matching federal funds.
- The state share of funding varies for each contract ranging from 10 percent (e.g. system development), 25 percent (e.g. CORE, Medical Services, and Provider Services) to 50 percent for others (e.g. Revenue Collections, PCA).
- The federal matching rate is determined by the makeup of vendor personnel and activities performed.

Medical Contracts Funding Share SFY15



State Funding Share by Contract

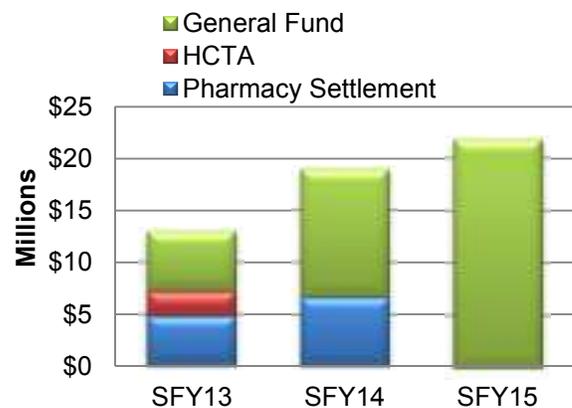


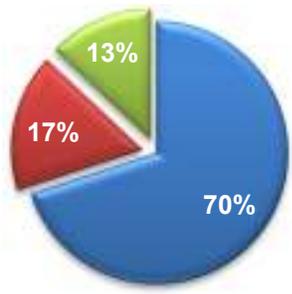
SFY 2015 Budget Drivers

The total SFY15 Medical Contracts budget request reflects a \$6,899,907 (46.3 percent) general fund increase from the SFY15 Governor's Recommendation.

- IME operational contracts will increase by \$412,503 (2.1 percent) in SFY15 over SFY14. This increase is due to the fixed prices negotiated in the competitively procured contracts.
- The most significant contract increase in cost in SFY15 is in Medical Services, which will increase by 4.3 percent (\$123,846).
- Medical Services, Provider Services, Program Integrity, and Provider Cost Audit, all have negotiated cost increases of approximately 3-5 percent annually for SFY15.
- Pharmacy Medical Services' costs will remain the same in SFY14-15 (\$322,748) and Pharmacy Point of Sale state costs will increase to \$541,907 (2.6 percent).

Medical Contracts by Funding Source



	<ul style="list-style-type: none"> Medicaid anticipates approximately \$447,155 in additional annual costs in SFY15 due to enhanced provider screening and enrollment associated with the Patient Protection and Affordable Care Act implementation. 	<p>Medical Contracts Increases</p> <ul style="list-style-type: none"> Replace one-time funds (70%) ACA increases (17%) Contract increases (13%)  <table border="1"> <caption>Medical Contracts Increases Data</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Replace one-time funds</td> <td>70%</td> </tr> <tr> <td>ACA increases</td> <td>17%</td> </tr> <tr> <td>Contract increases</td> <td>13%</td> </tr> </tbody> </table>	Category	Percentage	Replace one-time funds	70%	ACA increases	17%	Contract increases	13%
Category	Percentage									
Replace one-time funds	70%									
ACA increases	17%									
Contract increases	13%									
<p>Legal Basis</p>	<p>Federal: Title XIX of the Social Security Act. 42 CFR 434.1. Section 1902(a) (4) of the Act requires that the State plan provide for methods of administration that the Secretary finds necessary for the proper and efficient operation of the plan. 434.1(b) sets forth the requirements for contracts with certain organizations for furnishing Medicaid services or processing or paying Medicaid claims or enhancing the agency's capability for effective administration of the program.</p>									

**Request - Medical Contracts
State Fiscal Year 2015**

Request Total: \$62,592,912

General Fund Need: \$21,790,930

Request Description:

This offer seeks to maintain the contracts initiated in 2004 to operate and enhance activities of the Medicaid program through the Iowa Medicaid Enterprise and administrative functions as well as local staff necessary to deliver services.

SFY 2015 Governor's Recommendation - 2013 Session

SFY15 Enacted Appropriation	\$6,145,785
Restore Enacted Approp to SFY 2015 Gov. Rec.	\$8,716,759
I3 Distribution	\$28,479

Total State \$ Appropriated: \$14,891,023

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	This decision package adjusts status quo SFY15 to SF 446 for SFY14 as enacted during the 2013 Legislative session. Adjust to SFY14 Enacted Budget, which included an increase in the Pharmaceutical Settlement appropriation and a corresponding decrease in General Funds and a reduction in the IowaCare administrative funding. The enacted budget also included new funding for an autism program, medical home model, and Medicaid Expansion	(\$2,570,975)
2	Pharmaceutical Settlement Acct - This package replaces the SFY14 Medical Contracts appropriation from the Pharmaceutical Settlement Account.	\$6,650,000
3	Medical Contracts increases due to changes in contract costs, operational costs, and Information Technology increases. This amount could increase by \$3.6M if the enhanced funding currently approved for the Medical and Member Services contracts are rescinded and dropped to 50%.	\$1,223,367
4	IowaCare/I-HAWP Increases	\$1,597,515
Total Requested for Current Service Level Funding:		<u>\$6,899,907</u>

Funding for Improved Results

Decision Package	Decision Package Description	Amount
		\$0
Total Requested for Improved Results Funding:		<u>\$0</u>

General Fund Total	\$21,790,930
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General Fund Change From Prior Year	\$6,899,907
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**Request - Medical Contracts
State Fiscal Year 2015**

Total Funding Summary:

State Funding Total		\$21,790,930
----------------------------	--	---------------------

Program	
General Fund	\$21,790,930
SLTF	\$0
Tobacco	\$0
Iowa Care	\$0
HCTA	\$0
Other	\$0
Total	\$21,790,930

Federal Funding Total		\$40,801,982
------------------------------	--	---------------------

Program	
TANF	\$0
SSBG	\$0
ARRA	\$0
IowaCare	\$0
HCTA	\$0
Other	\$40,801,982
Total	\$40,801,982

Other Funding Total		\$0
----------------------------	--	------------

Program	
Other	\$0

Totals	Program \$62,592,912
---------------	---------------------------------

Request Total
<u><u>\$62,592,912</u></u>

FTEs included in request:

FTEs	-
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Children's Health Insurance Program

Healthy and Well Kids in Iowa (*hawk-i*) and *hawk-i* Dental-Only Plan



Purpose

The Children's Health Insurance Program (CHIP) provides healthcare coverage for children and families whose income is too high to qualify for Medicaid but too low to afford individual or work-provided healthcare. The purpose of CHIP is to increase the number of children with health and dental care coverage, thereby improving their health and dental outcomes.

