



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 adults, 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

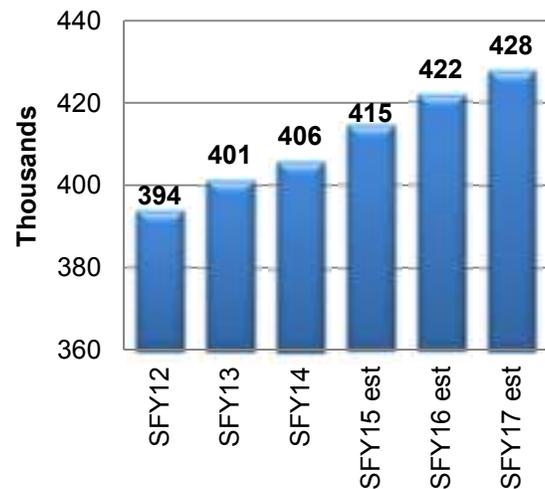
Medicaid is projected to serve nearly 680,000 Iowans (unduplicated) or 22.2 percent of Iowa's population in SFY14 and nearly 800,000 (unduplicated) or 26.0 percent in SFY15.

- Medicaid is Iowa's second largest healthcare payor, processing nearly 46 million claims in SFY14 (18 percent increase over SFY13).

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

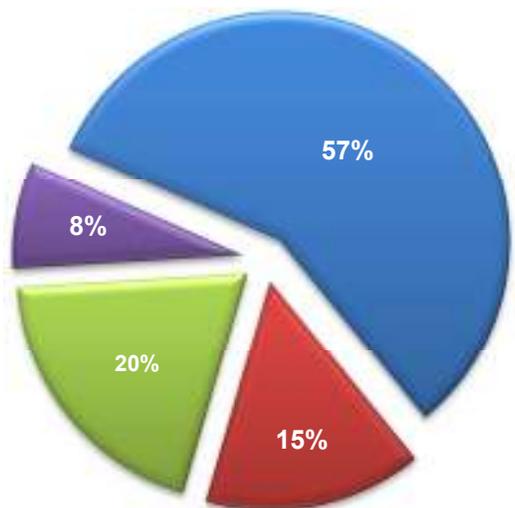
- Members must meet certain income criteria based on multiple eligibility standards and be a U.S. citizen or a legal qualified non-citizen. Citizenship status is verified through the Social Security Administration and legal non-citizens must provide original documentation to verify their status.
- Generally, 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 SFY14: 405,704

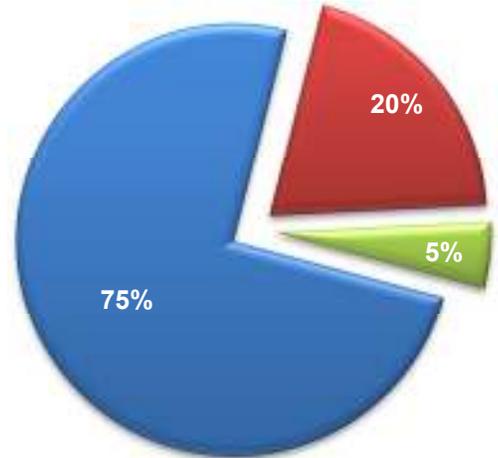
- Child (57%)
- Adult (15%)
- Disabled (20%)
- Elderly (8%)



- 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).
- The Iowa Health and Wellness Plan was enacted through bi-partisan legislation to provide comprehensive health coverage to low income adults. The plan offers coverage to adults age 19-64 with an income up to 133 percent of the FPL (\$15,521 per year in 2014). The plan began on January 1, 2014, and currently serves more than 100,000 Iowans.
 - Iowa Wellness Plan: The Iowa Wellness Plan is an Iowa Medicaid program that covers adults ages 19 to 64. Eligible member income is at or below 100 percent of the FPL (\$11,490 for individuals or \$15,510 for a family of two). Members can choose a provider from the statewide Medicaid provider network and are able to get care from local providers.
 - Iowa Marketplace Choice Plan: The Iowa Marketplace Choice Plan covers adults ages 19 to 64 with income from 101 percent through 133 percent of the FPL (\$15,511 for individuals or \$20,628 for a family of two). The Marketplace Choice Plan allows members to get health care coverage through select insurers with plans on the Health Insurance Marketplace. Medicaid pays the premiums of the health plan for the member. Members get care from providers approved by the health plan.

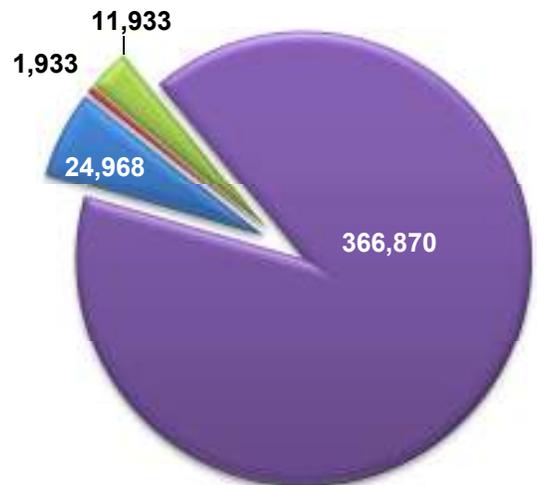
Ending Medicaid Enrollment SFY14

- Regular Medicaid (75%)
- Iowa Health and Wellness Plan (20%)
- Family Planning Waiver (5%)



Recipients by Setting SFY14

- HCBS Waivers (24,968)
- ICF/ID (1,933)
- NF (11,933)
- Home (366,870)



- **Enrollment growth is slowing.** There were 408,356 members enrolled in regular Medicaid at the end of SFY14, a growth of 1.14 percent from SFY13. Growth has decreased from 1.90 percent in SFY13 and 3.39 percent in SFY12. Excluding the Iowa Health and Wellness Plan, enrollment growth is projected to increase by 1.78 percent in SFY16 and 1.37 percent in SFY17.
- Effective January 1, 2014, the ACA established new streamlined eligibility and enrollment processes for Medicaid, which includes determining income eligibility for most groups based on Modified Adjusted Gross Income (MAGI). The conversion to the MAGI method of income determination changes income eligibility thresholds for the purpose of creating standardization nationwide. However, this conversion is not expected to change the population served.
- Of those newly enrolled, the largest growth in recent years has been with children, but this growth has steadily declined. In SFY11 growth was 6.47 percent, in SFY12 growth fell to 3.72 percent, in SFY13 growth fell to 2.43 percent, and in SFY14, growth was 0.91 percent. Growth for SFY15 – SFY17 is projected to be 1.01 percent in SFY15, 1.20 percent in SFY16, and 1.11 percent in SFY17.
- 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 Change



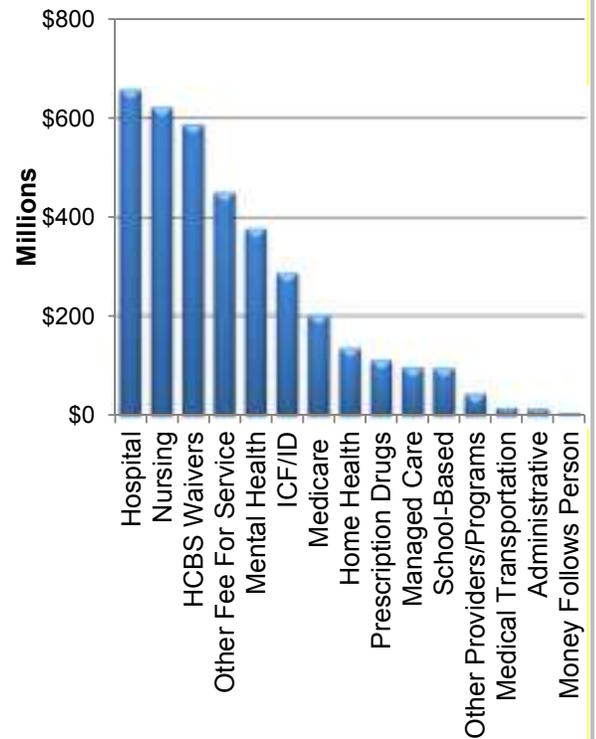
- ✓ *Since SFY10, children have accounted for 65 percent of Medicaid growth.*
- ✓ *Medicaid serves adults with serious and persistent mental illness (such as schizophrenia or bipolar disorder) and children with Serious Emotional Disturbance. Studies show that adults with serious mental illness live 25 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

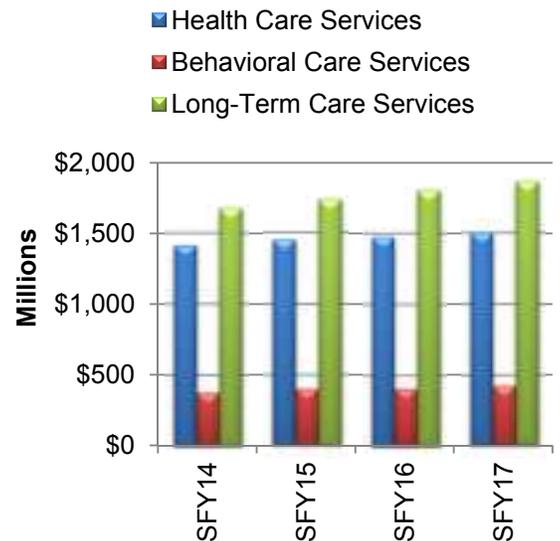
Medicaid covers a comprehensive range of healthcare services for lowans who meet the program's eligibility criteria.

- Healthcare Services** include physician care, hospital services, labs, prescription drugs, home health care, rural health clinic (RHC) 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 Persons with Intellectual Disabilities (ICF/ID), and home and community based services that allows individuals to remain in their homes.
- Home and Community Based Services (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.

