



Improve Iowans' Health Status

Medical Assistance

Medical Contracts

Children's Health Insurance Program

IowaCare

State Supplementary Assistance

Medicaid Assistance (Medicaid - Title XIX)



Purpose

Medical Assistance (Medicaid—Title XIX) provides medically necessary healthcare coverage for financially needy parents with children, 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

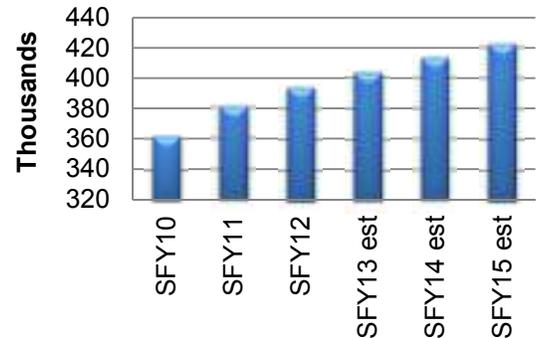
Medicaid is projected to serve more than 684,000 Iowans (unduplicated) or 22.4 percent of Iowa's population in SFY14 and over 712,000 (unduplicated) or 23.3 percent in SFY15. (This does not include projections for potential Medicaid expansion under the Affordable Care Act).

- Medicaid is Iowa's second largest healthcare payor, processing nearly 33 million claims in SFY12.

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

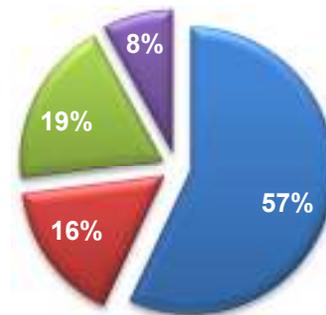
- Members must meet certain income criteria based on multiple eligibility standards and be a U.S. citizen or a legal qualified non-citizen (such as a refugee). Citizenship status is verified through the Social Security Administration and legal non-citizens must provide original documentation to verify their status.
- Generally, Medicaid covers low income members who are aged (over age 65), blind and disabled persons, 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-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 minimal cost.

Medicaid Enrollment



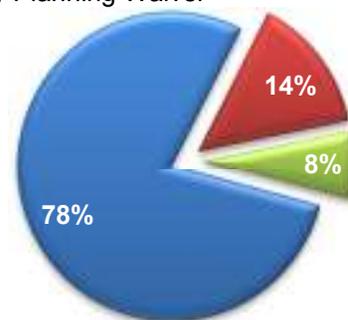
Total Medicaid Enrollment by Age SFY12

■ Child ■ Adult ■ Disabled ■ Aged

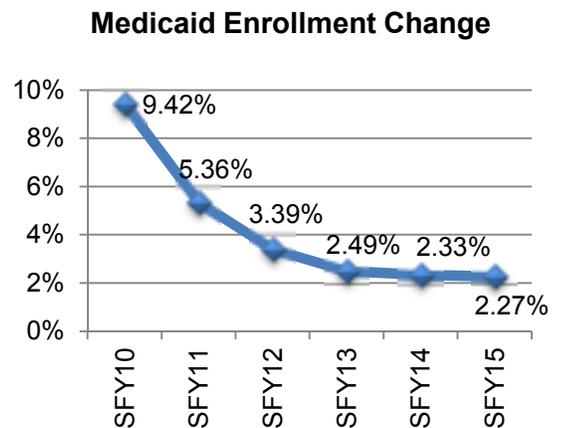
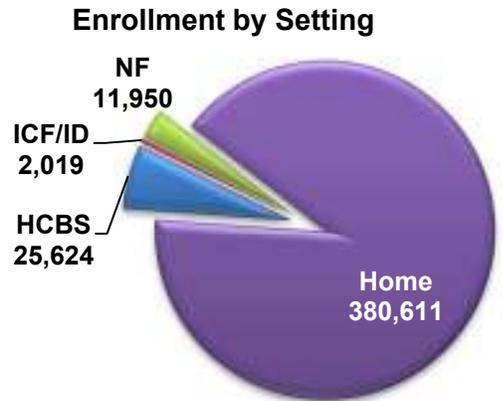


Medicaid Enrollment by Program SFY12

■ Regular Medicaid ■ IowaCare ■ Family Planning Waiver



- Additional populations served include:
 - Groups with income over 133 percent of the federal poverty level (FPL) through waiver programs such as IowaCare and the Family Planning Waiver. These programs provide very limited covered services.
 - Medicare populations, where Medicaid covers the cost of Medicare premiums, deductibles, and co-payments (Qualified Medicare Beneficiaries also known as dual eligibles).
- **Enrollment growth is slowing.** There were 420,204 members enrolled in regular Medicaid at the end of SFY12, a growth of 3.39 percent from SFY11. Growth has decreased from 5.36 percent in SFY11 and 9.42 percent in SFY10. Enrollment growth is projected to continue to decrease in SFY13 - SFY15.
- Of those newly enrolled, the largest growth in recent years is children, but this growth is now steadily declining. In SFY10 growth was 12.8 percent, in SFY11 growth fell to 6.47 percent, and in SFY12 growth was 3.72 percent. Growth for SFY13 – SFY15 is projected to further decrease to 3.27 percent in SFY13, 2.42 percent in SFY14, and 2.26 percent in SFY15.
- Medicaid plays a key role in the state's child welfare system by funding healthcare for children in state care. Medicaid also provides coverage to children in subsidized adoptive homes, thereby making permanent placement more accessible for children who cannot return to their birth families.



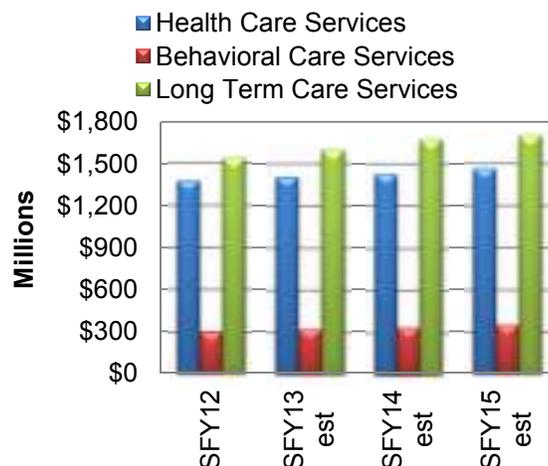
- ✓ *Since SFY10, children have accounted for 70 percent of Medicaid growth.*
- ✓ *Medicaid serves adults with serious and persistent mental illness (such as schizophrenia or bipolar disorder) and children with Serious Emotional Disturbance. Studies show that adults with serious mental illness live 25 years less than adults without this condition.*
- ✓ *Medicaid serves elderly persons who are low-income and very frail. The typical long term care member for older lowans (65 and older) is a 72 year-old female who needs assistance with at least one activity of daily living, such as personal care.*
- ✓ *Medicaid serves individuals with both physical and/or intellectual disabilities. The typical member with a disability accessing long term care services is a 28-year-old male with an intellectual disability and needs supports with life skills.*

Services

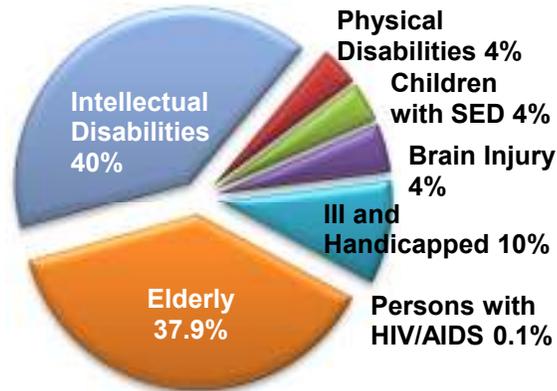
Medicaid covers a comprehensive range of healthcare services for lowans who meet the program's eligibility criteria.

- **Healthcare Services** include physician care, hospital services, labs, prescription drugs, home health care, rural health care services, Federally Qualified Health Center (FQHC) 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 allowing services to be delivered through a managed care organization (currently Magellan).
- **Long Term Care Services** include nursing home care, Intermediate Care Facilities for the Intellectually Disabled (ICF/ID), and home and community based support that allows individuals to remain at home.
- **Home and Community Based Supports** allows members to remain at home 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.
- HCBS Services are delivered through seven 1915(c) waivers that are targeted to specific populations including persons who:
 - Are Elderly.
 - Have Intellectual Disabilities.
 - Have a Disability (two waivers)
 - Physical
 - Other Disabilities
 - Are Children with Serious Emotional Disturbance.
 - Are Living with HIV/AIDS.
 - Have a Brain Injury.