Who Is Helped

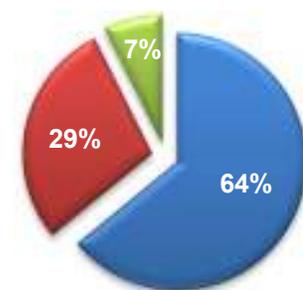
Enrollment in Iowa's CHIP program has been instrumental in providing coverage to thousands of uninsured children since 1998, and Iowa has historically been among the states with the lowest uninsured rate among children.

CHIP has three parts: a Medicaid expansion, a separate program called Healthy and Well Kids in Iowa (*hawk-i*), and a dental-only plan.

- **Medicaid expansion** provides coverage to children ages 6-18 whose family income is between 122 and 167 percent (beginning January 1, 2014) of the Federal Poverty Level (FPL), and infants whose family income is between 240 and 375 percent (beginning January 1, 2014) of the FPL.
- The *hawk-i* program provides coverage to children under age 19 in families whose gross income is less than or equal to 302 percent of the FPL (beginning January 1, 2014) based on Modified Adjusted Gross Income (MAGI) methodology, or \$58,590 for a family of three.
- The conversion to the MAGI method of income determination January 1, 2014, changes income eligibility thresholds for the purpose of creating income standardization nation-wide. This conversion is not expected to change the population served.
- On March 1, 2010, the department implemented a dental-only plan for children who meet the *hawk-i* program's guidelines but do not qualify for full coverage because they have health insurance. The dental-only plan covers children between zero and 304 percent of the FPL (beginning January 1, 2014).
- Total CHIP enrollment increased by five percent (2,800 enrollees) in SFY13, and is projected to increase by 5 percent (3,108 enrollees) in SFY14 and 5 percent (3,108 enrollees) in SFY15. Projected increases are based on historical enrollment.

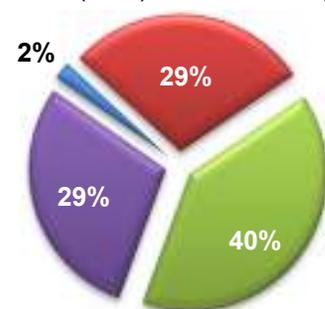
CHIP Members SFY13

hawk-i (64%) Expansion (29%)
Dental Only (7%)



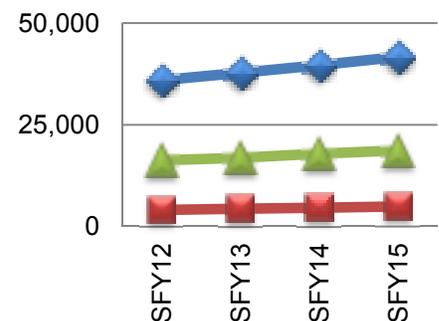
Age of CHIP Children (June 30, 2013)

0-1 (2%) 1 to 5 (29%)
6 to 12 (40%) 13 to 18 (29%)



CHIP Enrollment

hawk-i Dental Expansion



- The typical **hawk-i** family has four members, is Caucasian, has children between the ages of 6-12, and income between 151 and 200 percent of the FPL (\$35,325 - \$47,100).

- ✓ *As of June 30, 2013, 16,916 children were covered in the Medicaid expansion program, 37,806 in **hawk-i**, and 4,331 in the dental-only plan.*
- ✓ *Enrollment in the CHIP program is projected to increase to 62,161 children in SFY14 and 65,269 children in SFY15.*
- ✓ *A comprehensive outreach campaign involves the Department of Education, the Department of Public Health, and the Department of Revenue. Activities include producing publications, free-and-reduced lunch mailings, statewide grassroots outreach, and by giving presentations to various groups who can assist with enrolling uninsured children in the **hawk-i** program.*

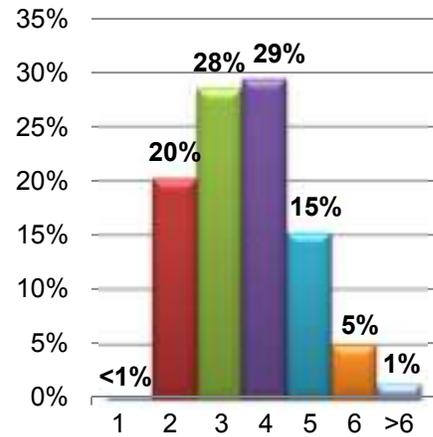
Services

The CHIP program is administered under Title XXI of the Social Security Act and covers a comprehensive range of health and dental services for Iowa's children who meet the program's eligibility criteria.