SFY14 Medicaid Expenditures by Provider Type \$3.7 Billion



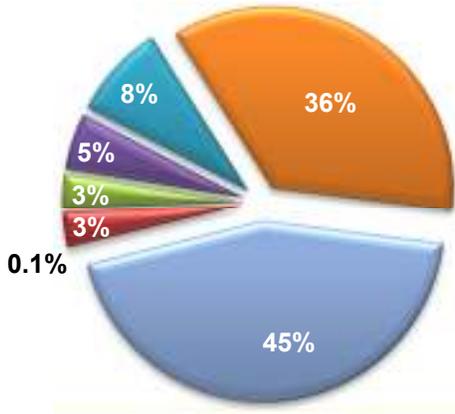
Medicaid Spending by Category



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

SFY14 HCBS Waiver Recipients

- Persons with HIV/AIDS (0.1%)
- Physical Disabilities (3%)
- Children with SED (3%)
- Brain Injury (5%)
- Health & Disability (8%)
- Elderly (36%)
- Intellectual Disabilities (45%)



- ✓ *The average cost of a member in a nursing facility is \$48,473 per year, versus \$10,724 for a person served through an HCBS waiver.*
- ✓ *The average cost of a member in an Intermediate Care Facility for the Intellectually Disabled is \$151,271, versus an average cost of \$38,644 for a person served through the HCBS ID 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.*

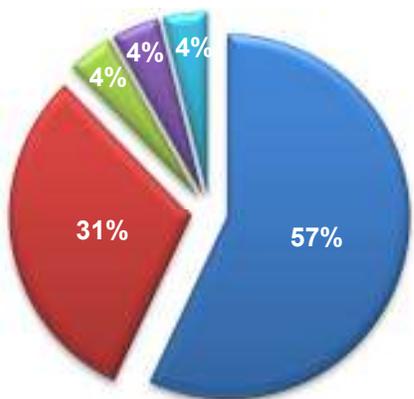
Goals & Strategies

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
 - The Iowa Wellness Plan implements the use of Accountable Care Organizations (ACO), which focus on driving improved patient outcomes.
- Promote behavioral health status
 - Provide access to mental health services
 - Develop an array of critical mental health services

SFY13 Member Agreement that Getting a Visit with a Provider is Easy

- Strongly Agree (57%)
- Somewhat Agree (31%)
- Neither (4%)
- Somewhat Disagree (4%)
- Strongly Disagree (4%)



- Promote choice for seniors and persons with disabilities
 - Promote access to home and community based options for seniors and persons with disabilities
- 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.

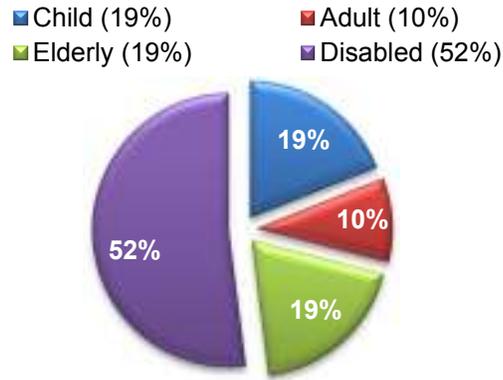
- Iowa was one of the first states to implement a Health Home program, which provides payments to providers to coordinate health care for members with chronic disease.
- Health Home savings are projected to be between \$7 million and \$15 million in state dollars over the three-year period from 2013-2015.
- The HIPP program produced a net savings to the Medical program of \$8.3 million (state and federal) in SFY14.
- The projected Preferred Drug List (PDL) savings for the state in SFY14 are \$78 million.

- ✓ *The Iowa Plan provided over 1,668 joint individual conferences in SFY14 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 \$226 million in revenue through cost avoidance and recovery when other insurance is present in SFY14. IME projects \$245 million to be collected in SFY16.*
- ✓ *Medicaid achieved savings and cost avoidance of \$49.4 million (state and federal) through the identification of overpayments, coding errors, and fraud and abuse in SFY14.*

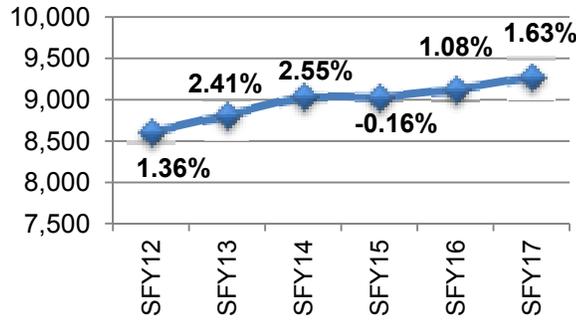
Cost of Services

- **Costs remain low.** The trend in the growth of the cost per member has been very low. Projected per member costs are projected to decrease by 0.16 percent in SFY15, increase by 1.08 percent in SFY16 and increase by 1.63 in SFY17.
- **Costs vary widely.** 57 percent of Medicaid members are children, but they account for only 19 percent of costs. Conversely, 20 percent of members are people with disabilities, but they account for over half of Medicaid expenses.
- The average annual cost for Medicaid services provided to a member is \$9,046 in SFY14 (all funds). Medicaid has a large number of healthy children with a low cost of \$2,909, and a small number of very costly elderly and disabled persons with an average cost of \$22,846.
- Members with chronic disease drive a significant share of Medicaid costs. Five percent of members account for 48 percent of acute care costs.

SFY14 Iowa Medicaid

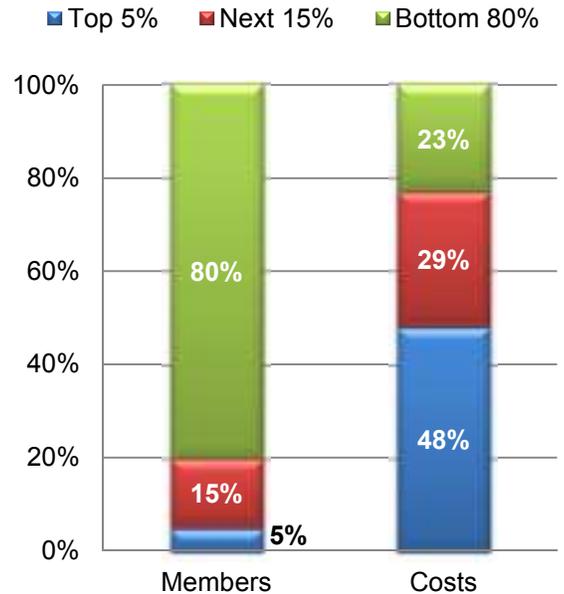


Change in Medicaid Cost Per Member

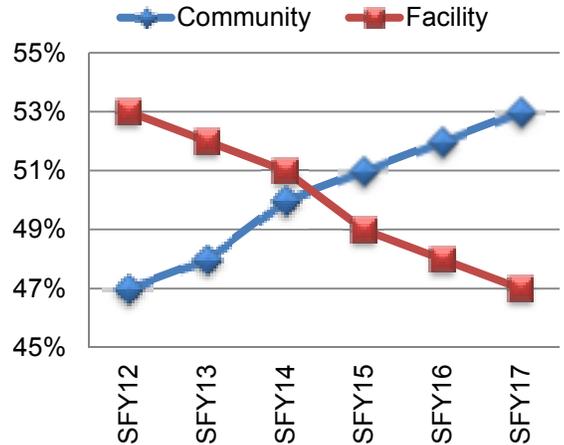


- As a result, a key initiative for Medicaid to reduce health care costs is implementation of health homes for members with chronic disease.
- Many of these high cost members are also 'dual eligibles' (members who are eligible for both Medicare and Medicaid). More than half of dual eligibles are adults with a Serious Mental Illness. 70,000 dual eligibles cost more than \$1 billion.
- The Iowa Wellness Plan aligns a value-based payment strategy with Medicare, Wellmark and others to drive transformation in the healthcare delivery system to focus payment on results (outcomes) rather than quantity.
- 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 (BIP) plan that provided \$19.7 million in federal savings in SFY14 that will be used toward equalizing expenditures between facility-based and home and community based care. This grant ends September 30, 2015.
- 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 six prescribers. They account for 90 percent of all hospital readmissions within 30 days, 51 percent of all preventable hospitalizations, 75 percent of all inpatient costs, 48 percent of all acute care costs, and 21 percent of the prescription drug costs.*
- ✓ *Medicaid payments to hospitals total over \$600 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 SFY16 is \$4.11 billion:

- \$1.39 billion (33.7 percent) is state general fund.
- \$2.06 billion (50.1 percent) is federal funding.
- \$666.0 million (16.2 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 total budget for SFY17 is \$4.25 billion:

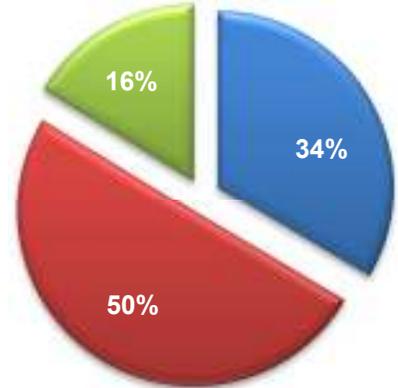
- \$1.47 billion (34.7 percent) is state general fund.
- \$2.09 billion (49.1 percent) is federal funding.
- \$687.3 million (16.2 percent) is other state funding including drug rebates and other recoveries, Health Care Trust Fund (tobacco tax), and nursing facility and hospital assessment fee revenue.

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.

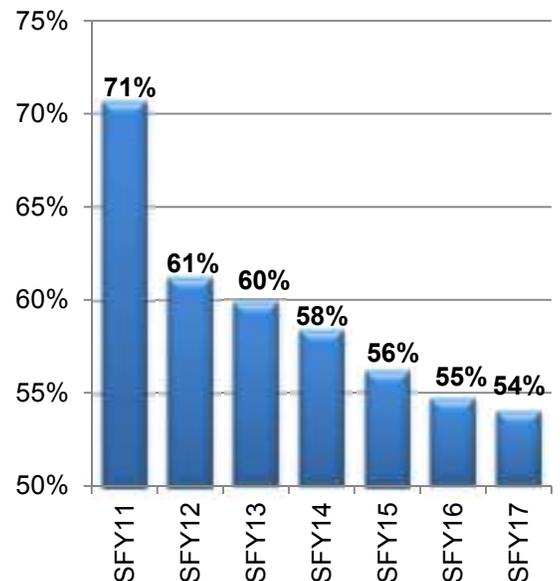
- SFY11: 70.64 percent
- SFY12: 61.19 percent
- SFY13: 59.87 percent
- SFY14: 58.35 percent
- SFY15: 56.14 percent
- SFY16: 54.65 percent
- SFY17: 53.96 percent

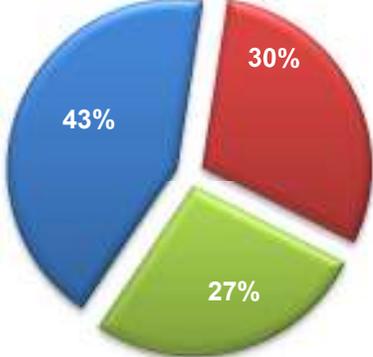
SFY16 Funding

- State General Fund (34%)
- Federal (50%)
- Other Funding (16%)



Iowa FMAP Rate



SFY16 & SFY17 Budget Drivers	<p>The total SFY16 Medical Assistance budget request reflects a \$170,776,835 (14.0 percent) general fund increase from the SFY15 Enacted Appropriation.</p> <p>The total SFY17 Medical Assistance budget request reflects a \$256,123,042 (21.1 percent) general fund increase from the SFY15 Enacted Appropriation.</p> <p>The SFY16 and SFY17 requests do not include funding for nursing facility rebasing, hospital rebasing, the home health low utilization payment adjustment (LUPA) rate update, or increases in inpatient psychiatric reimbursement rates.</p>	<p>Medicaid Increase by Budget Driver (Compared to the SFY15 Enacted Budget)</p> <ul style="list-style-type: none"> ■ Federal Match (43%) ■ Prior Year (30%) ■ Current Year Trends/Changes (27%) 
	<p>The key drivers of the SFY16 increase are:</p> <ul style="list-style-type: none"> • FMAP rate changes (\$73.3 million) • SFY15 unfunded need (\$48.5 million) • Replacement of funds appropriated in SFY15 that will not be available in SFY16. This includes the Medicaid Fraud Fund (\$2.4 million). • Anticipated growth in enrollment and costs (\$46.6 million). <p>This results in a new SFY16 request of \$170.8 million.</p>	
	<ul style="list-style-type: none"> ✓ <i>More than \$50.9 million of projected expenditure increases are due to an anticipated unfunded need in SFY15 and state revenue losses.</i> ✓ <i>FMAP decreases result in a revenue decrease of \$73.3 million in SFY16.</i> 	
Legal Basis	<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 2016**

Request Total: \$4,108,628,581

General Fund Need: \$1,381,112,203

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.