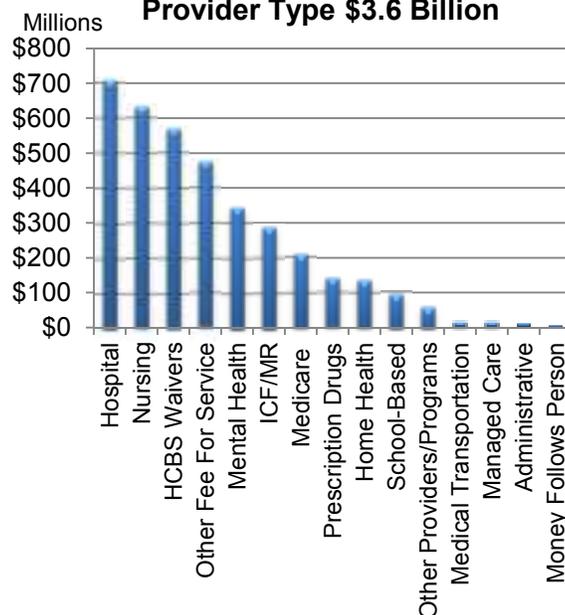
Medicaid Spending by Category



HCBC Waivers Enrollment SFY12



SFY14 Medicaid Expenditures by Provider Type \$3.6 Billion



- ✓ *The average cost of a member in a nursing facility is \$45,677 per year, versus \$9,909 for a person served through an HCBS waiver.*
- ✓ *The average cost of a member in an Intermediate Care Facility for the Intellectually Disabled is \$141,164, versus an average cost of \$34,615 for a person served through the ID HCBS waiver.*
- ✓ *Medicaid generates 10 percent to 20 percent of most hospitals' revenues. Medicaid provides about 50 percent of nursing facilities' revenue. In the area of services for the disabled, Medicaid is often the primary or only revenue source.*

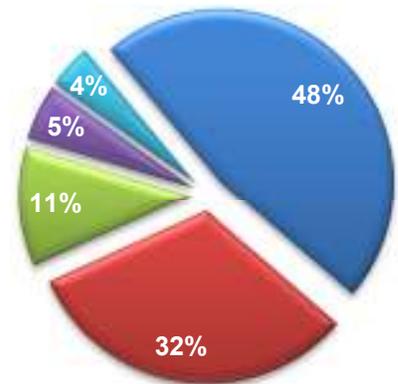
Goals & Strategies

The Iowa Medicaid Enterprise (IME) is not simply a payor for healthcare services. IME actively manages the program to achieve 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 Iowan's health status**
 - Provide access to healthcare services.
 - Promote patient centered care via Health Homes.
- **Promote behavioral health status**
 - Provide access to mental health services.
 - Develop an array of critical mental health services.
- **Promote choice for seniors and persons with disabilities**
 - Promote access to home and community based options for seniors and persons with disabilities.
- **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.

**2011 Member Survey
"Ease to See Provider"**

- Strongly Agree
- Somewhat Agree
- Neither
- Somewhat Disagree
- Strongly Disagree



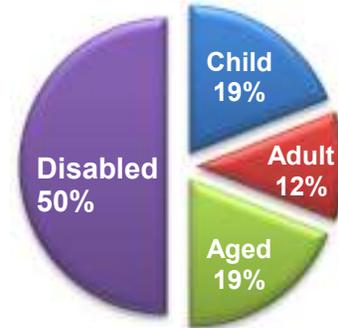
- Iowa was one of the first states to implement a Health Home program, which will provide payments to providers to coordinate health care for members with chronic disease.
- Health Home savings are projected to be between \$7 million and \$15 million in state dollars over a three-year period.
- The HIPP program produced a net savings to the Medical program of \$6.98 million (state and federal) in SFY12.
- The Preferred Drug List (PDL) saved the state over \$60 million in SFY12.

- ✓ *Iowa ranked 6th best in the U.S. for Long Term Care System performance in a recent study by AARP, the Commonwealth Fund and SCAN Foundation.*
- ✓ *The Iowa Plan provided over 1,100 joint individual conferences 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 \$231 million in revenue through cost avoidance and recovery when other insurance is present in SFY12.*
- ✓ *Medicaid achieved savings and cost avoidance of \$28.9 million (state and federal) through the identification of overpayments, coding errors, and fraud and abuse in SFY12.*

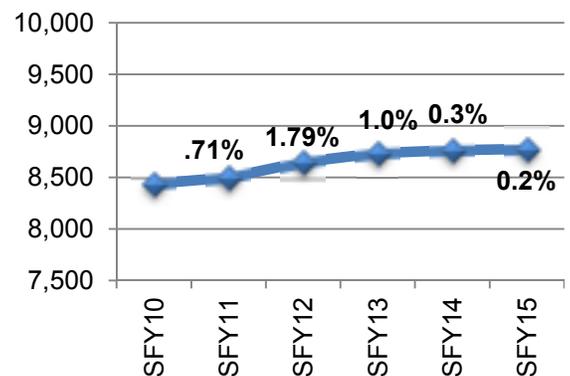
Cost of Services

- **The recent trend in growth of cost per member has been very low. Per member costs are projected to increase by 1.0 percent in SFY13, 0.3 percent in SFY14, and 0.2 percent in SFY15.**
- **Costs vary widely.** Fifty-seven percent of Medicaid members are children but they account for only 19 percent of costs. Conversely, 19 percent of members are people with disabilities, but they account for half of Iowa's Medicaid expenses.
- The average annual cost for Medicaid services provided to a member is \$8,736 in SFY13 (all funds). Medicaid has a large number of healthy children with a low cost of \$2,614, and a small number of very costly elderly and disabled persons with an average cost of \$21,715.
- Members with chronic disease also drive a significant share of Medicaid costs. Five percent of members account for 48 percent of acute care costs.
 - A key IME initiative is to reduce health care costs through 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. Iowa's 70,000 dual eligibles cost more than \$1 billion. Iowa has submitted a proposal to CMS to receive a share of Medicare savings if Iowa engages duals in the health home and other health management programs that result in savings.
- Long-term care costs account for more than half of Medicaid spending. Many individuals could be served in less expensive home and community based settings. IME recently attained an approved Balancing Incentive Program plan expected to provide \$17.8 million in federal incentives to be used toward equalizing expenditures between facility-based and home and community based care.

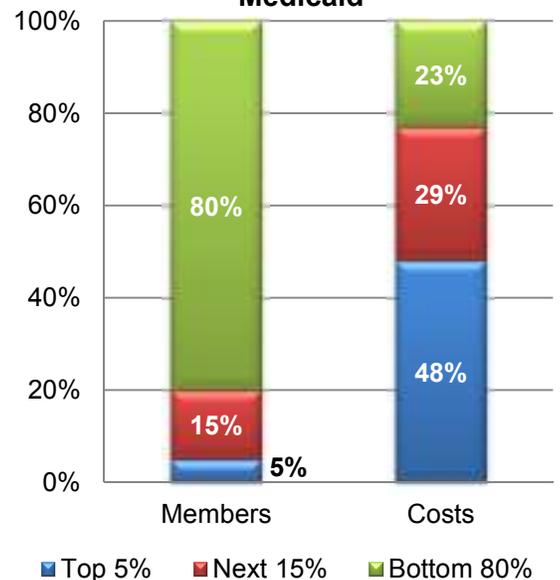
SFY12 Iowa Medicaid Expenditures



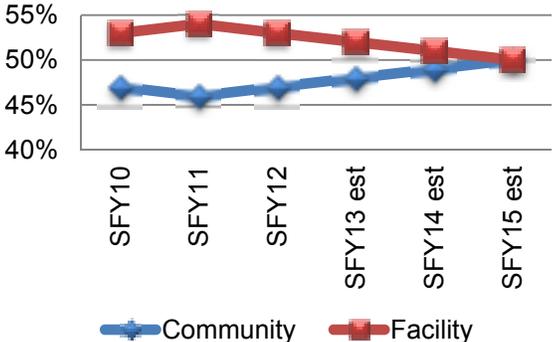
Change in Medicaid Cost Per Member



Chronic Disease Care Within Medicaid



LTC Percentage of Expenditures by Setting



- ✓ *The top five percent high cost/high risk Medicaid members have an average of 4.2 chronic conditions, receive care from five different physicians, and receive prescriptions from 5.6 prescribers. They account for 90 percent of all hospital readmissions within 30 days, 75 percent of total inpatient hospital costs, and 50 percent of prescription drug costs.*
- ✓ *The annual Medicaid member cost was \$8,736 in SFY13, whereas the average annual family premium paid jointly in Iowa by both the employer and employee was \$13,295 (2011 Iowa Employer Benefits Study, Copyright 2010 David P. Lind & Associates, LC.).*
- ✓ *Medicaid payments to hospitals total over \$700 million per year.*
- ✓ *More than 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.*

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 SFY14 is \$3.87 billion:

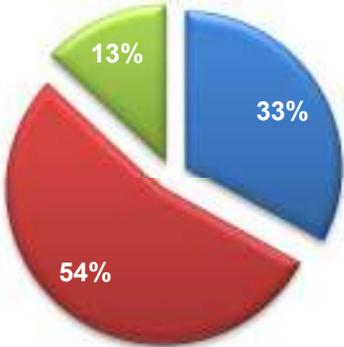
- \$1.27 billion (32.9 percent) is state general fund.
- \$2.09 billion (54.0 percent) is federal funding.
- \$507.66 million (13.1 percent) is other state funding including drug rebates and other recoveries, the Health Care Trust Fund (tobacco tax), nursing facility and hospital assessment fee revenue, and the CHIPRA performance bonus payments.