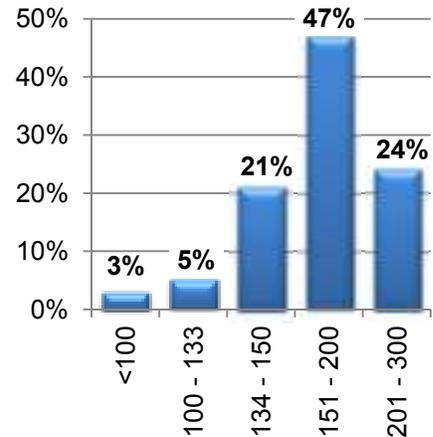
Key components of the CHIP program are:

- Children covered by the Medicaid expansion receive covered services through existing Medicaid provider networks. This activity receives enhanced federal funding through Title XXI, rather than Title XIX.
- **hawk-i** health and dental coverage is provided through contracts with Wellmark Health Plan of Iowa, United Healthcare Plan of the River Valley, and Delta Dental of Iowa.
- **hawk-i** services include, but are not limited to, doctor visits, inpatient and outpatient hospital, well-child visits, immunizations, emergency care, prescription medicines, eye glasses and vision exams, dental care and exams, speech and physical therapy, ambulance, and mental health and substance abuse care.
- The **hawk-i** program pays premiums to commercial insurers and the insurers provide benefits in the same manner as for their commercial beneficiaries.
- Required dental coverage includes diagnostic and preventive services, routine and restorative services, endodontic and periodontal services, cast restorations, prosthetics and medically necessary orthodontia.

**hawk-i Family Size
(June 30, 2013)**



**hawk-i Members by
Federal Poverty Level
(June 2013)**



- ✓ Iowa is one of only a limited number of states with CMS-approved plans which include basic dental coverage and medically necessary orthodontic coverage.
- ✓ The covered services under **hawk-i** are different from regular Medicaid and are approximately equivalent to the benefit package of the state's largest Health Management Organization (HMO).
- ✓ November 2010 the **hawk-i** program implemented electronic premium payment capabilities and as of June 2013 over 7,200 members (45 percent of those with premiums) pay on-line.

Goals & Strategies

Improve Iowan's Health Status

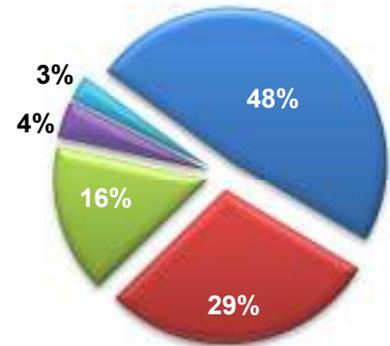
- Provide access to healthcare services
- Promote best practice healthcare delivery
- Promote and provide patient centered care
- Promote better health and nutrition

Effectively Manage Resources

- Sustain projected percentage of federal financial participation

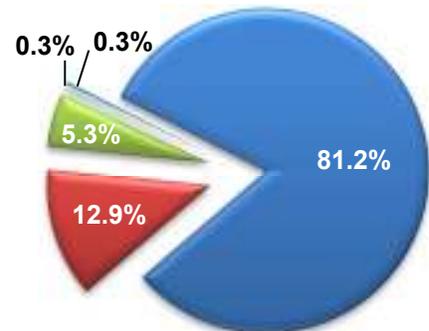
**2013 Satisfaction Survey
Ease of Application Process**

- Very Easy (48%) ■ Easy (29%)
- Neutral (16%) ■ Hard (4%)
- Very Hard (3%)



**SFY13 Satisfaction
With Care**

- Very Satisfied (81.2%)
- Satisfied (12.9%)
- Neutral (5.3%)
- Unsatisfied (0.3%)
- Extremely Unsatisfied (0.3%)



<p>Cost of Services</p>	<p>CHIP is projected to cover 65,269 children in SFY15 at a total (federal and state) program cost of \$152.7 million.</p> <ul style="list-style-type: none"> Families pay a monthly premium of \$10-\$20 per child with a maximum of \$40 based on family income. The SFY13 total annual cost per member for Medicaid expansion children is \$1,944. The SFY13 total annual cost per member for <i>hawk-i</i> children enrolled with the Wellmark health plan is \$2,568 and for those enrolled with United Healthcare is \$2,452. This cost represents the premiums paid to health plans. The SFY13 average annual cost for children in dental only program is \$273. 	<p><i>hawk-i</i> Family Premiums (June 2013)</p> <p>■ \$0 (29%) ■ \$5 (2%) ■ \$10 (21%) ■ \$15 (1%) ■ \$20 (35%) ■ \$40 (12%)</p> <table border="1"> <caption>hawk-i Family Premiums (June 2013)</caption> <thead> <tr> <th>Premium Amount</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>29%</td> </tr> <tr> <td>\$5</td> <td>2%</td> </tr> <tr> <td>\$10</td> <td>21%</td> </tr> <tr> <td>\$15</td> <td>1%</td> </tr> <tr> <td>\$20</td> <td>35%</td> </tr> <tr> <td>\$40</td> <td>12%</td> </tr> </tbody> </table>	Premium Amount	Percentage	\$0	29%	\$5	2%	\$10	21%	\$15	1%	\$20	35%	\$40	12%
Premium Amount	Percentage															
\$0	29%															
\$5	2%															
\$10	21%															
\$15	1%															
\$20	35%															
\$40	12%															
	<ul style="list-style-type: none"> ✓ <i>When all costs for administration and services are included, the average total annual cost per person in the CHIP program is projected to be \$2,392 in SFY15.</i> ✓ <i>The SFY13 average total annual cost of administering the CHIP program (including the Third Party Administrator, claims processing, outreach and state staffing) is \$6.1 million.</i> 															
<p>Funding Sources</p>	<p>The CHIP program is authorized and funded through Title XXI of the Social Security Act. Funding is authorized through September 30, 2015.</p> <ul style="list-style-type: none"> The SFY14 appropriation amount is \$36,817,261. This funding amount will only maintain 32,641 children in <i>hawk-i</i> and none of the 4,619 supplemental dental enrollees projected in SFY14. An estimated additional \$9.1 million is needed to maintain current service levels and historical enrollment increases. In SFY15, the state will pay a match rate of 30.05 percent, with a 69.95 percent federal match for CHIP. Approximately \$3.7 million in revenue from enrollee premiums are projected to be collected in SFY15. 	<p>CHIP Funding SFY15</p> <p>■ Federal (70%) ■ State (30%)</p> <table border="1"> <caption>CHIP Funding SFY15</caption> <thead> <tr> <th>Funding Source</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Federal</td> <td>70%</td> </tr> <tr> <td>State</td> <td>30%</td> </tr> </tbody> </table>	Funding Source	Percentage	Federal	70%	State	30%								
Funding Source	Percentage															
Federal	70%															
State	30%															
	<ul style="list-style-type: none"> ✓ <i>The federal CHIP match rate has been declining since SFY10, and is projected to decline by 0.7 percent in SFY15. This rate change will result in an estimated \$916,000 loss in funding.</i> 															