This budget request does not reflect any changes or impact for potential salary adjustments. In the event collective bargaining results in a salary adjustment that is not funded by appropriation, reductions in force will likely occur.

SFY15 Enacted Appropriation - 2014 Session

SFY15 Enacted Appropriation	\$1,236,209,579
MHI Adjustment	(\$25,874,211)
Total State \$ Appropriated:	<u>\$1,210,335,368</u>

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	Prior Year Unfunded Need (SFY16) -- There is an estimated Medical Assistance unfunded need in SFY15. This funding gap will need to be covered in addition to program growth in SFY16. The department estimate was adjusted to the forecasting group midpoint.	\$48,540,610
2	Other Revenue Changes (SFY16) -- A reduction in other revenue sources will need to be replaced with General Funds. This includes the Medicaid Fraud Fund (\$2.4M).	\$2,422,695
3	Fee-for-Service (Hospitals, Physicians, Clinics, Dental, Prescription Drugs, etc.) (SFY16) -- The increase is primarily due to enrollment growth, the continuation of the Affordable Care Act primary care physician increase after expiration of the 100% federal match rate, and prescription drug price/utilization increases. Expenditure increases are being partially offset by assumed shifts to managed care and utilization reductions due to care coordination and health home investments.	\$6,037,378
4	Behavioral Health Services (SFY16) -- Increases in Iowa Plan payments (Regular, BHIS, PMIC, Habilitation) based on enrollment growth and assumed rate increases to maintain actuarial soundness. These increases are partially offset by reductions to mental health case management due to the transition of this service to the integrated health homes.	\$4,251,720
5	Nursing Facilities (SFY16) -- Growth is due to assumed bed day increases and inflation for 100% cost based providers (special population facilities and the Iowa Veterans Home).	\$2,265,303
6	HCBS Waivers and Home Health (SFY16) -- The increase is primarily due to the annualization of the SFY15 waiver waiting list buy-down and continued growth in ID Waiver recipients and costs.	\$22,448,451
7	Managed Care (SFY16) -- The growth is primarily due to increased coverage by the Meridian HMO and expansion of the Program for All Inclusive Care for the Elderly (PACE). <i>This growth is assumed to be cost neutral as it is being offset by reductions in fee-for-service spending.</i>	\$3,980,099
8	Medicare Part A, B, and D Payments (SFY16) -- The increase is being driven by dual-eligible recipient growth and expected increases to Medicare Part B premiums and the Medicare Part D clawback payment.	\$4,292,441
9	Targeted Case Management (SFY16) -- Increase based on historical growth in recipients and costs.	\$1,216,563

**Request - Medical Assistance
State Fiscal Year 2016**

10	Other Program Areas (SFY16) -- This includes growth in programs such as ICF/ID, HIPPP, Medical Transportation, Money Follows the Person and administration. The medical transportation and ICF/ID categories account for the majority of the increase.	\$2,055,238
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11	FMAP Change (SFY16) -- This reflects the increased demand on state dollars due to a reduced FMAP. This includes a regular FMAP reduction (\$51.6M), Balancing Incentive Program FMAP reduction (\$15.1M), and Health Home FMAP reduction (\$6.6M).	\$73,266,337
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Total Requested for Current Service Level Funding: \$170,776,835

Funding for Improved Results

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

General Fund Total	\$1,381,112,203
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General Fund Change From Prior Year	\$170,776,835
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Total Funding Summary:

State Funding Total	\$1,667,802,212
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	Program
General Fund	\$1,381,112,203
Health Care Trust Fund	\$221,790,000
Quality Assurance Trust Fund	\$29,195,653
Hospital Health Care Access trust Fund	\$34,700,000
Other*	\$1,004,356
Total	\$1,667,802,212

* Other: Includes Palo tax revenue.

Federal Funding Total	\$2,061,511,737
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	Program
Temporary Assistance to Needy Families (TANF)	\$0
Social Services Block Grant (SSBG)	\$0
Iowa Health and Wellness Plan	\$0
Federal Financial Participation (FFP)	\$2,061,511,737
Other**	\$0
Total	\$2,061,511,737

** Other:

Other Funding Total	\$379,314,632
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Program	
Other***	\$379,314,632

***Other: Includes intergovernmental transfers, rebates and recoveries, state resource centers, and school-based services.

Totals	\$4,108,628,581
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Request Total
\$4,108,628,581

FTEs included in request:

FTEs	15.0
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**Request - Medical Assistance
State Fiscal Year 2017**

Request Total: \$4,240,475,839

General Fund Need: \$1,466,458,410

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.

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MHI Adjustment	(\$25,874,211)
Total State \$ Appropriated:	<u>\$1,210,335,368</u>

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2	Prior Year Unfunded Need (SFY17) -- Not applicable.	\$0
3	Other Revenue Changes (SFY16) -- A reduction in other revenue sources will need to be replaced with General Funds. This includes the Medicaid Fraud Fund (\$2.4M).	\$2,422,695
4	Other Revenue Changes (SFY17) -- Not applicable.	\$0
5	Fee-for-Service (Hospitals, Physicians, Clinics, Dental, Prescription Drugs, etc.) (SFY16) -- The increase is primarily due to enrollment growth, the continuation of the Affordable Care Act primary care physician increase after expiration of the 100% federal match rate, and prescription drug price/utilization increases. Expenditure increases are being partially offset by assumed shifts to managed care and utilization reductions due to care coordination and health home investments.	\$6,037,378
6	Fee-for-Service (Hospitals, Physicians, Clinics, Dental, Prescription Drugs, etc.) (SFY17) -- The increase is primarily due to enrollment growth and prescription drug price/utilization increases. Expenditure increases are being partially offset by assumed shifts to managed care and utilization reductions due to care coordination and health home investments.	\$6,451,650
7	Behavioral Health Services (SFY16) -- Increases in Iowa Plan payments (Regular, BHIS, PMIC, Habilitation) based on enrollment growth and assumed rate increases to maintain actuarial soundness. These increases are partially offset by reductions to mental health case management due to the transition of this service to the integrated health homes.	\$4,251,720
8	Behavioral Health Services (SFY17) -- Increases in Iowa Plan payments (Regular, BHIS, PMIC, Habilitation) based on enrollment growth and assumed rate increases to maintain actuarial soundness. These increases are partially offset by reductions to mental health case management due to the transition of this service to the integrated health homes.	\$6,299,397
9	Nursing Facilities (SFY16) -- Growth is due to assumed bed day increases and inflation for 100% cost-based providers (special population facilities and the Iowa Veterans Home).	\$2,265,303

**Request - Medical Assistance
State Fiscal Year 2017**

10	Nursing Facilities (SFY17) -- Growth is due to assumed bed day increases and inflation for 100% cost-based providers (special population facilities and the Iowa Veterans Home).	\$2,038,954
11	HCBS Waivers and Home Health (SFY16) -- The increase is primarily due to the annualization of the SFY15 waiver waiting list buy-down and continued growth in ID Waiver recipients and costs.	\$22,448,451
12	HCBS Waivers and Home Health (SFY17) -- The increase is primarily due to continued growth in ID Waiver recipients and costs.	\$21,017,294
13	Managed Care (SFY16) -- The growth is primarily due to increased coverage by the Meridian HMO and expansion of the Program for All Inclusive Care for the Elderly (PACE). <i>This growth is assumed to be cost neutral as it is being offset by reductions in fee-for-service spending.</i>	\$3,980,099
14	Managed Care (SFY17) -- The growth is primarily due to increased coverage by the Meridian HMO and expansion of the Program for All Inclusive Care for the Elderly (PACE). <i>This growth is assumed to be cost neutral as it is being offset by reductions in fee-for-service spending.</i>	\$4,041,558
15	Medicare Part A, B, and D Payments (SFY16) -- The increase is being driven by dual-eligible recipient growth and expected increases to Medicare Part B premiums and the Medicare Part D clawback payment.	\$4,292,441
16	Medicare Part A, B, and D Payments (SFY17) -- The increase is being driven by dual-eligible recipient growth and expected increases to Medicare Part B premiums and the Medicare Part D clawback payment.	\$6,526,350
17	Targeted Case Management (SFY16) -- Increase based on historical growth in recipients and costs.	\$1,216,563
18	Targeted Case Management (SFY17) -- Increase based on historical growth in recipients and costs.	\$1,301,722
19	Other Program Areas (SFY16) -- This includes growth in programs such as ICF/ID, HIPPP, Medical Transportation, Money Follows the Person and administration. The medical transportation and ICF/ID categories account for the majority of the increase.	\$2,055,238
20	Other Program Areas (SFY17) -- This includes growth in programs such as ICF/ID, HIPPP, Medical Transportation, Money Follows the Person and administration. The ICF/ID category accounts for the majority of the increase.	\$1,019,675
21	FMAP Change (SFY16) -- This reflects the increased demand on state dollars due to a reduced FMAP. This includes a regular FMAP reduction (\$51.6M), Balancing Incentive Program FMAP reduction (\$15.1M), and Health Home FMAP reduction (\$6.6M).	\$73,266,337
22	FMAP Change (SFY17) -- This reflects the increased demand on state dollars due to a reduced FMAP. This includes a regular FMAP reduction (\$26.0M), Balancing Incentive Program FMAP reduction (\$5.0M), and Health Home FMAP reduction (\$5.6M).	\$36,649,607
Total Requested for Current Service Level Funding:		<u>\$256,123,042</u>

Funding for Improved Results

Decision Package	Decision Package Description	Amount
		\$0
Total Requested for Improved Results Funding:		<u>\$0</u>
General Fund Total		\$1,466,458,410
General Fund Change From Prior Year		\$256,123,042

**Request - Medical Assistance
State Fiscal Year 2017**

Total Funding Summary:

State Funding Total	\$1,753,148,419
----------------------------	------------------------

	Program
General Fund	\$1,466,458,410
Health Care Trust Fund	\$221,790,000
Quality Assurance Trust Fund	\$29,195,653
Hospital Health Care Access trust Fund	\$34,700,000
Other*	\$1,004,356
Total	\$1,753,148,419

* Other: Includes Palo tax revenue.