The total budget for SFY15 is \$3.98 billion:

- \$1.37 billion (34.4 percent) is state general fund.
- \$2.1 billion (52.7 percent) is federal funding.

SFY14 Funding

■ State General Fund ■ Federal ■ Other Funding



- \$513.44 million (12.9 percent) is other state funding including drug rebates and other recoveries, Health Care Trust Fund (tobacco tax), nursing facility and hospital assessment fee revenue, and the CHIPRA performance bonus payments.

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.

The federal share has declined as follows:

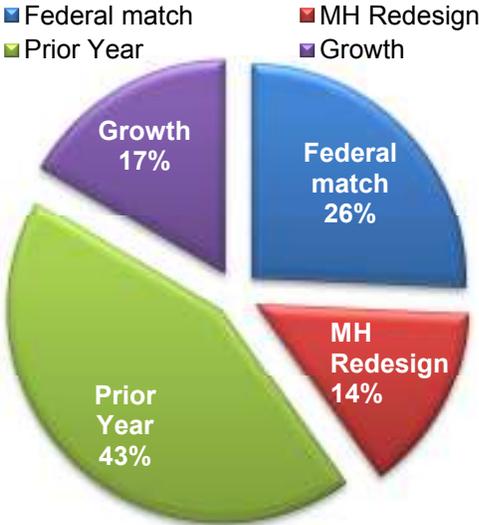
- SFY10 – 72.09 percent
- SFY11 – 70.64 percent
- SFY12 – 61.19 percent
- SFY13 – 59.87 percent
- SFY14 – 58.80 percent
- SFY15 – 57.80 percent

**SFY14
SFY15
Budget
Drivers**

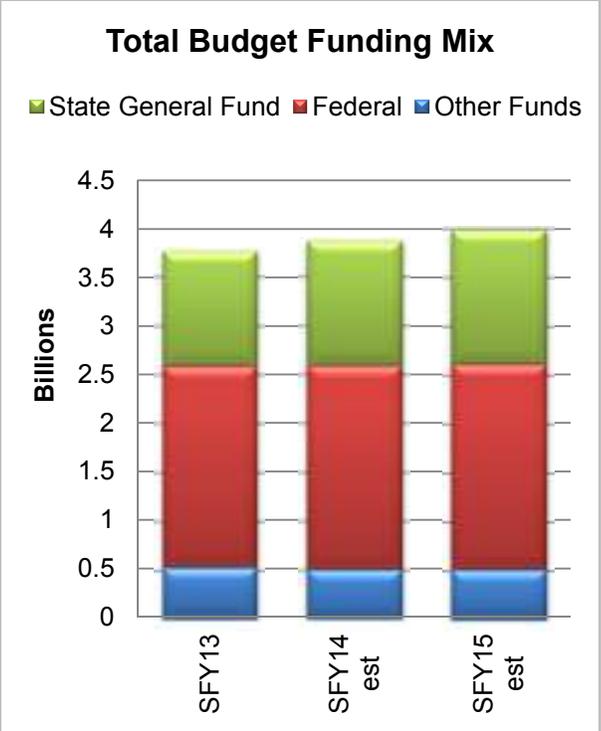
The total SFY14 budget reflects a \$137,739,009 (12.1 percent) general fund increase from SFY13. The SFY15 budget reflects a \$95,061,564 (7.5 percent) general fund increase over SFY14.

- The key budget drivers of the increases are:
- Declining FMAP rate (\$34.8 million in SFY14).
 - SFY13 funding shortfall (\$51.6 million).
 - Replacement of one-time funds appropriated in SFY13 as transfers in (\$14.6 million including Iowa Veteran's Home, Risk Pool Fund and Property Tax Relief Supplemental transfers)
 - Replacement of Health Care Transformation Account (HCTA) funds depleted after SFY13 appropriation (\$5.7 million).
 - **Routine growth in enrollment and costs (\$22.6 million).**
 - Growth in mental health and disability services, resulting in growth of the non-federal share (state share) paid by counties prior to MHDS Redesign (\$17 million).
 - Mandated changes under the Affordable Care Act will decrease Medicaid expenditures by \$0.1 million in SFY14 over SFY13, and then increase expenditures by an additional \$9.5 million in SFY15 over SFY14. This does not include impacts from the optional expansion of Medicaid to adults.

SFY14 Medicaid Increase by Budget Driver



- \$750,000 in SFY14, and \$4.3 million in SFY15 due to the mandated increase in primary care physician reimbursement rates to Medicare levels. This increase takes effect January 1, 2013, and is primarily funded with 100 percent federal funds in SFY14, but the enhanced federal match expires in SFY15.
- A savings of \$1.0 million in SFY14 and \$1.1 million in SFY15 due to the Balancing Incentive Program.
- A decrease of \$8.9 million for a transfer to the IowaCare program is reflected in this budget request. An offset of the same amount is reflected in the IowaCare budget request.
- This budget does not assume funding for nursing facility rebase.



- ✓ Overall, Medicaid growth due to enrollment and cost increases is only 1.6 percent in SFY14. More than \$115 million of projected expenditure increases are due to changes in funding changes or new requirements.
- ✓ Medicaid growth due to mental health redesign activities is 2.1 percent (\$29.7 million) in SFY14 due to transition of State Resource Center (previously county-funded), and SFY13 redesign activities.
- ✓ FMAP decreases resulting in a revenue decrease of \$70 million (\$35 million each year) in SFY14 and SFY15.

Legal Basis

- Federal:**
- Title XIX of the Social Security Act authorizes and stipulates the requirements for the Medicaid program
 - Code of Federal Regulations: 42 CFR 440, specifically 42 CFR 440.210 and 42 CFR 440.220
- State:**
- Multiple Chapters of the Iowa Code further define the services and eligibility categories the Iowa Medicaid Program is required to cover.
- This offer maintains statutorily required services and populations.

**Request - Medical Assistance
State Fiscal Year 2014**

Request Total: \$ 3,869,378,789

General Fund Need: \$ 1,273,955,154

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 state 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.

SFY 2013 Enacted Budget (Status Quo Funding)

Medical Assistance Appropriation:	\$ 914,956,421
Medical Assistance Appropriation Adjustment (MHDS Redesign Funds):	\$ 221,259,724
Total State \$ Appropriated:	\$ 1,136,216,145