SFY15 Budget Drivers	<p>The total SFY15 CHIP budget request reflects a \$9.1 million (25 percent) increase over the SFY15 Governor’s Recommendation.</p> <ul style="list-style-type: none"> • Total CHIP enrollment is projected to increase by five percent in SFY14 and five percent in SFY15. These increases represent 6,216 new enrollees. • Growth in enrollment and capitation payments, along with a decrease in the Federal FMAP rate, are projected to result in an increased need of \$9.1 million state dollars in SFY15. • The CHIP federal match rate is expected to decrease from 70.55 percent in SFY14 to 69.95 percent in SFY15 (preliminary numbers). This results in an increased need for state funding of \$916 thousand in SFY15. • Due to enrollment increases, revenue from enrollee premiums are projected to increase five percent in SFY15. 	<p style="text-align: center;">Projected State CHIP Expenditures (millions)</p> <table border="1"> <caption>Projected State CHIP Expenditures (millions)</caption> <thead> <tr> <th>Year</th> <th>Expenditures (Millions)</th> </tr> </thead> <tbody> <tr> <td>SFY13</td> <td>36</td> </tr> <tr> <td>SFY14</td> <td>41</td> </tr> <tr> <td>SFY15</td> <td>46</td> </tr> </tbody> </table>	Year	Expenditures (Millions)	SFY13	36	SFY14	41	SFY15	46
Year	Expenditures (Millions)									
SFY13	36									
SFY14	41									
SFY15	46									
	<ul style="list-style-type: none"> ✓ <i>Total CHIP enrollment is projected to be 62,161 in SFY14 and 65,296 in SFY15.</i> ✓ <i>Total state annual cost is projected to increase by 25 percent in SFY15.</i> 									
Legal Basis	<p>Federal: Title XXI of the Federal Social Security Act. The Affordable Health Care Act (ACA), signed into law on March 23, 2010, continues CHIP programs through September 30, 2019. The ACA prohibits states from reducing their current eligibility standards until this date. Under CHIPRA, funding for the program is authorized through September 30, 2015.</p> <p>State: Chapter 514I of the Code of Iowa; 441 IAC Chapter 86</p>									

**Request - Children's Health Insurance Program
State Fiscal Year 2015**

Request Total: \$152,685,508

General Fund Need: \$45,881,995

Request Description:

The Children's Health Insurance Program (CHIP) is authorized under Title XXI of the Social Security Act. Title XXI enables states to provide health and dental care coverage to uninsured, targeted low-income children. Targeted low-income children are those children covered by Medicaid Expansion or a separate program called the Healthy and Well Kids in Iowa (*hawk-i*) program. The Medicaid Expansion component covers children ages 6 to 18 years of age whose countable family income is between 122 percent and 167 percent of the federal poverty level (FPL) and infants between 240 percent and 375 percent of the FPL. The *hawk-i* program provides health and dental care coverage to children under the age of 19, whose countable family income is between 167 percent and 304 percent of the FPL, and who are not eligible for Medicaid and are not covered under a group health plan or other insurance.

The *hawk-i* program also provides a Dental-only plan to children under the age of 19 whose countable family income is less than or equal to 304 percent of the FPL and who are not eligible for Medicaid. Children who are covered under an individual or group health or dental plan eligible for the *hawk-i* Dental-only plan.

SFY15 Governor's Recommendation - 2013 Session

SFY 2015 Enacted Appropriation	\$18,403,051
Restore Enacted Approp to SFY 2015 Gov. Rec.	\$18,403,051
I3 Distribution	\$11,159

Total State \$ Appropriated: \$36,817,261

This level of funding assumes growth in Medicaid expansion enrollment of 828 children from the SFY 2014 projected year-end of 17,870 to a SFY 2015 projected year-end of 18,698. The cost of this growth is \$244,026 of the status quo dollars. Remaining status quo funds are insufficient to maintain the SFY 2014 projected ending enrollment of 39,672 children receiving full hawk-i coverage. This amount of funding will only maintain 32,641 children in hawk-i. Also, this level of funding cannot support any of the 4,619 children projected to be receiving only supplemental dental coverage at the end of SFY 2014. This level of service does not allow for *hawk-i* provider rate increase in SFY 2015.

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	To replace <i>hawk-i</i> trust fund revenue that was available in SFY2014, and no longer available in SFY 2015. This funding is needed to help maintain <i>hawk-i</i> enrollment at the SFY 2014 year-end enrollment level, along with DP2.	\$3,000,000
2	To maintain the <i>hawk-i</i> program serving children from 133 - 300% of FPL at the SFY 2014 projected ending enrollment of 39,672 children. This package will also maintain dental only coverage at the SFY 2014 projected ending enrollment of 4,619 children. No additional children can be added at this level of funding. This level of funding does not allow for <i>hawk-i</i> provider rate increase in SFY 2015.	\$2,816,537
3	Allow growth in the <i>hawk-i</i> program serving children from 133 to 300% of FPL. Allow growth from the SFY 2014 year end enrollment of 39,672 children to a SFY 2015 year end enrollment of 41,664 children (an increase of 1,992 children with growth staggered over 12 months). This package would also allow growth in dental only coverage from the SFY 2014 year end enrollment level of 4,619 to a SFY 2015 year end enrollment level of 4,907 children. (An increase of 288 children with growth staggered over 12 months.)	\$849,777
4	Allow for provider rate increase of 4.5% in SFY 2015.	\$1,482,307
5	FMAP change from 70.55% to 69.95% in SFY 2015.	\$916,113
Total Requested for Current Service Level Funding:		<u>\$9,064,734</u>