Federal Funding Total	\$2,086,728,130
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	Program
Temporary Assistance to Needy Families (TANF)	\$0
Social Services Block Grant (SSBG)	\$0
Iowa Health and Wellness Plan	\$0
Federal Financial Participation (FFP)	\$2,086,728,130
Other**	\$0
Total	\$2,086,728,130

** Other:

Other Funding Total	\$400,599,290
----------------------------	----------------------

	Program
Other***	\$400,599,290

***Other: Includes intergovernmental transfers, rebates and recoveries, state resource centers, and school-based services.

Totals	Program
	\$4,240,475,839

Request Total
\$4,240,475,839

FTEs included in request:

FTEs	15.0
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Medical Contracts



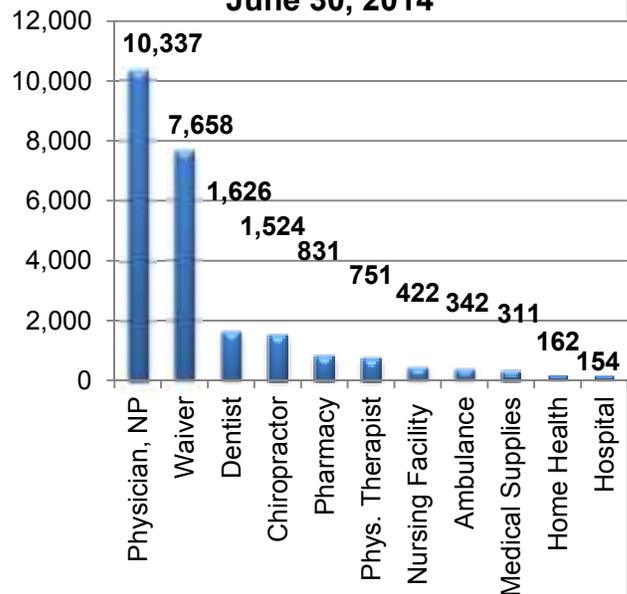
Purpose

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.

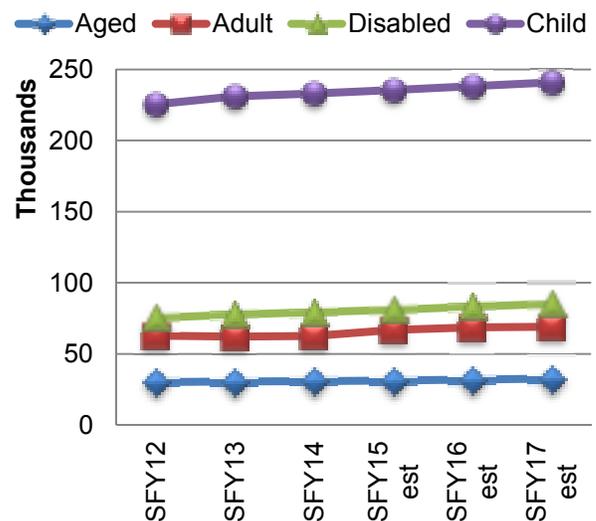
Who Is Helped

- 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 670,877 Medicaid members (unduplicated) in SFY2014, (22 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 over 700,000 members in SFY16.
- The IME supports over 43,000 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.

**Medicaid In-State Providers
June 30, 2014**



**Average Regular Medicaid
Enrollment by Group**



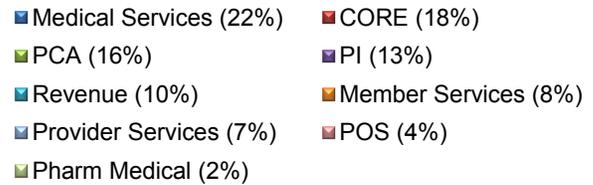
- ✓ *Provider Services answers over 33,110 calls per month from healthcare providers. Average wait time for providers to talk to a call center representative is 25 seconds.*
- ✓ *Member Services answers over 23,000 calls per month from members. The average time for members to talk to a call center representative is less than 30 seconds. SFY16 phone calls have increased comensurate with enrollment increases due to ACA.*
- ✓ *Pharmacy Services processed over 131,503 prior authorizations in SFY14 with an average determination time of 4 hours and 1 minute.*

Services

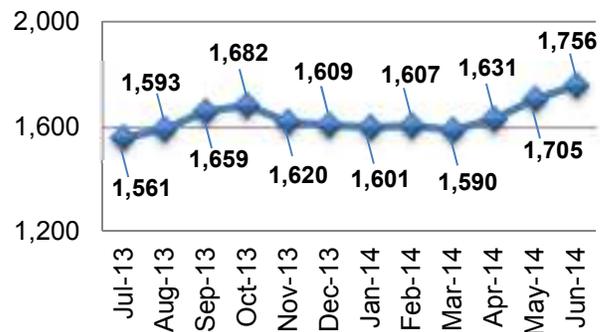
Iowa Medicaid utilizes nine performance-based contracts with vendors who provide key business services. These contracts are integrated under state oversight and management in a single location and comply with over 200 performance measures to achieve maximum value for Iowa taxpayers. The IME vendors carry 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 the Medicaid population health and health homes.
- **Member Services** provides customer service, assists members in choosing a primary care provider, and provides active disease management 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 non-preferred drugs, and responds to inquiries to the Pharmacy PA Hotline.

SFY16 Projected Share of State Expenditures by IME Units



Lock-In Monthly Enrollment SFY14



Lock-In and Medical Health Education Savings



- **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.
- **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.
- 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.

Disease Management Savings



Preferred Drug List Savings



Program Integrity Savings

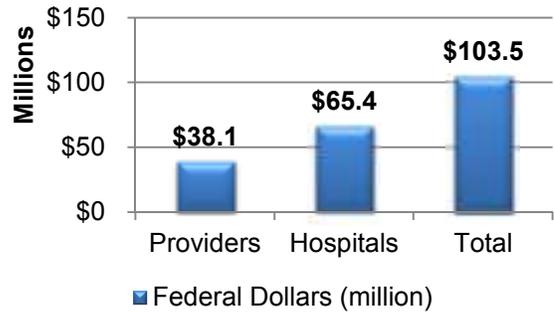


Revenue Collections



- 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.

Medicaid Electronic Health Record Payments (since January, 2011)



- ✓ Medicaid processed nearly 46 million claims in SFY14. The average time from receipt of the claim to payment was 6.5 days in SFY14.
- ✓ The Medical Services Unit typically reviews up to 1,928 claims per day. IME projects they will process 2,429 claims per day in SFY16 and 3,061 in SFY17.
- ✓ Program Integrity saved Medicaid \$49.4 million in SFY14 through the identification of overpayments, coding errors, and fraud, waste, and abuse. The Recovery Audit contract accounted for approximately \$13 million of the \$49.4 million recovered.
- ✓ Prior authorizations for HCBS saved over \$6.5 million in SFY14.

Goals & Strategies

Effectively Manage Resources:

- Implementation of the Preferred Drug List (PDL) dramatically reduced the per user per year prescription drug cost from over a pre-rebate cost of \$804.79 to post-rebate cost of \$369.20 per user per year during SFY14. The PDL is projected to save over \$86.7 million in SFY15.
- Increase Medicaid provider performance by sharing quality data
- Expand Program Integrity efforts in DHS Programs
- Maximize federal financial participation to the greatest extent possible.

SFY13 Medicaid Member Satisfaction with Call Center



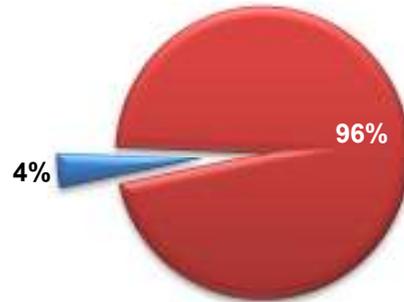
- ✓ Medicaid collected over \$226 million in revenue in SFY14 through cost avoidance and recovery when other insurance is present. Medicaid projects cost avoidance and recovery savings of \$260 million in SFY16 and \$26 million in SFY17.

Cost of Services

- 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 \$13.7 million in SFY14. Total state expenditures are projected to be \$14.3 million in SFY15, \$14.7 million in SFY16, and \$15.2 million in SFY17.

Medicaid Expenditures

■ Administration (4%) ■ Services (96%)

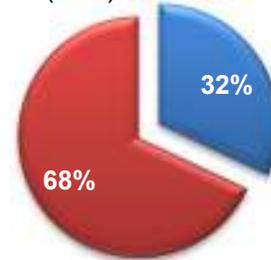


Funding Sources

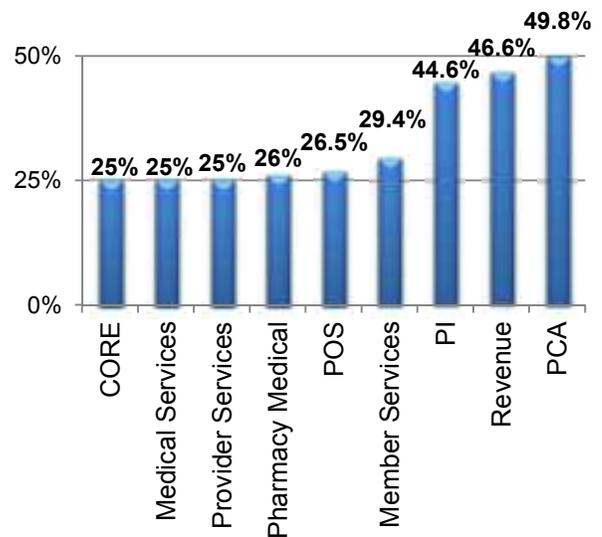
- IME Medical Contracts are funded with state and matching federal funds.
- The state share of funding varies for each contract ranging from 10 percent (e.g. system development), 25 percent (e.g. CORE, Medical Services, and Provider Services) to 50 percent for others (e.g. Revenue Collections, PCA).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

Medical Contracts Funding Share SFY16

■ State (32%) ■ Federal (68%)



State Funding Share by Contract



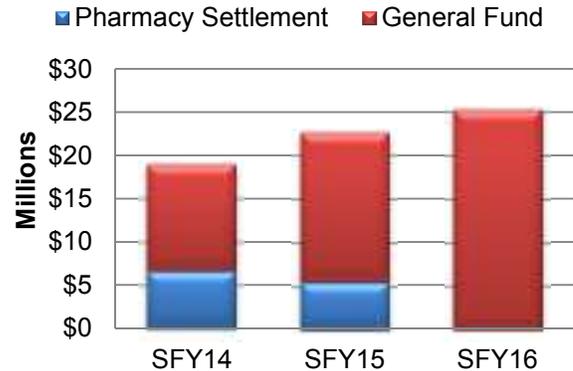
SFY16 & SFY17 Budget Drivers

The total SFY16 Medical Contracts budget request reflects a \$7,255,008 (42 percent) general fund increase from the SFY15 Enacted Appropriation.