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	Carry-Forward Replacement (SFY 2014) -- Replacement of General Fund carry-forward dollars that were available in SFY 2013, but will not be available in SFY 2014.	\$ 5,840,216
2	Prior Year Shortfall (SFY 2014) -- There is an estimated Medical Assistance shortfall of \$51,557,738 in SFY 2013. Funding to cover this shortfall will be needed in addition to funding for growth in SFY 2014. Note: Included within this amount is a shortfall in the MHDS Redesign Fund of \$11,427,692 that is assumed to be covered by the Medical Assistance appropriation.	\$ 51,557,738
3	Other Revenue Changes (SFY 2014) -- A reduction in other revenue sources will need to be replaced with General Funds. This includes Behavioral Health Account recoveries (\$2.8M), CHIPRA Performance Bonus Payment (\$1.1M), Iowa Veterans Home transfer (\$2.7M), Health Care Transformation Account appropriations (\$5.7M) and a Mental Health Risk Pool transfer (\$4.7M). These reductions are partially offset by increased MHDS Redesign funds (\$12.6M) and increased Quality Assurance Trust funds (\$2.3M).	\$ 2,208,894
4	Fee-for-Service (Hospitals, Physicians, Clinics, Dental, etc.) (SFY 2014) -- The increase is primarily due to assumed enrollment growth of 2.33% over SFY 2013. Very little inflationary growth is assumed.	\$ 739,234
5	Prescription Drugs (SFY 2014) -- Inflationary increases based on historical trends coupled with enrollment growth of 2.33%. The transition to actual acquisition cost in SFY 2013 is assumed to be budget neutral compared to current reimbursement and a \$6.20 dispensing fee.	\$ 2,617,163
6	Behavioral Health Services (SFY 2014) -- Increases in Iowa Plan payments (regular, BHIS, and PMIC) based on assumed enrollment growth. Sizeable Habilitation increase (nearly 11%) based on historical trends and the residual affect of the county Medicaid shift in SFY 2013.	\$ 2,939,560
7	Nursing Facilities (SFY 2014) -- 7% growth due to rate rebasing, inflation of cost-based rates, and an assumed bed day increase of 0.25%.	\$ 17,457,220

**Request - Medical Assistance
State Fiscal Year 2014**

8	Nursing Facility Rebase (SFY 2014) -- Notwithstanding the biannual nursing facility rebase and maintain payment rates at the SFY 2013 level for these facilities. Rates for facilities not impacted by the rebase will be unaffected.	\$ (14,268,148)
9	HCBS Waivers and Home Health (SFY 2014) -- 5.6% growth due to the annualization of the SFY 2013 waiting list buy-downs and rate increases coupled with continued growth in ID and Elderly waiver recipients and costs.	\$ 5,337,783
10	Managed Care (SFY 2014) -- Sizeable increase (nearly 20%) due to continued growth of the PACE and HMO programs. However, in the aggregate, this is expected to be budget neutral as it is a shifting of existing populations from fee-for-service reimbursement to managed care.	\$ 1,157,610
11	Medicare-Related Payments (SFY 2014) -- Estimated 2% growth in Medicare Part A premiums and Medicare Part D Clawback payments; estimated 4% growth in Medicare Part B premiums. Recipient growth is based on historical trends.	\$ 6,050,036
12	Mental Health Redesign: Change in Use of Medicaid Services (SFY 2014) -- This includes increases in Medicaid services previously funded by counties (\$11,633,198) and increases in children's health home costs (\$400,000). These increases are offset by a reduction in State Resource Center costs previously funded by counties (\$1,113,395) and a reduction in county billing write-offs (\$955,235).	\$ 9,964,568
13	Mental Health Redesign: Shift of Existing Spending from the MHDS Redesign Fund to the Medical Assistance Appropriation (SFY 2014) -- This includes a shift of State Resource Center costs previously funded by counties along with the cost of standardized assessments, children's health homes, and administration.	\$ 19,764,820
14	IowaCare Transfer (SFY 2014) -- The SFY 2013 Medical Assistance appropriation included \$8.9 million to fund the IowaCare program. It is assumed this will be appropriated directly to the IowaCare program in SFY 2014.	\$ (8,934,329)
15	Other Program Areas (SFY 2014) -- Includes growth in other program areas including medical transportation, HIPP, ICF/ID, administrative activities and state transfers.	\$ 548,444
16	Affordable Care Act (Primary Care Physician Increase, etc.) (SFY 2014) -- Primary care physician increase and coverage of former foster care children up to age 26, offset by higher Balancing Incentive Payment Program (BIPP) revenue.	\$ (80,861)
17	Affordable Care Act Transition from CHIP to Medicaid (SFY 2014) -- Requires that all children below 133% of the FPL be covered by Medicaid. This will shift over 16,000 children currently funded by CHIP to Medicaid beginning January 1, 2014. The state has now determined it can retain enhanced CHIP funding for these individuals.	\$ -
18	FMAP Change (SFY 2014) -- This reflects the increased demand on state dollars due to a reduced FMAP. The FMAP is expected to drop from 59.87% in SFY 2013 to 58.80% in SFY 2014. Note: Included within this amount is the FMAP impact for Medicaid services previously funded by counties (\$5,923,533) and State Resource Center services previously funded by counties (\$388,775).	\$ 34,839,061

Total Requested for Current Service Level Funding: \$ 137,739,009

Funding for Improved Results

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

**Request - Medical Assistance
State Fiscal Year 2014**

General Fund Total	\$1,273,955,154
---------------------------	------------------------

General Fund Change From Prior Year	\$137,739,009
--	----------------------

Total Funding Summary:

State Funding Total	\$1,452,228,066
----------------------------	------------------------

Program	
General Fund	\$ 1,273,955,154
SLTF	\$ -
Tobacco	\$ 106,046,400
Iowa Care	\$ -
HCTA	\$ -
Other*	\$ 72,226,512
Total	\$ 1,452,228,066

*Includes nursing facility and hospital assessment fee revenue, the CHIPRA performance bonus payment, and Palo tax revenue.

Federal Funding Total	\$2,087,763,586
------------------------------	------------------------

Program	
TANF	\$ -
SSBG	\$ -
ARRA	\$ -
IowaCare	\$ -
HCTA	\$ -
Other**	\$ 2,087,763,586
Total	\$ 2,087,763,586

**Includes Federal Medicaid Match.

Other Funding Total	\$329,387,137
----------------------------	----------------------

Program	
Other***	\$ 329,387,137

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

Totals	Program
	\$ 3,869,378,789

Request Total
\$3,869,378,789

FTEs included in request:

FTEs	14.0
-------------	-------------

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

Request Total: \$ 3,983,597,301

General Fund Need: \$ 1,369,016,718

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.

SFY 2013 Department Request (Status Quo Funding)

	Medical Assistance Appropriation:	\$ 914,956,421
	Medical Assistance Appropriation Adjustment (MHDS Redesign Funds):	\$ 221,259,724
	Total State \$ Appropriated:	\$ 1,136,216,145

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	Carry-Forward Replacement (SFY 2014) -- Replacement of General Fund carry-forward dollars that were available in SFY 2013, but will not be available in SFY 2014.	\$ 5,840,216
2	Carry-Forward Replacement (SFY 2015) -- No additional carry-forward replacement is anticipated.	\$ -
3	Prior Year Shortfall (SFY 2014) -- There is an estimated Medical Assistance shortfall of \$51,557,738 in SFY 2013. Funding to cover this shortfall will be needed in addition to funding for growth in SFY 2014. Note: Included within this amount is a shortfall in the MHDS Redesign Fund of \$11,427,692 that is assumed to be covered by the Medical Assistance appropriation.	\$ 51,557,738
4	Prior Year Shortfall (SFY 2015) -- Not applicable.	\$ -
5	Other Revenue Changes (SFY 2014) -- A reduction in other revenue sources will need to be replaced with General Funds. This includes Behavioral Health Account recoveries (\$2.8M), CHIPRA Performance Bonus Payment (\$1.1M), Iowa Veterans Home transfer (\$2.7M), Health Care Transformation Account appropriations (\$5.7M) and a Mental Health Risk Pool transfer (\$4.7M). These reductions are partially offset by increased MHDS Redesign funds (\$12.6M) and increased Quality Assurance Trust funds (\$2.3M).	\$ 2,208,894
6	Other Revenue Changes (SFY 2015) -- A reduction in other revenue sources will need to be replaced with General Funds. This includes a replacement of the CHIPRA Performance Bonus Payment (\$8.4M), which is not expected to be available after SFY 2014.	\$ 8,414,129
7	Fee-for-Service (Hospitals, Physicians, Clinics, Dental, etc.) (SFY 2014) -- The increase is primarily due to assumed enrollment growth of 2.33% over SFY 2013. Very little inflationary growth is assumed.	\$ 739,234