**Request - Children's Health Insurance Program
State Fiscal Year 2015**

Funding for Improved Results

Decision Package	Decision Package Description	Amount
		\$0
Total Requested for Improved Results Funding:		\$0

General Fund Total	\$45,881,995
General Fund Change From Prior Year	\$9,064,734

Total Funding Summary:

State Funding Total	\$45,881,995
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Program	
General Fund	\$45,881,995
SLTF	\$0
Tobacco	\$0
Iowa Care	\$0
HCTA	\$0
Other	\$0
Total	\$45,881,995

Federal Funding Total	\$106,803,513
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Program	
TANF	\$0
SSBG	\$0
ARRA	\$0
IowaCare	\$0
HCTA	\$0
Other	\$106,803,513
Total	\$106,803,513

Other Funding Total	\$0
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Program	
Other	\$0

Totals	Program
	\$152,685,508

Request Total
\$152,685,508

FTEs included in request:

FTEs	-
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It is estimated (by Milliman - low estimate), that the woodwork effect of the ACA could add an additional 22,806 children to the CHIP program between 1-1-14 and 6-30-15. The projected cost of the woodwork effect in CHIP is an additional \$13.13 million in SFY 2015. *This potential cost is not reflected in the figures above.*

Iowa Health and Wellness Plan



Purpose

On May 23, 2013, the Iowa Legislature enacted the Iowa Health and Wellness Plan; the Governor signed the legislation on June 20, 2013. Beginning January 1, 2014, the Iowa Health and Wellness Plan will cover all Iowans, ages 19-64, with incomes up to and including 133 percent of the Federal Poverty Level (FPL). The plan will provide a comprehensive benefit package and provider network, along with important program innovations, that will improve health outcomes and lower costs. The new plan will serve many former IowaCare enrollees as the IowaCare waiver will expire December 31, 2013.

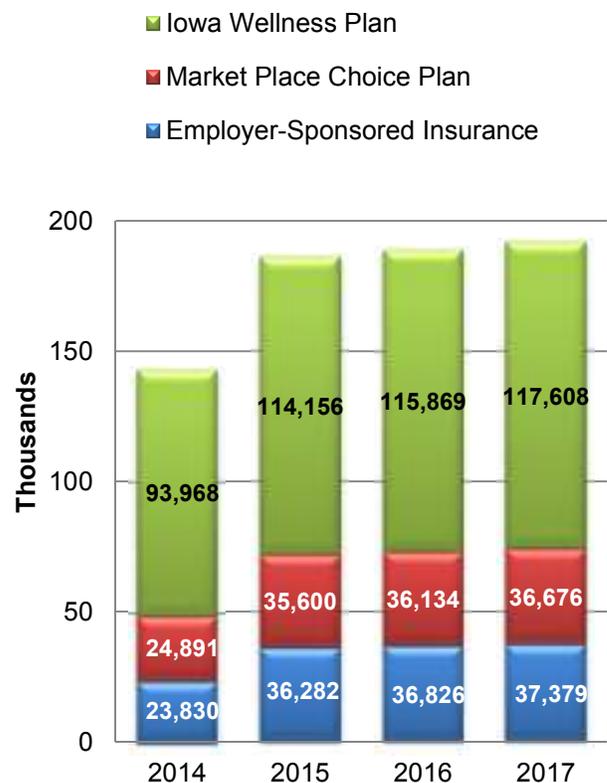
Who Is Helped

The Iowa Health and Wellness Plan is intended to expand access to healthcare coverage for low-income, uninsured adults. Enrollment will begin October 1, 2013.

The Plan will cover adults, ages 19-64 who are not otherwise eligible for comprehensive Medicaid, Medicare, or cost-effective employer sponsored insurance coverage:

- Iowa Wellness Plan**
 Persons with incomes 0-100 percent of FPL (\$11,490 for a family of one and \$15,510 for a family of two).
- Marketplace Choice Plan**
 Persons with incomes between 101 percent and 133 percent of FPL (\$11,491-\$15,281 for a family of one and \$15,511-\$20,268 for a family of two).

Estimated Enrollees by Year



- ✓ *Iowa Wellness Plan members will receive coverage through independent primary care physicians (PCP); PCPs associated with accountable care organizations (ACO), or managed care plans.*
- ✓ *Marketplace Choice Plan members will select a commercial health plan through the Marketplace. The Medicaid program will pay the premium to the commercial health plan on the individual's behalf.*
- ✓ *Income eligibility for both plans will be determined using the modified adjusted gross income (MAGI) methodology.*