The total SFY17 Medical Contracts budget request reflects an \$8,112,630 (47 percent) general fund increase from the SFY15 Enacted Appropriation.

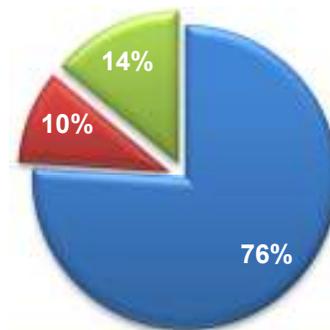
- IME operational contracts will increase by \$389,717 (2.2 percent) in SFY16 over SFY15. This increase is due to the fixed prices negotiated in the competitively procured contracts.
- The most significant contract increase in cost in SFY16 is in Medical Services, which will increase by 2.9 percent (\$86,323).
- Medical Services, Provider Services, Program Integrity, and Provider Cost Audit, all have negotiated cost increases of approximately 3-5 percent annually for SFY16.
- Pharmacy Medical Services' costs will remain the same in SFY15-16 (\$318,468) and Pharmacy Point of Sale state costs will increase to \$541,163 (2.2 percent).

Medical Contracts by Funding Source



Medical Contracts Increases

- Replace one-time funds (76%)
- ACA increases (10%)
- Contract increases (14%)



Legal Basis

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.

**Request - Medical Contracts
State Fiscal Year 2016**

Request Total: \$109,194,287

General Fund Need: \$24,403,584

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.

SFY15 Enacted Appropriation - 2014 Session

SFY15 Enacted Appropriation \$17,148,576

Total State \$ Appropriated: \$17,148,576

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	Pharmaceutical Settlement Acct - This package replaces the SFY15 Medical Contracts appropriation from the Pharmaceutical Settlement Account.	\$5,467,564
2	Medical Contracts increases due to changes in contract costs, operational costs, and Information Technology increases.	\$1,037,444
3	Iowa Health and Wellness Increases - Primarily due to the addition of a full year of the healthy rewards vendor.	\$750,000
Total Requested for Current Service Level Funding:		<u>\$7,255,008</u>

Funding for Improved Results

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

General Fund Total	\$24,403,584
General Fund Change From Prior Year	\$7,255,008

**Request - Medical Contracts
State Fiscal Year 2016**

Total Funding Summary:

State Funding Total		\$24,403,584
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	Program
General Fund	\$24,403,584
Health Care Trust Fund	\$0
Quality Assurance Trust Fund	\$0
Hospital Health Care Access trust Fund	\$0
Other*	\$0
Total	\$24,403,584

* Other:

Federal Funding Total		\$84,790,703
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	Program
Temporary Assistance to Needy Families (TANF)	\$0
Social Services Block Grant (SSBG)	\$0
Iowa Health and Wellness Plan	\$0
Federal Financial Participation (FFP)	\$84,790,703
Other**	\$0
Total	\$84,790,703

** Other:

Other Funding Total		\$0
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Program	
Other***	\$0

***Other:

Totals	Program
	\$109,194,287

Request Total
\$109,194,287

FTEs included in request:

FTEs	-
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**Request - Medical Contracts
State Fiscal Year 2017**

Request Total: \$110,288,476

General Fund Need: \$25,271,206

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.

SFY15 Enacted Appropriation - 2014 Session

SFY15 Enacted Appropriation \$17,148,576

Total State \$ Appropriated: \$17,148,576

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	Pharmaceutical Settlement Acct - This package replaces the SFY15 Medical Contracts appropriation from the Pharmaceutical Settlement Account.	\$5,467,564
2	Medical Contracts increases due to changes in contract costs, operational costs, and Information Technology increases (SFY 2016).	\$1,037,444
3	Medical Contracts increases due to changes in contract costs, operational costs, and Information Technology increases (SFY 2017).	\$867,622
4	Iowa Health and Wellness Increases - Primarily due to the addition of a full year of the healthy rewards vendor.	\$750,000
Total Requested for Current Service Level Funding:		<u>\$8,122,630</u>

Funding for Improved Results

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

General Fund Total	\$25,271,206
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General Fund Change From Prior Year	\$8,122,630
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**Request - Medical Contracts
State Fiscal Year 2017**

Total Funding Summary:

State Funding Total	\$25,271,206
----------------------------	---------------------

	Program
General Fund	\$25,271,206
Health Care Trust Fund	\$0
Quality Assurance Trust Fund	\$0
Hospital Health Care Access trust Fund	\$0
Other*	\$0
Total	\$25,271,206

* Other:

Federal Funding Total	\$85,017,270
------------------------------	---------------------

	Program
Temporary Assistance to Needy Families (TANF)	\$0
Social Services Block Grant (SSBG)	\$0
Iowa Health and Wellness Plan	\$0
Federal Financial Participation (FFP)	\$85,017,270
Other**	\$0
Total	\$85,017,270

** Other:

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

Program	
Other***	\$0

***Other:

Totals	Program
	\$110,288,476

Request Total
\$110,288,476

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 of the Federal Poverty Level (FPL), and infants whose family income is between 240 and 375 percent 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 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 changed 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 302 percent of the FPL.
- Total CHIP enrollment is projected to increase by one percent (664 enrollees) in SFY14, and increase by 5.5 percent (3,327 enrollees) in SFY15; enrollment is projected to increase by three percent (2,076 enrollees) in SFY16, and increase by three percent (2,076 enrollees) in SFY17. Projected increases are based on historical enrollment.

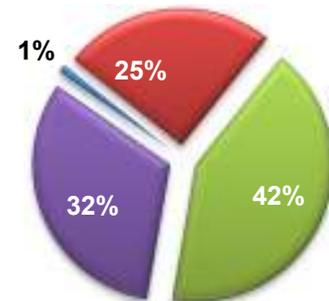
CHIP Members SFY14

■ hawk-i (64%) ■ Expansion (31%)
■ Dental Only (5%)



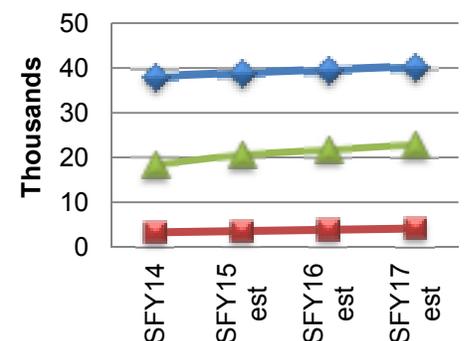
Age of CHIP Children on June 30, 2014

■ 0-1 (1%) ■ 1 to 5 (25%)
■ 6 to 12 (42%) ■ 13 to 18 (32%)



CHIP Enrollment

◆ hawk-i ■ Dental ▲ Expansion



Services

- ✓ *As of June 30, 2014, 18,391 children were covered in the Medicaid expansion program, 38,200 in **hawk-i**, and 3,291 in the dental-only plan.*
- ✓ *Enrollment in the CHIP program is projected to increase to 63,209 children in SFY15, 65,285 in SFY16, and 67,361 children in SFY17.*
- ✓ *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.*

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.

- ✓ *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 2014 over 5,800 members (48 percent of those with premiums) pay on-line.*

Goals & Strategies

Improve Iowan's Health Status

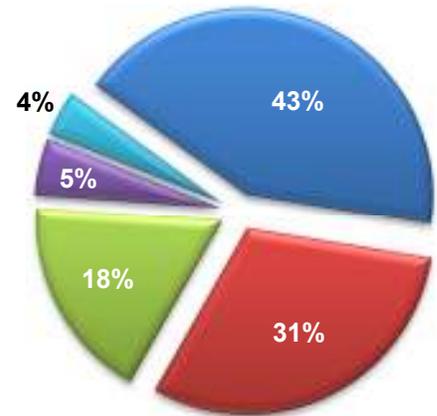
- Provide access to healthcare services
- Promote best practice healthcare delivery
- Promote and provide patient centered care
- Promote better health and nutrition

Effectively Manage Resources

- Sustain projected percentage of federal financial participation

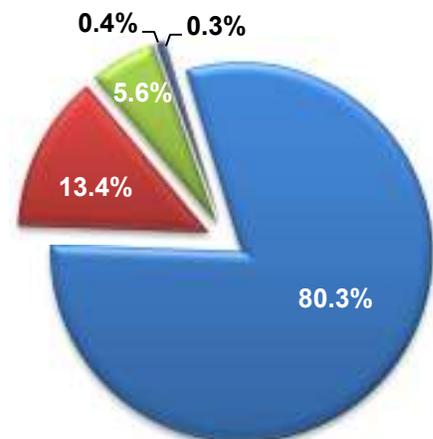
2014 Satisfaction Survey Ease of Application Process

- Very Easy (43%)
- Easy (31%)
- Neutral (18%)
- Hard (5%)
- Very Hard (4%)



SFY14 Satisfaction With Care

- Very Satisfied (80.3%)
- Satisfied (13.4%)
- Neutral (5.6%)
- Unsatisfied (0.4%)
- Extremely Unsatisfied (0.3%)



<p>Cost of Services</p>	<p>CHIP is projected to cover 65,285 children in SFY16 at a total (federal and state) program cost of \$159.7 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 SFY14 total annual cost per member for Medicaid expansion children is \$1,964. The SFY14 total annual cost per member for <i>hawk-i</i> children enrolled with the Wellmark health plan is \$2,670 and for those enrolled with United Healthcare is \$2,540. This cost represents the premiums paid to health plans. The SFY14 average annual cost for children in dental only program is \$276. 	<p><i>hawk-i</i> Family Premiums in June 2014</p> <p>■ \$0 (29%) ■ \$5 (1%) ■ \$10 (20%) ■ \$15 (1%) ■ \$20 (36%) ■ \$40 (12%)</p>
<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 \$2,482 in SFY16.</i> ✓ <i>The SFY14 total annual cost of administering the CHIP program (including the Third Party Administrator, claims processing, outreach and state staffing) is \$6.4 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 SFY15 appropriation amount is \$45,877,998. This funding amount will only maintain 38,016 children in <i>hawk-i</i> and none of the 3,579 supplemental dental enrollees projected in SFY14. An estimated additional \$4.8 million is needed to maintain current service levels and historical enrollment increases in SFY16 and an additional \$4.4 million in SFY17. In SFY16, the state will pay a match rate of 31.75 percent, with a 68.25 percent federal match for CHIP. In SFY17, the state will pay a match rate of 32.23 percent (estimated). Approximately \$3.5 million in revenue from enrollee premiums are projected to be collected in SFY16 and SFY17. 	<p>CHIP Funding SFY16</p> <p>■ Federal (68.2%) ■ State (31.8%)</p>
<ul style="list-style-type: none"> ✓ <i>The federal CHIP match rate has been declining since SFY10, and is projected to decline by 1.0 percent in SFY16. This rate change will result in an estimated \$1.7 million loss in funding.</i> 		

SFY16 & SFY17 Budget Drivers

The total SFY16 CHIP budget request reflects a \$4.8 million (10.5 percent) increase over the SFY15 Enacted Appropriation.