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

8	Fee-for-Service (Hospitals, Physicians, Clinics, Dental, etc.) (SFY 2015) -- The increase is primarily due to assumed enrollment growth of 2.27% over SFY 2013. Slightly higher inflationary growth is assumed in SFY 2015 when compared to SFY 2014 due to uncertainty around long-term Medicaid growth coupled with implementation of new projects such as ICD-10.	\$	8,189,582
9	Prescription Drugs (SFY 2014) -- Inflationary increases based on historical trends coupled with enrollment growth of 2.33%. The transition to actual acquisition cost in SFY 2013 is assumed to be budget neutral compared to current reimbursement and a \$6.20 dispensing fee.	\$	2,617,163
10	Prescription Drugs (SFY 2015) -- Inflationary increases based on historical trends coupled with enrollment growth of 2.27%. The transition to actual acquisition cost in SFY 2013 is assumed to be budget neutral compared to current reimbursement and a \$6.20 dispensing fee.	\$	2,740,762
11	Behavioral Health Services (SFY 2014) -- Increases in Iowa Plan payments (regular, BHIS, and PMIC) based on assumed enrollment growth. Sizeable Habilitation increase (nearly 11%) based on historical trends and the residual affect of the county Medicaid shift in SFY 2013.	\$	2,939,560
12	Behavioral Health Services (SFY 2015) -- Increases in Iowa Plan payments (regular, BHIS, and PMIC) based on assumed enrollment growth. Slightly lower Habilitation growth (approximately 7%) when compared to SFY 2014.	\$	2,755,386
13	Nursing Facilities (SFY 2014) -- 7% growth due to rate rebasing, inflation of cost-based rates, and an assumed bed day increase of 0.25%.	\$	17,457,220
14	Nursing Facilities (SFY 2015) -- SFY 2015 is a non-rebasing year, which reduces the expenditure increase. Some growth is anticipated due to inflation of cost-based rates and an assumed bed day increase of 0.25%.	\$	1,257,858
15	Nursing Facility Rebase (SFY 2014) -- Notwithstanding the biannual nursing facility rebase and maintain payment rates at the SFY 2013 level for these facilities. Rates for facilities not impacted by the rebase will be unaffected.	\$	(14,268,148)
16	Nursing Facility Rebase (SFY 2015) -- Not applicable.	\$	-
17	HCBS Waivers and Home Health (SFY 2014) -- 5.6% growth due to the annualization of the SFY 2013 waiting list buy-downs and rate increases coupled with continued growth in ID and Elderly waiver recipients and costs.	\$	5,337,783
18	HCBS Waivers and Home Health (SFY 2015) -- Growth in HCBS waiver expenditures due to Elderly and ID waiver recipient increases along with inflation of cost-based rates. The growth rate is lower in SFY 2015 when compared to SFY 2014 due to no additional waiting list buy-downs or rate increases.	\$	2,992,706
19	Managed Care (SFY 2014) -- Sizeable increase (nearly 20%) due to continued growth of the PACE and HMO programs. However, in the aggregate, this is expected to be budget neutral as it is a shifting of existing populations from fee-for-service reimbursement to managed care.	\$	1,157,610
20	Managed Care (SFY 2015) -- The increase is due to continued growth of the PACE and HMO programs. However, in the aggregate, this is expected to be budget neutral as it is a shifting of existing populations from fee-for-service reimbursement to managed care.	\$	967,349
21	Medicare-Related Payments (SFY 2014) -- Estimated 2% growth in Medicare Part A premiums and Medicare Part D Clawback payments; estimated 4% growth in Medicare Part B premiums. Recipient growth is based on historical trends.	\$	6,050,036
22	Medicare-Related Payments (SFY 2015) -- Growth assumptions in SFY 2015 are similar to the SFY 2014 assumptions.	\$	6,162,081

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

23	Mental Health Redesign: Change in Use of Medicaid Services (SFY 2014) -- This includes increases in Medicaid services previously funded by counties (\$11,633,198) and increases in children's health home costs (\$400,000). These increases are offset by a reduction in State Resource Center costs previously funded by counties (\$1,113,395) and a reduction in county billing write-offs (\$955,235).	\$	9,964,568
24	Mental Health Redesign: Change in Use of Medicaid Services (SFY 2015) -- This includes increases in Medicaid services previously funded by counties (\$9,670,759) and increases in children's health home costs (\$500,000). These increases are offset by a reduction in State Resource Center costs previously funded by counties (\$1,217,174).	\$	9,853,585
25	Mental Health Redesign: Shift of Existing Spending from the MHDS Redesign Fund to the Medical Assistance Appropriation (SFY 2014) -- This includes a shift of State Resource Center costs previously funded by counties along with the cost of standardized assessments, children's health homes, and administration.	\$	19,764,820
26	Mental Health Redesign: Shift of Existing Spending from the MHDS Redesign Fund to the Medical Assistance Appropriation (SFY 2015) -- Not applicable.	\$	-
27	IowaCare Transfer (SFY 2014) -- The SFY 2013 Medical Assistance appropriation included \$8.9 million to fund the IowaCare program. It is assumed this will be appropriated directly to the IowaCare program in SFY 2014.	\$	(8,934,329)
28	IowaCare Transfer (SFY 2015) -- It is assumed this will be appropriated directly to the IowaCare program in SFY 2015.	\$	-
29	Other Program Areas (SFY 2014) -- Includes growth in other program areas including medical transportation, HIPP, ICF/ID, administrative activities and state transfers.	\$	548,444
30	Other Program Areas (SFY 2015) -- Includes growth in other program areas including medical transportation, HIPP, ICF/ID, administrative activities and state transfers.	\$	250,345
31	Affordable Care Act (Primary Care Physician Increase, etc.) (SFY 2014) -- Primary care physician increase and coverage of former foster care children up to age 26, offset by higher Balancing Incentive Payment Program (BIPP) revenue.	\$	(80,861)
32	Affordable Care Act (Primary Care Physician Increase, etc.) (SFY 2015) -- The increase is primarily due to expiration of the 100% FMAP for primary care physician services and 90% FMAP for health home services. Coverage of former foster care children up to age 26 is also contributing to the increase.	\$	9,539,069
33	Affordable Care Act Transition from CHIP to Medicaid (SFY 2014) -- Requires that all children below 133% of the FPL be covered by Medicaid. This will shift over 16,000 children currently funded by CHIP to Medicaid beginning January 1, 2014. The state has now determined it can retain enhanced CHIP funding for these individuals.	\$	-
34	Affordable Care Act Transition from CHIP to Medicaid (SFY 2015) -- Requires that all children below 133% of the FPL be covered by Medicaid. This will shift over 16,000 children currently funded by CHIP to Medicaid beginning January 1, 2014. The state has now determined it can retain enhanced CHIP funding for these individuals.	\$	-
35	FMAP Change (SFY 2014) -- This reflects the increased demand on state dollars due to a reduced FMAP. The FMAP is expected to drop from 59.87% in SFY 2013 to 58.80% in SFY 2014. Note: Included within this amount is the FMAP impact for Medicaid services previously funded by counties (\$5,923,533) and State Resource Center services previously funded by counties (\$388,775).	\$	34,839,061

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

36

<p>FMAP Change (SFY 2015) -- This reflects the increased demand on state dollars due to a reduced FMAP. The FMAP is expected to drop from 58.80% in SFY 2014 to 57.80% in SFY 2015.</p> <p>Note: Included within this amount is the FMAP impact for Medicaid services previously funded by counties (\$5,239,791) and State Resource Center services previously funded by counties (\$304,426).</p>

\$ 34,846,384

Total Requested for Current Service Level Funding:

\$ 225,708,245

Funding for Improved Results

Decision Package	Decision Package Description	Amount
37	MHDS Redesign Core Services (SFY 2015) -- Includes the addition of crisis services.	\$ 6,892,328
38	MHDS Redesign Core Services (SFY 2015) -- Includes the addition of pre-commitment screenings.	\$ 200,000
Total Requested for Improved Results Funding:		<u>\$ 7,092,328</u>

General Fund Total	\$1,369,016,718
---------------------------	------------------------

General Fund Change From Prior Year	\$232,800,573
--	----------------------

Total Funding Summary:

State Funding Total	\$1,538,875,501
----------------------------	------------------------

Program	
General Fund	\$ 1,369,016,718
SLTF	\$ -
Tobacco	\$ 106,046,400
Iowa Care	\$ -
HCTA	\$ -
Other*	\$ 63,812,383
Total	\$ 1,538,875,501

*Includes nursing facility and hospital assessment fee revenue, the CHIPRA performance bonus payment, and Palo tax revenue.