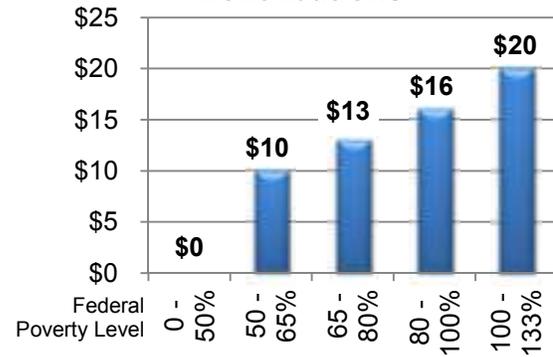
<p>Services</p>	<p>The Iowa Health and Wellness Plan will provide healthcare to thousands of adults who would otherwise have no access to any type of healthcare regardless of income.</p> <ul style="list-style-type: none"> • The Plan will offer innovations and reform in the delivery of health care services through leveraging care coordination models. These include PCP, managed care plans, Accountable Care Organizations (ACOs), and the utilization of the private insurance market. • The Plan will provide a comprehensive benefit package that ensures coverage for all of the Essential Health Benefits (EHB) as required by the Affordable Care Act (ACA). • Comprehensive health services, equivalent to the State Employee Health Benefit Package. • Medicaid provider network, including enrollment with a primary care medical home for Iowa Wellness Plan members to assist in coordinating health services. 	<p>Covered Benefits</p> <ul style="list-style-type: none"> • Ambulatory patient services (e.g. Physician Services) • Emergency Services • Hospitalization • Mental health and substance use disorder services, including behavioral health treatment • Rehabilitative and habilitative services and devices • Laboratory services • Preventive and wellness services • Home and community based services for persons with Chronic Mental Illness, equivalent to the Medicaid benefit • Prescription drugs equivalent to the Medicaid benefit • Preventive dental services and treatment equivalent to the Medicaid benefit
	<ul style="list-style-type: none"> ✓ <i>The Iowa Wellness Plan will include care coordination and quality incentives to encourage medical home growth and innovation.</i> ✓ <i>ACOs will assist members by coordinating care through medical homes, engaging in proactive health care, preventive services, and member outreach. This will in turn increase quality outcomes and lower costs.</i> 	
<p>Goals & Strategies</p>	<p>Goal: Improve Iowans' Health Status</p> <ul style="list-style-type: none"> • Ensuring all Iowan's have access to a health insurance coverage option in 2014 through the Iowa Wellness Plan or Marketplace Choice Plan, other Medicaid programs, Medicare, or the Marketplace. • Implementing a new delivery system and payment model to promote improved care management, care coordination, and health care quality. • Implementing a unique incentive plan to encourage development of cost-conscious consumer behavior in the consumption of health care services. 	
	<ul style="list-style-type: none"> ✓ <i>ACOs will be accountable under a contract for a set of quality and cost outcomes for the population attributed to them.</i> ✓ <i>The use of commercial health plans within the premium assistance program may allow individuals to stay on the same plan even if their income changes and they are no longer eligible for Medicaid.</i> ✓ <i>The use of commercial health plans within the Marketplace will allow access to coverage through the same plans as any other Iowan seeking coverage in the private individual market.</i> 	

Cost of Services

Participant financial contribution under the Iowa Wellness Plan and Marketplace Choice Plans have unique and innovative features designed to encourage utilization of preventive care and overall health promotion and disease prevention through an incentive-based program.

- No co-payments, except \$10 for using the emergency room when it was not a medical emergency.
- No monthly contributions or premiums in the first year.
- No contributions after the first year if the member completes preventive services and/or wellness activities.
- Monthly contributions only for adults with incomes greater than 50 percent of the FPL if preventative services/wellness activities not completed. Estimated total state and federal cost projections do not include administrative costs.

Participant Individual Monthly Contributions



Estimated Total Federal Program Cost



Estimated total state and federal cost projections do not include administrative costs.

- ✓ *Out of pocket costs can never exceed five percent of household income.*
- ✓ *The program will provide incentives for members to engage in health and wellness activities through being able to have their monthly premiums waived.*
- ✓ *Enrollees who continue to complete health improvement behaviors in each 12-month period of enrollment will never be subject to the required monthly financial contribution.*

Funding Sources	<ul style="list-style-type: none"> Implementation of the Iowa Health and Wellness Plan is dependent on the increased federal medical assistance percentage (FMAP) for the Adult Group under the ACA. Administrative costs have match rates of 50%, 75%, or 90% depending on the type of expenditure. 	<p style="text-align: center;">Federal Match Rate Percentage</p> <table border="1"> <caption>Federal Match Rate Percentage Data</caption> <thead> <tr> <th>Year</th> <th>Match Rate Percentage</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>100%</td> </tr> <tr> <td>2015</td> <td>100%</td> </tr> <tr> <td>2016</td> <td>100%</td> </tr> <tr> <td>2017</td> <td>95%</td> </tr> <tr> <td>2018</td> <td>94%</td> </tr> <tr> <td>2019</td> <td>93%</td> </tr> <tr> <td>2020 and beyond</td> <td>90%</td> </tr> </tbody> </table>	Year	Match Rate Percentage	2014	100%	2015	100%	2016	100%	2017	95%	2018	94%	2019	93%	2020 and beyond	90%
Year	Match Rate Percentage																	
2014	100%																	
2015	100%																	
2016	100%																	
2017	95%																	
2018	94%																	
2019	93%																	
2020 and beyond	90%																	
SFY15 Budget Drivers	<ul style="list-style-type: none"> Enrollment of the eligible population is expected to occur over several years with 60 percent enrolling in the first year and 30 percent enrolling in the second year. The budget will be risk-adjusted and ACOs will be protected with stop/loss provisions for high cost medical events. 																	
Legal Basis	<p>The Iowa Health and Wellness Plan will operate under two 1115 demonstration waivers. One waiver for the Iowa Wellness Plan and one for the Marketplace Choice Plan.</p> <p>Federal: Section 1115 of the Social Security Act; Section 1902(a) (10) (B); Section 1902(a) (13) and (a) (30); Section 1902(a) (14); 1902(a) (23) (A); Section 1902(a)(4); Section 1902(a)(1); Section 1902(a) (34); Section 1902(a) (54).</p> <p>State: Iowa Senate File 446</p>																	

**Request - Medical Assistance - Iowa Health and Wellness Plan
State Fiscal Year 2015**

Request Total: \$1,020,800,699

General Fund Need: \$0

Request Description:

This request provides funding for the Iowa Health and Wellness Plan. Beginning January 1, 2014, the Iowa Health and Wellness Plan will cover all Iowans ages 19-64 with incomes up to and including 133 percent of the Federal Poverty Level (FPL). The plan will provide a comprehensive benefit package and provider network, along with important program innovations that will improve health outcomes and lower costs. The new plan will serve many former IowaCare enrollees as the IowaCare waiver will expire December 31, 2013. Program costs will be funded with 100% federal funds through calendar year 2016 so no state funds are being requested in SFY15. The federal match rate will be 95% in 2017 and gradually decline to 90% by 2020, where it will remain permanently

SFY15 Governor's Recommendation - 2013 Session

SFY15 Enacted Appropriation	\$0
Restore Enacted Approp to SFY15 Gov. Rec.	\$0
I3 Distribution	\$0

Total State \$ Appropriated: \$0

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
		\$0
Total Requested for Current Service Level Funding:		<u>\$0</u>

Funding for Improved Results

Decision Package	Decision Package Description	Amount
		\$0
Total Requested for Improved Results Funding:		<u>\$0</u>

General Fund Total	\$0
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General Fund Change From Prior Year	\$0
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**Request - Medical Assistance - Iowa Health and Wellness Plan
State Fiscal Year 2015**

Total Funding Summary:

State Funding Total		\$0
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Program	
General Fund	\$0
SLTF	\$0
Tobacco	\$0
Iowa Care	\$0
HCTA	\$0
Other	\$0
Total	\$0

Federal Funding Total		\$1,020,800,699
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Program	
TANF	\$0
SSBG	\$0
ARRA	\$0
IowaCare	\$0
HCTA	\$0
Other*	\$1,020,800,699
Total	\$1,020,800,699

*Includes Federal Medicaid Match.