The total SFY17 CHIP budget request reflects a \$9.2 million (20 percent) increase over the SFY15 Enacted Appropriation.

- Total CHIP enrollment is projected to increase by 5.5 percent in SFY15, 3.3 percent in SFY16, and 3.2 percent in SFY17. These increases represent 4,152 new enrollees.
- The CHIP federal match rate is expected to decrease from 69.3 percent in SFY15 to 68.25 percent in SFY16 and 67.77 percent in SFY17. This results in an increased need for state funding of \$1.7 million in SFY16 and an additional \$820 thousand in SFY17.
- Due to enrollment increases, revenue from enrollee premiums are projected to increase two percent in SFY16 and SFY17.

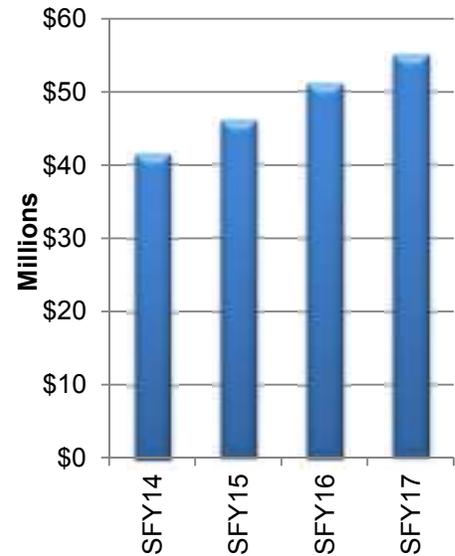
If funding for CHIP is approved starting October 1, 2015, the federal match rate percentage may increase by 23 percent according to requirements of the Affordable Care Act (ACA). This match is not reflected in the numbers in this narrative; however, packages have been added to the department request that reflect a reduction of \$27,557,769 state dollars in SFY16, and an additional reduction of \$11,745,996 state dollars in SFY17 to reflect the state savings if CHIP funding is reauthorized and the 23 percent enhancement to the federal match rate is implemented.

After incorporating these adjustments, the revised SFY16 CHIP budget request reflects a \$22.7 million (49.55 percent) general fund decrease from the SFY15 Enacted Appropriation.

The total SFY17 CHIP budget request reflects a \$30.1 million (65.6 percent) general fund decrease from the SFY15 Enacted Appropriation.

- ✓ *Total CHIP enrollment is projected to be 63,209 in SFY15 and 65,285 in SFY16 and 67,361 in SFY17.*
- ✓ *Total state annual cost is projected to increase by 10.5 percent in SFY16 and by 20 percent in SFY17 over the SFY15 Enacted Appropriation.*

Projected State CHIP Expenditures



Legal Basis

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.

State:

Chapter 514I of the Code of Iowa; 441 IAC Chapter 86

**Request - Childrens Health Insurance Program
State Fiscal Year 2016**

Request Total: \$159,685,755

General Fund Need: \$23,142,458

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 Enacted Appropriation - 2014 Session

SFY15 Enacted Appropriation \$45,877,998

Total State \$ Appropriated: \$45,877,998

This level of funding assumes growth in the Children's Health Insurance Program expanded Medicaid enrollment of 1,104 children from the SFY 2015 projected year-end of 20,638 to a SFY 2016 projected year-end enrollment of 21,742. The cost of this growth is \$347,073 of the status quo dollars. Remaining status quo funds are insufficient to maintain the SFY 2015 projected ending enrollment of 38,992 children receiving full *hawk-i* coverage. This amount of funding will only maintain 38,016 children in *hawk-i*. Also, this level of funding cannot support any of the 3,579 children projected to be receiving only supplemental dental coverage at the end of SFY 2015.

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	To maintain the <i>hawk-i</i> program at the SFY 2015 projected ending enrollment of 38,992 children. This package will also maintain dental only coverage at the SFY 2015 projected ending enrollment of 3,579 children. No additional children can be added at this level of funding.	\$1,108,354
2	Allow growth in the <i>hawk-i</i> program. Allow growth from the SFY 2015 year end enrollment of 38,992 children to a SFY 2016 year end enrollment of 39,676 children (an increase of 684 children with growth staggered over 12 months). This package would also allow growth in dental only coverage from the SFY 2015 year end enrollment level of 3,579 to a SFY 2016 year end enrollment level of 3,867 children. (An increase of 288 children with growth staggered over 12 months.)	\$323,639
3	Allow a 5% provider rate increase to the health plans providing insurance coverage for the <i>hawk-i</i> program in SFY 2016.	\$1,713,536
4	Decrease FMAP rate from 69.30% in SFY 2015 to 68.25% in SFY 2016 (blended state fiscal year rate)	\$1,676,700
5	Reduced state need as a result of an enhanced FMAP (increased by 23%), due to the Affordable Care Act. This savings is dependent upon CHIPRA reauthorization. This enhanced FMAP would go into effect 10-1-2015. The ACA enhanced FMAP is 91.05%	(\$27,557,769)
Total Requested for Current Service Level Funding:		<u><u>(\$22,735,540)</u></u>

**Request - Childrens Health Insurance Program
State Fiscal Year 2016**

Funding for Improved Results

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

General Fund Total	\$23,142,458
General Fund Change From Prior Year	(\$22,735,540)

Total Funding Summary:

State Funding Total	\$23,142,458
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	Program
General Fund	\$23,142,458
Health Care Trust Fund	\$0
Quality Assurance Trust Fund	\$0
Hospital Health Care Access trust Fund	\$0
Other*	\$0
Total	\$23,142,458

* Other:

Federal Funding Total	\$136,543,297
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	Program
Temporary Assistance to Needy Families (TANF)	\$0
Social Services Block Grant (SSBG)	\$0
Iowa Health and Wellness Plan	\$0
Federal Financial Participation (FFP)	\$136,543,297
Other**	\$0
Total	\$136,543,297

** Other:

Other Funding Total	\$0
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Program	
Other***	\$0

***Other:

Totals	Program
	\$159,685,755

Request Total
\$159,685,755

FTEs included in request:

FTEs	-
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**Request - Childrens Health Insurance Program
State Fiscal Year 2017**

Request Total: \$170,885,931

General Fund Need: \$15,772,771

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 Enacted Appropriation - 2014 Session

SFY15 Enacted Appropriation \$45,877,998

Total State \$ Appropriated: \$45,877,998

This level of funding assumes growth in the Children's Health Insurance Program expanded Medicaid enrollment of 1,104 children from the SFY 2015 projected year-end of 20,638 to a SFY 2016 projected year-end enrollment of 21,742. The cost of this growth is \$347,073 of the status quo dollars. Remaining status quo funds are insufficient to maintain the SFY 2015 projected ending enrollment of 38,992 children receiving full *hawk-i* coverage. This amount of funding will only maintain 38,016 children in *hawk-i*. Also, this level of funding cannot support any of the 3,579 children projected to be receiving only supplemental dental coverage at the end of SFY 2015.

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	To maintain the <i>hawk-i</i> program at the SFY 2015 projected ending enrollment of 38,992 children. This package will also maintain dental only coverage at the SFY 2015 projected ending enrollment of 3,579 children. No additional children can be added at this level of funding.	\$1,108,354
2	Allow growth in the <i>hawk-i</i> program. Allow growth from the SFY 2015 year end enrollment of 38,992 children to a SFY 2016 year end enrollment of 39,676 children (an increase of 684 children with growth staggered over 12 months). This package would also allow growth in dental only coverage from the SFY 2015 year end enrollment level of 3,579 to a SFY 2016 year end enrollment level of 3,867 children. (An increase of 288 children with growth staggered over 12 months.)	\$323,639
3	Allow a 5% provider rate increase to the health plans providing insurance coverage for the <i>hawk-i</i> program in SFY 2016.	\$1,713,536
4	Allow growth in Medicaid expansion enrollment of 1,104 children from the SFY 2016 year-end of 21,742 to a SFY 2017 projected year-end enrollment of 22,846. Will also maintain the <i>hawk-i</i> program at the SFY 2016 ending enrollment of 39,676 children. This package will also maintain dental only coverage at the SFY 2016 ending enrollment of 3,867 children. No additional children can be added at this level of funding.	\$1,309,638
5	Allow growth in the <i>hawk-i</i> program. Allows growth from the SFY 2016 year end enrollment of 39,676 children to a SFY 2017 year end enrollment of 40,360 children (an increase of 684 children with growth staggered over 12 months). This package would also allow growth in dental only coverage from the SFY 2016 year end enrollment level of 3,867 to a SFY 2017 year end enrollment level of 4,155 children. (An increase of 288 children with growth staggered over 12 months.)	\$352,063
6	Allow a 5% provider rate increase to the health plans providing insurance coverage for the <i>hawk-i</i> program in SFY 2017.	\$1,894,355
7	Decrease FMAP rate from 69.30% in SFY 2015 to 68.25% in SFY 2016 (blended state fiscal year rate)	\$1,676,700