Federal Funding Total	\$2,101,140,150
------------------------------	------------------------

Program	
TANF	\$ -
SSBG	\$ -
ARRA	\$ -
IowaCare	\$ -
HCTA	\$ -
Other**	\$ 2,101,140,150
Total	\$ 2,101,140,150

**Includes Federal Medicaid Match.

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

Other Funding Total		\$343,581,650
----------------------------	--	----------------------

Program	
Other***	\$ 343,581,650

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

Totals	Program
	\$ 3,983,597,301

Request Total
\$3,983,597,301

FTEs included in request:

FTEs	14.0
------	-------------

Medical Contracts



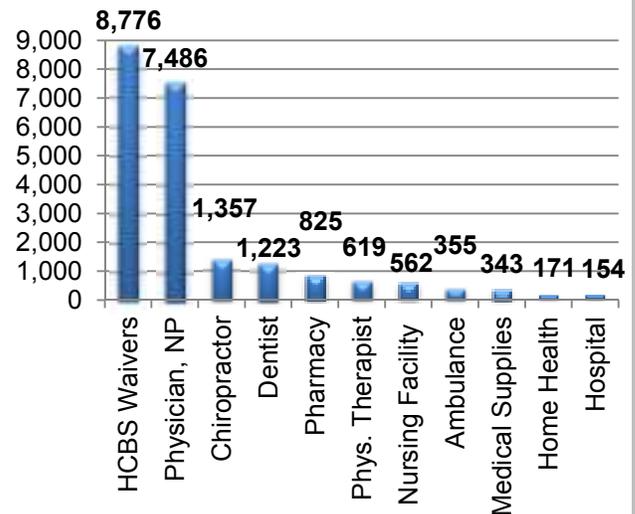
Purpose

The Medicaid program is administered by the Iowa Medicaid Enterprise (IME). The IME is comprised of 26 full-time state employees (excluding 12 Health Insurance Premium Payment staff) and nine performance-based contracts with private vendors. State staff performs policy functions and manages the vendors to assure member 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, promoting program integrity and pursuing cost recovery.

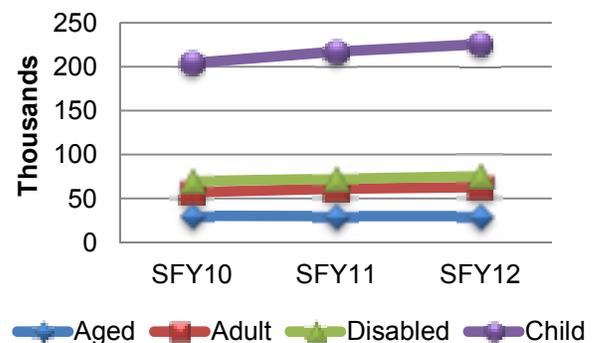
Who Is Helped

- 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 4 percent administrative cost ratio.
- The IME served more than 615,000 (unduplicated) Medicaid members in SFY12, (20 percent of the state population).
- The IME supports over 38,000 dedicated public and private health care providers (in-state and out-of-state).
- Medicaid enrolls the same private and public providers as other insurers in Iowa and is the second largest healthcare payor in Iowa.
- A New England Journal of Medicine study reported that, among eligible populations, Medicaid contributes to a significant reduction in adjusted all-cause mortality, as well as decreased rates of care being delayed due to cost.

Medicaid In-State Providers



Medicaid Enrollment by Group



- ✓ *Provider Services answers over 31,000 calls per month from healthcare providers. Average wait time for providers to talk to a call center representative is less than 20 seconds.*
- ✓ *Member Services answers over 14,000 calls per month from members. The average time for members to talk to a call center representative is less than thirty seconds.*
- ✓ *Pharmacy Services processed over 99,000 prior authorizations in SFY12 with an average determination time of 4 hours and 3 minutes.*

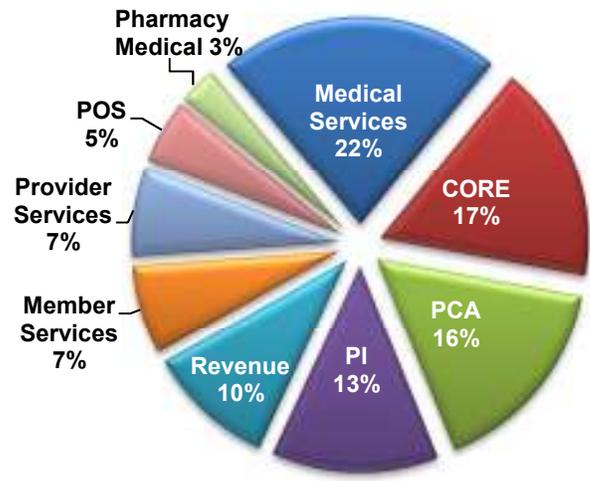
Services

Iowa Medicaid utilizes nine performance-based contracts with vendors who provide key business services. These contracts are integrated under state oversight and management in a single location. They comply with over 200 performance measures to achieve maximum value for Iowa taxpayers.

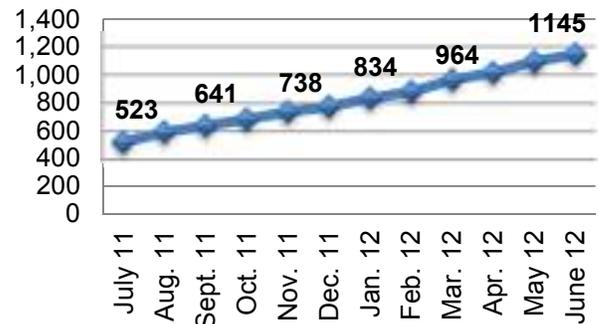
The contracts were competitively procured through an integrated Request for Proposals process in 2010. IME vendors carry out the following primary functions:

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

SFY14 Projected Share of State Expenditures by IME Units



Lock-in Monthly Enrollment SFY12



Preferred Drug List (PDL) Savings



- **Provider Cost Audit (PCA)** provides technical assistance to providers, performs rate setting, cost settlement, cost audit functions and ensures that payments made to Medicaid providers are in accordance with state and federal requirements.
- **Program Integrity (PI)** efforts include identifying potential fraud, waste and abuse through oversight and cost avoidance strategies.
- **Provider Services** is dedicated to supporting providers across the state that provides services to Medicaid members. Functions include operation of a call center, managing the provider network, provider enrollment, program integrity, and education and outreach activities.
- **Revenue Collections** functions include Third Party Liability (TPL) for cost avoidance to ensure that Iowa Medicaid is the payer of last resort, recovery of funds where Medicaid has paid prior to a responsible third party, and estate recovery to obtain repayment of Medicaid expenditures from estates of members who have received long-term care services.

Medical Contracts also includes a number of other contracts with additional vendors and other state agencies, such as the Department of Public Health and the University of Iowa. Those contracts all contribute to the administration of the Medicaid program.

The IME administers Iowa's federal Electronic Health Record (EHR) Incentive Payment program, which distributes 100 percent federal payments to hospitals, physicians and other eligible Medicaid providers for implementing EHRs and incenting meaningful use of the systems. The IME also provides significant funding for Iowa's Health Information Network (HIN) implementation, which will allow real-time exchange of patient health information allowing for greater coordination of care for patients.

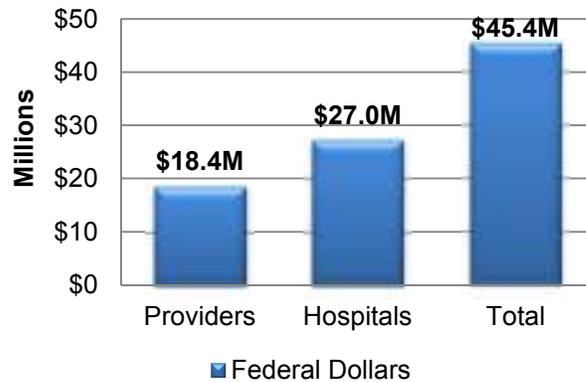
Program Integrity Savings



Revenue Collections



Medicaid Electronic Health Record Payments (Since January, 2011)