Other Funding Total		\$0
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Program	
Other	\$0

Totals	Program
	\$1,020,800,699

Request Total
\$1,020,800,699

FTEs included in request:

FTEs	-
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State Supplementary Assistance



Purpose	State Supplementary Assistance (SSA) helps low-income elderly or disabled Iowans meet basic needs and reduces state spending for Medicaid.																	
Who Is Helped	<p>SSA eligibility criteria include:</p> <ul style="list-style-type: none"> • Requirements about disability or age as defined by Social Security standards. • Receipt or eligibility to receive Supplemental Security Income (SSI). • Citizenship and residency. • Limitations on income and assets. <p>There are seven SSA groups.</p> <p>77 percent of SSA recipients are in the Supplement for Medicare and Medicaid Eligible (SMME) group. While providing a \$1 monthly payment to the person, it saves the state money that would otherwise be paid by the state for the recipients' Medicare Part B premiums.</p> <p>In SFY13 an average of 18,032 cases received an SSA benefit. A case may be a single person or a couple if living together.</p> <p>Examples of the monthly income requirements:</p> <ul style="list-style-type: none"> • Residential facility, monthly income of \$1,006 or less. • In-Home Health-Related Care, monthly income of \$1,190 or less. • Blind, monthly income of \$732 or less. 	<p style="text-align: center;">Recipients by Coverage Group SFY13</p> <ul style="list-style-type: none"> ■ Blind Allowance (3%) ■ Dependent Person Allowance (9%) ■ Family Life Home (.02%) ■ In-Home Health-Related Care (4%) ■ Mandatory State Supplement (.23%) ■ RCF Assistance (7%) ■ SMME Assistance (77%) <table border="1"> <caption>Recipients by Coverage Group SFY13</caption> <thead> <tr> <th>Coverage Group</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>SMME Assistance</td> <td>77%</td> </tr> <tr> <td>Dependent Person Allowance</td> <td>9%</td> </tr> <tr> <td>RCF Assistance</td> <td>7%</td> </tr> <tr> <td>In-Home Health-Related Care</td> <td>4%</td> </tr> <tr> <td>Blind Allowance</td> <td>3%</td> </tr> <tr> <td>Mandatory State Supplement</td> <td>0.23%</td> </tr> <tr> <td>Family Life Home</td> <td>0.02%</td> </tr> </tbody> </table>	Coverage Group	Percentage	SMME Assistance	77%	Dependent Person Allowance	9%	RCF Assistance	7%	In-Home Health-Related Care	4%	Blind Allowance	3%	Mandatory State Supplement	0.23%	Family Life Home	0.02%
Coverage Group	Percentage																	
SMME Assistance	77%																	
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In-Home Health-Related Care	4%																	
Blind Allowance	3%																	
Mandatory State Supplement	0.23%																	
Family Life Home	0.02%																	
✓ <i>In addition to receiving SSA, most recipients also receive Medicaid.</i>																		

<p>Services</p>	<p>State Supplementary payments provide cash payments to help meet basic needs.</p> <p>Individuals receiving In-Home Health-Related Care, Residential Care Facility, and Family Life Home services help pay for the cost of their care through an assessed client participation amount. SSA pays the difference between the actual cost of care and the client payment amount.</p> <p>Monthly benefits:</p> <ul style="list-style-type: none"> • Dependent Person Allowance, up to \$364. • In-Home Health-Related Care (IHHRC), up to \$480. • Blind Allowance, up to \$22. • Mandatory Supplement, an average of just over \$111. • Supplement for Medicare and Medicaid (SMME) Eligible, \$1 per month. • Residential Care Facility (RCF) Assistance, up to \$1,006. • Family Life Home Payment, up to \$142. 	<p>Expenditures by Coverage Groups in SFY13</p> <ul style="list-style-type: none"> ■ Family Life Home (.05%) ■ SMME (1%) ■ Mandatory Supplement (.38%) ■ RCF (26%) ■ Blind Allowance (1%) ■ IHHRC (31%) ■ Dependent Person (41%) <table border="1"> <caption>Expenditures by Coverage Groups in SFY13</caption> <thead> <tr> <th>Coverage Group</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Family Life Home</td> <td>0.05%</td> </tr> <tr> <td>SMME</td> <td>1%</td> </tr> <tr> <td>Mandatory Supplement</td> <td>0.38%</td> </tr> <tr> <td>RCF</td> <td>26%</td> </tr> <tr> <td>Blind Allowance</td> <td>1%</td> </tr> <tr> <td>IHHRC</td> <td>31%</td> </tr> <tr> <td>Dependent Person</td> <td>41%</td> </tr> </tbody> </table>	Coverage Group	Percentage	Family Life Home	0.05%	SMME	1%	Mandatory Supplement	0.38%	RCF	26%	Blind Allowance	1%	IHHRC	31%	Dependent Person	41%
Coverage Group	Percentage																	
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Mandatory Supplement	0.38%																	
RCF	26%																	
Blind Allowance	1%																	
IHHRC	31%																	
Dependent Person	41%																	
	<ul style="list-style-type: none"> ✓ <i>Most SSA payment types must meet a minimum payment amount set by the federal government. States can pay more but not less. Iowa is at the federal minimum for all but IHHRC.</i> ✓ <i>RCF and Dependent Person payment levels are affected by Social Security cost of living allowance increases. The payments must increase each January to equal the increased federal minimum payments.</i> 																	
<p>Goals & Strategies</p>	<p>Goal: Provide Access to Health Care Services Strategies:</p> <ul style="list-style-type: none"> • Access federal dollars for payment of Medicare Part B premiums for more Medicaid members through the SMME coverage group. • Continue to provide assistance in the least restrictive setting for elderly and disabled recipients. 	<p>Results in SFY13:</p> <ul style="list-style-type: none"> • Increased the number of SMME participants by 3.6 percent to further decrease the amount the state pays for the Medicare Part B premiums for those individuals. 																
	<ul style="list-style-type: none"> ✓ <i>SSA supplements the SSI program when a person has a financial need that is not met.</i> 																	
<p>Cost of Services</p>	<p>The average cost of providing SSA varies greatly between coverage groups, ranging from \$12 annually for SMME Assistance to \$5,432 for persons receiving In-Home Health-Related Care Assistance.</p>																	
<p>Funding Sources</p>	<p>SFY15 total budget for State Supplementary Assistance is \$15,127,343.</p> <p>Funding is entirely from the state general fund.</p> <ul style="list-style-type: none"> ✓ <i>State Supplementary Assistance is funded with 100 percent state dollars and is used to meet the Medicaid federal Maintenance of Effort (MOE) requirement.</i> 																	