**Request - Childrens Health Insurance Program
State Fiscal Year 2017**

8	Decrease FMAP rate from 68.25% in SFY 2016 to 67.77% in SFY 2017 (blended state fiscal year rate)	\$820,253
9	Reduced state need in SFY 2016 as a result of an enhanced FMAP (increased by 23%), due to the Affordable Care Act. This savings is dependent upon CHIPRA reauthorization. This enhanced FMAP would go into effect 10-1-2015. The ACA enhanced FMAP is 91.05%	(\$27,557,769)
10	Reduced state need in SFY 2017 as a result of enhanced FMAP (increased by 23%), due to the Affordable Care Act. This savings is dependent upon CHIPRA reauthorization. The blended ACA enhanced FMAP is 90.77%	(\$11,745,996)
Total Requested for Current Service Level Funding:		(\$30,105,227)

Funding for Improved Results

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

General Fund Total	\$15,772,771
General Fund Change From Prior Year	(\$30,105,227)

Total Funding Summary:

State Funding Total	\$15,772,771
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	Program
General Fund	\$15,772,771
Health Care Trust Fund	\$0
Quality Assurance Trust Fund	\$0
Hospital Health Care Access trust Fund	\$0
Other*	\$0
Total	\$15,772,771

* Other:

Federal Funding Total	\$155,113,160
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	Program
Temporary Assistance to Needy Families (TANF)	\$0
Social Services Block Grant (SSBG)	\$0
Iowa Health and Wellness Plan	\$0
Federal Financial Participation (FFP)	\$155,113,160
Other**	\$0
Total	\$155,113,160

** Other:

Other Funding Total	\$0
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Program	
Other***	\$0

***Other:

Totals	Program
	\$170,885,931

Request Total
\$170,885,931

Iowa Health and Wellness Plan



Purpose

Beginning January 1, 2014, the Iowa Health and Wellness Plan covers all Iowans, ages 19-64, with incomes up to and including 133 percent of the Federal Poverty Level (FPL). The plan provides a comprehensive benefit package and provider network, along with important program innovations, that will improve health outcomes and lower costs. The new plan serves many former IowaCare enrollees as the IowaCare waiver expired 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.

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

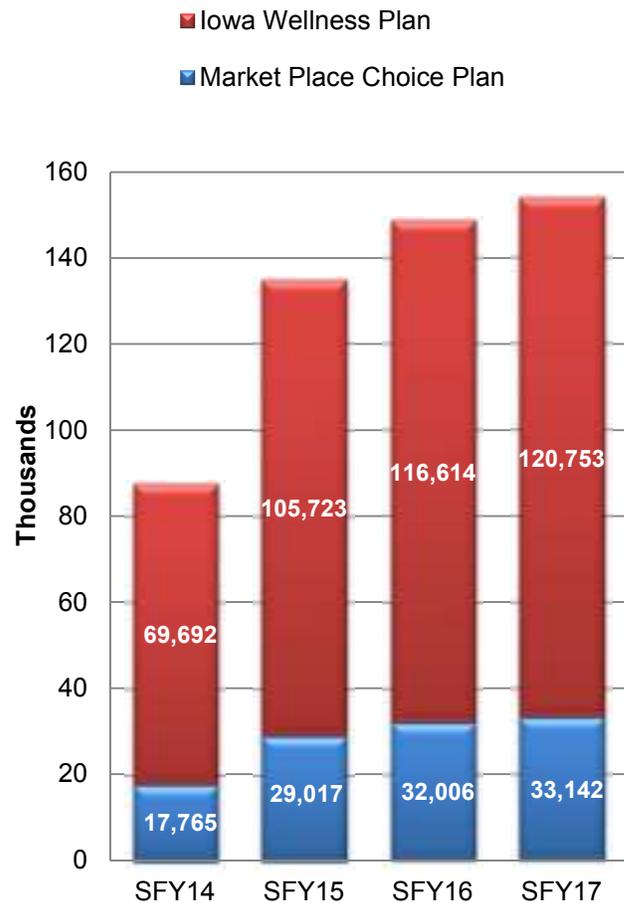
- **Iowa Wellness Plan**

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 Average Enrollees by Year



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

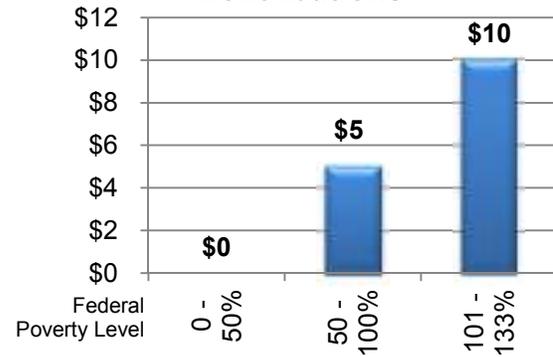
<p>Services</p>	<p>The Iowa Health and Wellness Plan provides healthcare to thousands of adults who would otherwise have no access to any type of healthcare regardless of income.</p> <ul style="list-style-type: none"> • The Plan offers innovations and reform in the delivery of health care services through leveraging care coordination models. These include PCP, managed care plans, Accountable Care Organizations (ACOs), and the utilization of the private insurance market. • The Plan provides 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 includes care coordination and quality incentives to encourage medical home growth and innovation.</i> ✓ <i>ACOs assist members by coordinating care through medical homes, engaging in proactive health care, preventive services, and member outreach. This will 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 2015 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 are 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 allows 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 \$8 for using the emergency room when it is 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 at 50 percent or greater 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 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 provides 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"> The vast majority of Health and Wellness Plan costs are reimbursed at the enhanced Federal Medical Assistance percentage (FMAP) for the New Adult Group under the ACA. A small portion of enrollees will receive regular federal match rates because they were previously eligible for other full benefit Medicaid eligibility groups. Administrative costs have match rates of 50%, 75%, or 90% depending on the type of expenditure. 	<p style="text-align: center;">Enhanced Federal Match Rate Percentage</p> <table border="1"> <caption>Enhanced 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%																	
SFY16 & SFY17 Budget Drivers	<ul style="list-style-type: none"> Full enrollment of approximately 150,000 is projected to occur in SFY16. 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 - Iowa Health and Wellness Plan
State Fiscal Year 2016**

Request Total: \$969,172,759

General Fund Need: \$15,368,394

Request Description:

This request provides funding for the Iowa Health and Wellness Plan. Beginning January 1, 2014, the Iowa Health and Wellness Plan covers all Iowans ages 19-64 with incomes up to and including 133 percent of the Federal Poverty Level (FPL). The plan provides a comprehensive benefit package and provider network, along with important program innovations that improves health outcomes and lowers costs. The new plan serves many former IowaCare enrollees. The majority of program costs will be funded with 100% federal funds through calendar year 2016. This enhanced federal match rate will be 95% in 2017 and gradually decline to 90% by 2020, where it will remain permanently. A small portion of enrollees will receive regular federal match rates because they were previously eligible for other full benefit Medicaid eligibility groups.

SFY15 Enacted Appropriation - 2014 Session

SFY15 Enacted Appropriation \$14,448,814

Total State \$ Appropriated: \$14,448,814

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	Program Growth (SFY16) -- Cost and utilization increases for those that receive regular federal match rates due to being previously eligible for other Medicaid eligibility groups.	\$449,568
2	FMAP Change (SFY16) -- This reflects the increased demand on state dollars due to a reduced FMAP. This includes a regular FMAP reduction for those previously eligible for other Medicaid eligibility groups.	\$470,012
Total Requested for Current Service Level Funding:		<u>\$919,580</u>

Funding for Improved Results

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

General Fund Total	\$15,368,394
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General Fund Change From Prior Year	\$919,580
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**Request - Iowa Health and Wellness Plan
State Fiscal Year 2016**

Total Funding Summary:

State Funding Total	\$15,368,394
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Program	
General Fund	\$15,368,394
Health Care Trust Fund	\$0
Quality Assurance Trust Fund	\$0
Hospital Health Care Access trust Fund	\$0
Other*	\$0
Total	\$15,368,394

* Other:

Federal Funding Total	\$953,804,365
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Program	
Temporary Assistance to Needy Families (TANF)	\$0
Social Services Block Grant (SSBG)	\$0
Iowa Health and Wellness Plan	\$953,804,365
Federal Financial Participation (FFP)	\$0
Other**	\$0
Total	\$953,804,365

** Other:

Other Funding Total	\$0
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Program	
Other***	\$0

***Other:

Totals	Program
	\$969,172,759

Request Total
\$969,172,759

FTEs included in request:

FTEs	-
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**Request - Iowa Health and Wellness Plan
State Fiscal Year 2017**

Request Total: \$1,033,947,862

General Fund Need: \$40,994,800

Request Description:

This request provides funding for the Iowa Health and Wellness Plan. Beginning January 1, 2014, the Iowa Health and Wellness Plan covers all Iowans ages 19-64 with incomes up to and including 133 percent of the Federal Poverty Level (FPL). The plan provides a comprehensive benefit package and provider network, along with important program innovations that improves health outcomes and lowers costs. The new plan serves many former IowaCare enrollees. The majority of program costs will be funded with 100% federal funds through calendar year 2016. This enhanced federal match rate will be 95% in 2017 and gradually decline to 90% by 2020, where it will remain permanently. A small portion of enrollees will receive regular federal match rates because they were previously eligible for other full benefit Medicaid eligibility groups.

SFY15 Enacted Appropriation - 2014 Session

SFY15 Enacted Appropriation \$14,448,814

Total State \$ Appropriated: \$14,448,814

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	Program Growth (SFY16) -- Cost and utilization increases for those that receive regular federal match rates due to being previously eligible for other Medicaid eligibility groups.	\$449,568
2	Program Growth (SFY17) -- Cost and utilization increases for those that receive regular federal match rates due to being previously eligible for other Medicaid eligibility groups.	\$414,544
3	FMAP Change (SFY16) -- This reflects the increased demand on state dollars due to a reduced FMAP. This includes a regular FMAP reduction for those previously eligible for other Medicaid eligibility groups.	\$470,012
4	FMAP Change (SFY17) -- This reflects the increased demand on state dollars due to a reduced FMAP. This includes a regular FMAP reduction for those previously eligible for other Medicaid eligibility groups (\$0.2M) and the phase-down of the enhanced federal match rate from 100% to 95% beginning 1/1/2017 (\$25.0M).	\$25,211,862
Total Requested for Current Service Level Funding:		\$26,545,986

Funding for Improved Results

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

General Fund Total	\$40,994,800
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General Fund Change From Prior Year	\$26,545,986
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**Request - Iowa Health and Wellness Plan
State Fiscal Year 2017**

Total Funding Summary:

State Funding Total		\$40,994,800
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Program	
General Fund	\$40,994,800
Health Care Trust Fund	\$0
Quality Assurance Trust Fund	\$0
Hospital Health Care Access trust Fund	\$0
Other*	\$0
Total	\$40,994,800

* Other:

Federal Funding Total		\$992,953,062
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Program	
Temporary Assistance to Needy Families (TANF)	\$0
Social Services Block Grant (SSBG)	\$0
Iowa Health and Wellness Plan	\$992,953,062
Federal Financial Participation (FFP)	\$0
Other**	\$0
Total	\$992,953,062

** Other:

Other Funding Total		\$0
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Program	
Other***	\$0

***Other:

Totals	Program
	\$1,033,947,862

Request Total
\$1,033,947,862

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 SSA eligibility criteria include:

- 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.