	<ul style="list-style-type: none"> ✓ <i>IME processes nearly 33 million claims per year. The average time from receipt of the claim to payment was less than seven days (6.4) in SFY12.</i> ✓ <i>The Medical Services Unit typically reviews up to 1,200 claims per day.</i> ✓ <i>Program Integrity saved Iowa Medicaid \$28.9 million in SFY12 through the identification of overpayments, coding errors, and fraud, waste, and abuse.</i> 													
Goals & Strategies	<p>Goal: Effectively Manage Resources</p> <p>Strategies:</p> <ul style="list-style-type: none"> • Implement new Medicaid Management Information Systems (MMIS). • Implement new DHS and IME website. • Increase Medicaid provider performance by sharing quality data. • Expand Program Integrity efforts in DHS Programs. • Maximize federal financial participation to the greatest extent possible. 	<p>SFY11 Medicaid Member Satisfaction</p>  <table border="1"> <caption>SFY11 Medicaid Member Satisfaction</caption> <thead> <tr> <th>Satisfaction Level</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Excellent</td> <td>31%</td> </tr> <tr> <td>Very Good</td> <td>24%</td> </tr> <tr> <td>Good</td> <td>27%</td> </tr> <tr> <td>Fair</td> <td>12%</td> </tr> <tr> <td>Poor</td> <td>6%</td> </tr> </tbody> </table>	Satisfaction Level	Percentage	Excellent	31%	Very Good	24%	Good	27%	Fair	12%	Poor	6%
Satisfaction Level	Percentage													
Excellent	31%													
Very Good	24%													
Good	27%													
Fair	12%													
Poor	6%													
	<ul style="list-style-type: none"> ✓ <i>IME collected over \$231 million in revenue in SFY12 through cost avoidance and recovery when other insurance is present.</i> ✓ <i>Implementation of the Preferred Drug List (PDL) dramatically reduced the per user per year prescription drug cost from over \$1,000 to under \$400 in SFY12, saving Iowa Medicaid \$60 million in SFY12 alone.</i> ✓ <i>IME is in the process of replacing its 30-year-old Medicaid Management Information System (MMIS). The new system will provide a modern, flexible IT platform that is less expensive to operate, will provide real-time processing capabilities to support members, and other enhancements that will increase IME performance in supporting both members and providers.</i> 													
Cost of Services	<ul style="list-style-type: none"> • Kaiser Family Foundation data show that Iowa Medicaid spending per person is slightly lower than the national average. • Iowa Medicaid has a very low administrative overhead of only 4 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 \$16.25 million in SFY12. 	<p>Medicaid Expenditures</p>  <table border="1"> <caption>Medicaid Expenditures</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Services</td> <td>96%</td> </tr> <tr> <td>Admin.</td> <td>4%</td> </tr> </tbody> </table>	Category	Percentage	Services	96%	Admin.	4%						
Category	Percentage													
Services	96%													
Admin.	4%													

Funding Sources

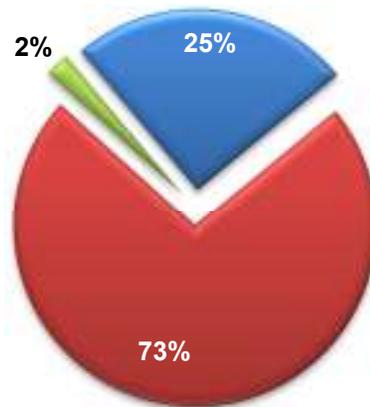
IME Medical Contracts are funded by state general funds, other state funds and federal matching funds. The state share of funding varies by contract and sometimes by service within the contracts. The state share ranges from 10 percent (such as system development), to 25 percent (such as CORE, Medical Services, and Provider Services), to 50 percent (such as Revenue Collections).

The overall total budget for SFY14 is \$62.7 million:

- \$15.8 million (25.1 percent) is state general fund.
- \$45.6 million (72.7 percent) is federal funding.
- \$1.4 million (2.2 percent) is other state funding (Pharmaceutical Settlement Account).

SFY14 Funding

■ State General Fund ■ Federal ■ Other Funds



SFY 2014 & 2015 Budget Drivers

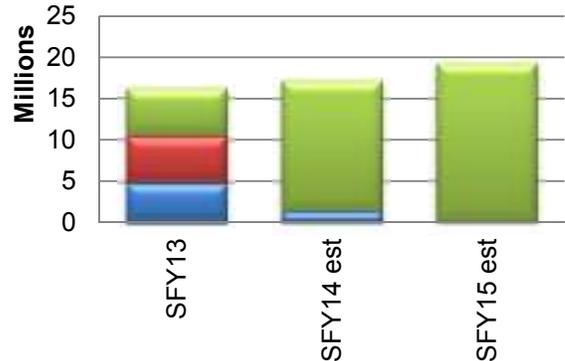
The total SFY14 budget reflects a \$9,969,256 (172.1 percent) general fund increase from SFY13. The SFY15 budget reflects a \$3,446,873 (21.9 percent) general fund increase over SFY14.

The key budget drivers of the increases are:

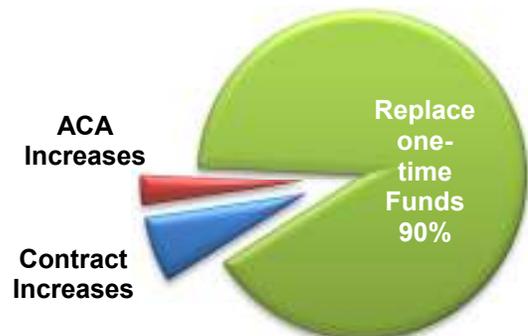
- Replacement of Health Care Transformation Account (HCTA) (\$5.6 million) and Pharmaceutical Settlement Account (\$3.5 million) funds depleted after SFY13 appropriation (\$9.1 million total).
- Negotiated, fixed prices in competitively procured contracts will increase slightly in SFY14 (\$0.7 million) and SFY15 (\$2.1 million).
- A one-time impact associated with CORE MMIS services will occur in SFY15 with an offset in SFY16. There will be a period of time in SFY15 between implementation of the new MMIS and certification of the MMIS by CMS, when the state is able to claim only a 50 percent federal match. Once the new MMIS is certified (anticipated to be in SFY16) the state will receive the typical 75 percent federal match for MMIS retroactively, offsetting the higher costs in SFY15.

Medical Contracts by Funding Source

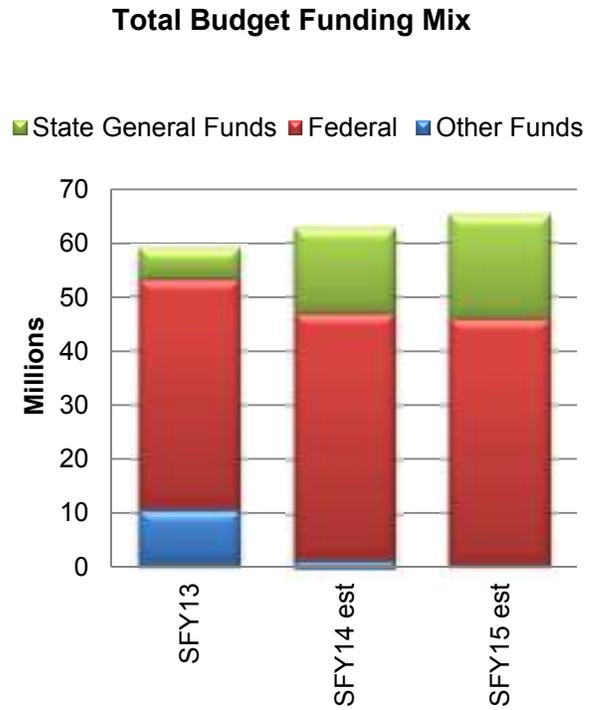
■ State General Fund ■ HCTA ■ Pharm Sett



Medical Contracts Increase



- Other small changes are reflected, included just over \$110,000 in added costs for enhanced provider screening and enrollment associated with Patient Protection and Affordable Care Act implementation (ACA).



Legal Basis

Federal:

- Code of Federal Regulations: 42 CFR 434.1. Section 1902(a) (4) and 42 CFR 434.1(b)

**Request - Medical Contracts
State Fiscal Year 2014**

Request Total: \$ 62,678,831

General Fund Need: \$ 15,761,250

Request Description:

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

SFY 2013 Enacted Budget (Status Quo Funding)

\$ 5,791,994

\$ -

Total State \$ Appropriated:

\$ 5,791,994

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	Pharmaceutical Settlement Acct - This package replaces the former Medical Contracts appropriation from the account.	\$ 3,455,804
2	HealthCare Transformation Acct - This package replaces the former Medical Contracts appropriation from the account.	\$ 2,400,000
3	Former HCTA Appropriations - This package contains all the former appropriations out of the Health Care Transformation account that support Medical Assistance and IowaCare.	\$ 3,247,412
4	Medical Contracts increases due to changes in contract costs, operational costs, and Information Technology increases.	\$ 715,538
5	ITE Mainframe Usage - A 20% increase in usage is assumed due to ACA related activities.	\$ 38,744
Total Requested for Current Service Level Funding:		<u>\$ 9,857,498</u>

Funding for Improved Results

Decision Package	Decision Package Description	Amount
6	Provider Enrollment - December 2011, the Patient Protection and Affordable Care Act (ACA) called for new screening and enrollment requirements for Medicare, Medicaid, and the Children's Health Insurance Program (CHIP) program. The purpose of the new guidelines is to improve the integrity of the programs through more extensive screening and enrollment requirements.	\$ 111,758
Total Requested for Improved Results Funding:		<u>\$ 111,758</u>