SFY 2015 Budget Drivers	<p>The total SFY15 State Supplementary Assistance budget request reflects a \$1,389,515 (8.4 percent) general fund decrease compared to the SFY15 Governor’s Recommendation.</p> <p>The key budget drivers of the decrease are:</p> <ul style="list-style-type: none"> • The decreasing number of IHHRC recipients. • The declining RCF bed days used. 	<p>Total Budget Funding</p> <table border="1"> <caption>Total Budget Funding (Millions)</caption> <thead> <tr> <th>Year</th> <th>State General Fund (Millions)</th> </tr> </thead> <tbody> <tr> <td>SFY13</td> <td>15.4</td> </tr> <tr> <td>SFY14</td> <td>16.5</td> </tr> <tr> <td>SFY15 est</td> <td>15.1</td> </tr> </tbody> </table>	Year	State General Fund (Millions)	SFY13	15.4	SFY14	16.5	SFY15 est	15.1
Year	State General Fund (Millions)									
SFY13	15.4									
SFY14	16.5									
SFY15 est	15.1									
Legal Basis	<p>Federal:</p> <ul style="list-style-type: none"> • SSA benefits are an MOE requirement for the Medicaid program • Code of Federal Regulations: 20 CFR 416.2095 and 416.2096 <p>State:</p> <ul style="list-style-type: none"> • Iowa Code Chapter 249 • Iowa Administrative Code 441 IAC Chapters, 50-54 and 177 									

**Request - State Supplementary Assistance
State Fiscal Year 2015**

Request Total: \$15,127,343

General Fund Need: \$15,127,343

Request Description:

State Supplementary Assistance (SSA) programs provide financial assistance so individuals who are aged, blind, or disabled can live in non-institutional settings. In-Home Health-Related Care (IHHRC) provides assistance to people with physical or mental problems that keep them from independent self-care, but who are able to stay in their own homes with some assistance or personal services. Residential Care Facility (RCF) assistance helps pay for care in a residential facility for people who need assistance, but who don't require nursing facility level of care. Dependent Person Assistance provides financial assistance to elderly or disabled people who have a dependent relative living with them. Family Life Home assistance helps pay for living expenses for a person living in a private household offering a protective social living arrangement for one or two adult clients. A Blind Allowance is provided to people who are blind and who are eligible for SSI. A Mandatory Allowance is provided to elderly or disabled people who received state assistance prior to 1974, and who continue to have the same financial need. The Supplement for Medicare and Medicaid Eligibles is provided to elderly or disabled people who are eligible for Medicaid and Medicare, and who meet the income and resource guidelines for the coverage group. State Supplementary Assistance payments are a maintenance of effort (MOE) requirement under Medicaid and must meet minimum federal payment levels. Iowa's SSA payment levels are at the federal minimum for all but IHHRC. Failure to maintain the state's SSA program would result in the loss of federal funding for Medicaid.

SFY 2015 Governor's Recommendation - 2013 Session

SFY15 Enacted Appropriation	\$8,256,087
Restore Enacted Approp to SFY15 Gov Rec	\$8,256,087
I3 Distribution	\$4,684

Total State \$ Appropriated: \$16,516,858

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	Compared to SFY14, caseloads are expected to increase for 3 groups, decrease for 2 groups, and remain flat for 2 groups. Costs per case are expected to increase for 3 groups and remain flat for 4 groups. The net effect of these changes is that SFY15 costs are projected to be \$1,389,515 less than SFY14. The reductions in IHHRC case load and RCF bed days are the primary reasons for the decrease in the need for SFY15.	(\$1,389,515)
Total Requested for Current Service Level Funding:		<u>(\$1,389,515)</u>

Funding for Improved Results

Decision Package	Decision Package Description	Amount
		\$0
Total Requested for Improved Results Funding:		<u>\$0</u>

General Fund Total	\$15,127,343
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General Fund Change From Prior Year	(\$1,389,515)
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**Request - State Supplementary Assistance
State Fiscal Year 2015**

Total Funding Summary:

State Funding Total		\$15,127,343
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Program	
General Fund	\$15,127,343
SLTF	\$0
Tobacco	\$0
Iowa Care	\$0
HCTA	\$0
Other	\$0
Total	\$15,127,343

Federal Funding Total		\$0
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Program	
TANF	\$0
SSBG	\$0
ARRA	\$0
IowaCare	\$0
HCTA	\$0
Other	\$0
Total	\$0

Other Funding Total		\$0
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Program	
Other	\$0

Totals	Program
	\$15,127,343

Request Total
\$15,127,343

FTEs included in request:

FTEs	-
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