There are seven SSA groups.

79 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.

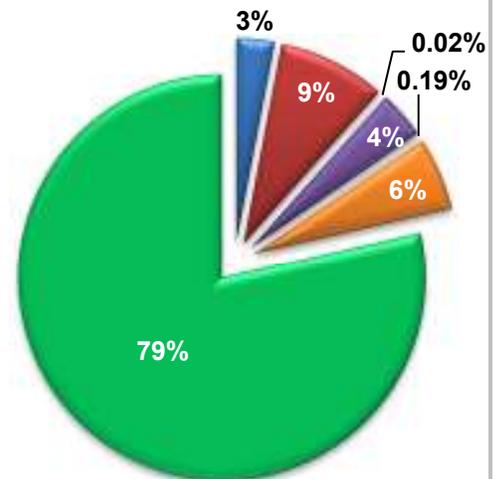
In SFY14 an average of 18,056 cases received an SSA benefit. A case may be a single person or a couple if living together.

Examples of the monthly income requirements:

- Residential facility, monthly income of \$1,019 or less.
- In-Home Health-Related Care, monthly income of \$1,201 or less.
- Blind, monthly income of \$743 or less.

Recipients by Coverage Group SFY14

- Blind Allowance (3%)
- Dependent Person Allowance (9%)
- Family Life Home (.02%)
- In-Home Health-Related Care (4%)
- Mandatory State Supplement (.19%)
- RCF Assistance (6%)
- SMME Assistance (79%)



May not equal 100% due to rounding.

✓ *In addition to receiving SSA, most recipients also receive Medicaid.*

<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 \$370. • In-Home Health-Related Care (IHHRC), up to \$480. • Blind Allowance, up to \$22. • Mandatory Supplement, an average of just over \$88. • Supplement for Medicare and Medicaid Eligible (SMME), \$1 per month. • Residential Care Facility (RCF) Assistance, up to \$1,019. • Family Life Home Payment, up to \$142. 	<p>Expenditures by Coverage Groups in SFY14</p> <ul style="list-style-type: none"> ■ Family Life Home (.05%) ■ SMME (1%) ■ Mandatory Supplement (.28%) ■ RCF (25%) ■ Blind Allowance (1%) ■ IHHRC (27%) ■ Dependent Person (46%) <p>May not equal 100% due to rounding.</p>
	<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</p> <p>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 SFY14:</p> <ul style="list-style-type: none"> • Increased the number of SMME participants by 1.8 percent to further decrease the amount the state pays for the Medicare Part B premiums for those individuals.
<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 \$5,429 for persons receiving In-Home Health-Related Care Assistance.</p>	
<p>Funding Sources</p>	<p>The total budget for both SFY16 & SFY17 is \$13,781,154.</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> 	

SFY16 & SFY17 Budget Drivers

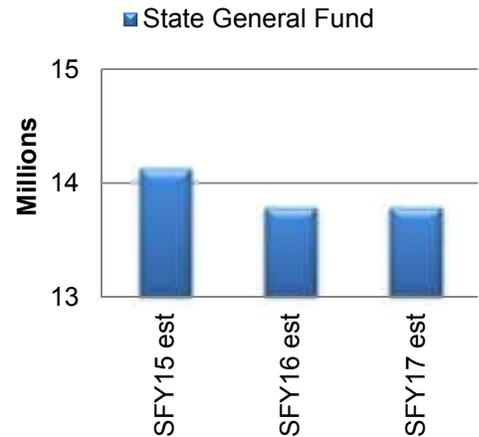
The total SFY16 State Supplementary Assistance budget request reflects a \$340,000 (2.4 percent) general fund decrease from the SFY15 Enacted Appropriation.

The total SFY17 budget request also reflects a \$340,000 (2.4 percent) general fund decrease from the SFY15 Enacted Appropriation, the same as the SFY16 budget request.

The key budget drivers are:

- Annual Social Security cost of living adjustments increase costs for Dependent Person and RCF.
- Modest caseload increase for Dependent Person.
- Cost per case increase for In-Home Health-Related Care (IHHRC).
- Continuing decrease in RCF bed days.
- Combined, Dependent Person, RCF and IHHRC account for nearly 98% of the total SSA budget.
- The effect of decreases in RCF bed days is expected to exceed the combined effect of any other increases in caseloads or cost per case in SFY16 resulting in a decreased funding need.
- In SFY17, the effect of decreases in RCF bed days will offset, but not exceed, the combined effect of any other increases in caseloads or cost per case resulting in no change in funding from the SFY16 level.

Total Budget Funding



✓ *A recent report by the federal Office of Inspector General (OIG) has recommended that the federal Medicaid agency seek legislation that would require Iowa and other states with similar programs to significantly increase the Supplement for Medicare and Medicaid Eligibles. To date, the federal Medicaid agency has declined to do so, indicating such action must come from the Social Security Administration.*

Legal Basis

Federal:

- SSA benefits are an MOE requirement for the Medicaid program
- Code of Federal Regulations: 20 CFR 416.2095 and 416.2096

State:

- Iowa Code Chapter 249
- Iowa Administrative Code 441 IAC Chapters, 50-54 and 177

**Request -State Supplementary Assistance
State Fiscal Year 2016**

Request Total: \$13,781,154

General Fund Need: \$13,781,154

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 (IHHC) 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 IHHC. Failure to maintain the state's SSA program would result in the loss of federal funding for Medicaid.

SFY15 Enacted Appropriation - 2014 Session

SFY15 Enacted Appropriation \$14,121,154

Total State \$ Appropriated: \$14,121,154

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	SFY 16 compared to SFY15 Decreasing caseloads (1) Both the caseloads and cost per case are expected to increase for Dependent Person; (2) The caseload is expected to stay relatively stable while the cost per case increases for In-Home Health-Related Care; (3) The caseload for the Supplement for Medicare and Medicaid Eligibles is expected to increase while the cost per case remains stable; (4) Residential Care Facility bed days are expected to decrease while the cost per bed day increases; (5) The remaining 3 groups are expected to see both caseloads and cost per case remain flat. The effect of decreasing RCF bed days is expected to exceed the combined effect of any other increases in caseloads or cost per case resulting in a decreased funding need. Annual Social Security COLAs are responsible for the increased cost per case for Dependent Person and RCF. COLAs are projected at 1.5% for calendar year 2015 and 2.0% for calendar year 2016.	(\$340,000)
Total Requested for Current Service Level Funding:		<u>(\$340,000)</u>

Funding for Improved Results

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

General Fund Total	\$13,781,154
General Fund Change From Prior Year	(\$340,000)

**Request -State Supplementary Assistance
State Fiscal Year 2016**

Total Funding Summary:

State Funding Total		\$13,781,154
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Program	
General Fund	\$13,781,154
Health Care Trust Fund	\$0
Quality Assurance Trust Fund	\$0
Hospital Health Care Access trust Fund	\$0
Other*	\$0
Total	\$13,781,154

* Other:

Federal Funding Total		\$0
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Program	
Temporary Assistance to Needy Families (TANF)	\$0
Social Services Block Grant (SSBG)	\$0
Iowa Health and Wellness Plan	\$0
Federal Financial Participation (FFP)	\$0
Other**	\$0
Total	\$0

** Other:

Other Funding Total		\$0
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Program	
Other***	\$0

***Other:

Totals	Program
	\$13,781,154

Request Total
\$13,781,154

FTEs included in request:

FTEs	-
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**Request -State Supplementary Assistance
State Fiscal Year 2017**

Request Total: \$13,781,154

General Fund Need: \$13,781,154

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 (IHHC) 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 IHHC. Failure to maintain the state's SSA program would result in the loss of federal funding for Medicaid.

SFY15 Enacted Appropriation - 2014 Session

SFY15 Enacted Appropriation \$14,121,154

Total State \$ Appropriated: \$14,121,154

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	SFY 16 compared to SFY15 Decreasing caseloads (1) Both the caseloads and cost per case are expected to increase for Dependent Person; (2) The caseload is expected to stay relatively stable while the cost per case increases for In-Home Health-Related Care; (3) The caseload for the Supplement for Medicare and Medicaid Eligibles is expected to increase while the cost per case remains stable; (4) Residential Care Facility bed days are expected to decrease while the cost per bed day increases; (5) The remaining 3 groups are expected to see both caseloads and cost per case remain flat. The effect of decreasing RCF bed days is expected to exceed the combined effect of any other increases in caseloads or cost per case resulting in a decreased funding need. Annual Social Security COLAs are responsible for the increased cost per case for Dependent Person and RCF. COLAs are projected at 1.5% for calendar year 2015 and 2.0% for calendar year 2016.	(\$340,000)
2	SFY 17 compared to SFY15: Caseloads and costs per case for each group are expected to continue the same trends as in SFY16. For SFY 17, the effect of RCF bed days continuing to decrease is expected to offset, but not exceed the combined effect of any other additional increases in caseloads or cost per case so no additional change in funding is required. Annual Social Security COLAs continue to be responsible for the increased cost per case for Dependent Person and RCF. The projected COLA for calendar year 2017 is 2.2%.	\$0
Total Requested for Current Service Level Funding:		<u>(\$340,000)</u>

Funding for Improved Results

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

General Fund Total	\$13,781,154
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General Fund Change From Prior Year	(\$340,000)
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**Request -State Supplementary Assistance
State Fiscal Year 2017**

Total Funding Summary:

State Funding Total		\$13,781,154
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Program	
General Fund	\$13,781,154
Health Care Trust Fund	\$0
Quality Assurance Trust Fund	\$0
Hospital Health Care Access trust Fund	\$0
Other*	\$0
Total	\$13,781,154

* Other:

Federal Funding Total		\$0
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Program	
Temporary Assistance to Needy Families (TANF)	\$0
Social Services Block Grant (SSBG)	\$0
Iowa Health and Wellness Plan	\$0
Federal Financial Participation (FFP)	\$0
Other**	\$0
Total	\$0

** Other:

Other Funding Total		\$0
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Program	
Other***	\$0

***Other:

Totals	Program
	\$13,781,154

Request Total
\$13,781,154

FTEs included in request:

FTEs	-
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