General Fund Total	\$15,761,250
---------------------------	---------------------

General Fund Change From Prior Year	\$9,969,256
--	--------------------

**Request - Medical Contracts
State Fiscal Year 2014**

Total Funding Summary:

State Funding Total		\$17,111,250
----------------------------	--	---------------------

Program	
General Fund	\$ 15,761,250
SLTF	\$ -
Tobacco	\$ -
Iowa Care	\$ -
HCTA	\$ -
Other	\$ 1,350,000
Total	\$ 17,111,250

Federal Funding Total		\$45,567,581
------------------------------	--	---------------------

Program	
TANF	\$ -
SSBG	\$ -
ARRA	\$ -
IowaCare	\$ -
HCTA	\$ -
Other	\$ 45,567,581
Total	\$ 45,567,581

Other Funding Total		
----------------------------	--	--

Program	
Other	\$ -

Totals	\$ 62,678,831
---------------	----------------------

Request Total
\$62,678,831

FTEs included in request:

FTEs	-
-------------	----------

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

Request Total: \$ 65,156,040

General Fund Need: \$ 19,208,123

Request Description:

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

SFY 2013 Department Request (Status Quo Funding)

\$ 5,791,994

\$ -

Total State \$ Appropriated:

\$ 5,791,994

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	Pharmaceutical Settlement Acct - This package replaces the former Medical Contracts appropriation	\$ 4,805,804
2	HealthCare Transformation Acct - This package replaces the former Medical Contracts appropriation	\$ 2,400,000
3	Former HCTA Appropriations - This package contains all the former appropriations out of the Health	\$ 3,247,412
4	Medical Contracts increases due to changes in contract costs, operational costs, and Information Technology increases (SFY 2014).	\$ 715,538
5	Medical Contracts increases due to changes in contract costs, operational costs, and Information Technology increases (SFY 2015).	\$ 2,096,873
6	ITE Mainframe Usage - A 20% increase in usage is assumed due to ACA related activities	\$ 38,744
Total Requested for Current Service Level Funding:		<u>\$ 13,304,371</u>

Funding for Improved Results

Decision Package	Decision Package Description	Amount
7	Provider Enrollment	\$ 111,758
Total Requested for Improved Results Funding:		<u>\$ 111,758</u>

General Fund Total	\$19,208,123
---------------------------	---------------------

General Fund Change From Prior Year	\$13,416,129
--	---------------------

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

Total Funding Summary:

State Funding Total		\$19,208,123
----------------------------	--	---------------------

Program	
General Fund	\$ 19,208,123
SLTF	\$ -
Tobacco	\$ -
Iowa Care	\$ -
HCTA	\$ -
Other	\$ -
Total	\$ 19,208,123

Federal Funding Total		\$45,947,917
------------------------------	--	---------------------

Program	
TANF	\$ -
SSBG	\$ -
ARRA	\$ -
IowaCare	\$ -
HCTA	\$ -
Other	\$ 45,947,917
Total	\$ 45,947,917

Other Funding Total		
----------------------------	--	--

Program	
Other	\$ -

Totals	Program	
	\$ 65,156,040	

Request Total
<u>\$65,156,040</u>

FTEs included in request:

FTEs	-
-------------	----------

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 health care coverage for children and families whose income is too high to qualify for Medicaid but too low to afford individual or work-provided health care. The purpose of CHIP is to increase the number of children with health and dental care coverage thereby improving their health and dental outcomes.

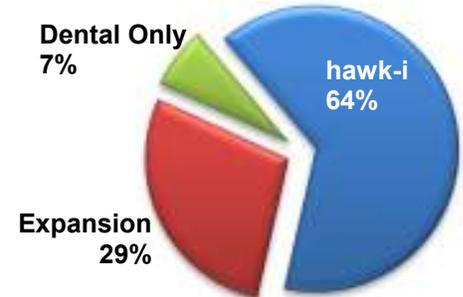
Who Is Helped

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

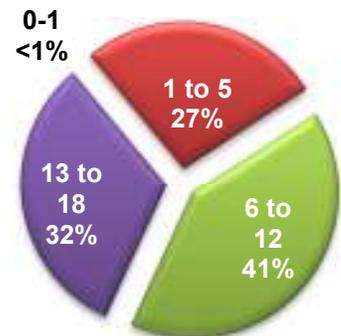
CHIP has three parts; a Medicaid expansion, a separate program called Healthy and Well Kids in Iowa (*hawk-i*), and a dental-only plan.

- **Medicaid expansion** provides coverage to children ages 6-18 whose family income is between 100 percent and 133 percent of the Federal Poverty Level (FPL), and infants whose family income is between 185 percent and 300 percent of the FPL.
- The *hawk-i* program provides coverage to children under age 19 in families whose gross income is less than 300 percent of FPL, or \$57,270 for a family of three. Families with incomes in the upper end of the range pay a premium not to exceed \$40 a month.
- On March 1, 2010, the department implemented a **dental-only plan** for children who meet the *hawk-i* program's income guidelines but do not qualify for full coverage because they have health insurance.
- Total CHIP enrollment increased by 6.2 percent (3,249 enrollees) in SFY12, and is projected to increase by 7.37 percent in SFY14 and 6.87 percent in SFY15.
- The typical *hawk-i* family has four members, is Caucasian, has children between the ages of 6-12, income between 151 percent and 200 percent of the FPL (\$34,575-\$46,100) and pays a total premium of \$20 per month.

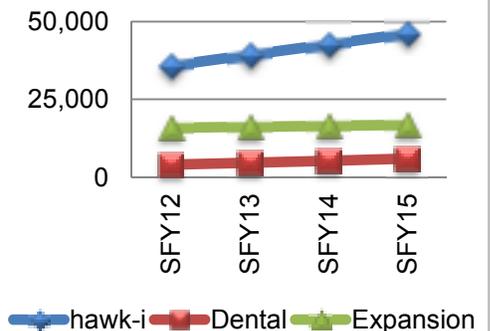
CHIP Members SFY2012



Age of CHIP Children (June 30, 2012)

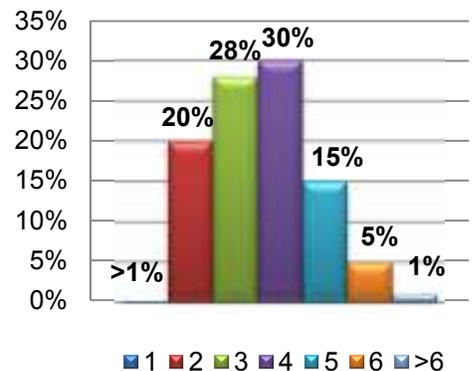


CHIP Enrollment

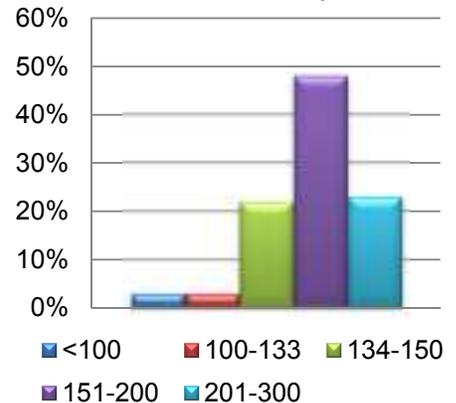


	<ul style="list-style-type: none"> ✓ <i>As of June 30, 2012, 16,213 children were covered in the Medicaid expansion program, 35,842 in hawk-i, and 4,012 in the dental-only plan.</i> ✓ <i>The CHIP program is projected to cover a total of 64,995 children in SFY14 and 69,459 children in SFY15.</i> ✓ <i>A 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.</i>
<p>Services</p>	<p>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.</p> <p>Key components of the CHIP program are:</p> <ul style="list-style-type: none"> • 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, and Delta Dental of Iowa. • hawk-i families with incomes at the upper end of the eligibility range pay a monthly premium not to exceed \$40. • hawk-i services include 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.
	<ul style="list-style-type: none"> ✓ <i>Iowa is one of only nine states with CMS approved plans which include basic dental coverage and medically necessary orthodontic coverage.</i> ✓ <i>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).</i> ✓ <i>November 2010 the hawk-i program implemented electronic premium payment capabilities and as of June 2012 over 5,500 members (35.98 percent of those with premiums) pay on-line.</i>

**hawk-i Family Size
(June 30, 2012)**



**hawk-i Members by
Federal Poverty Level
(June 30, 2012)**



Goals & Strategies

Goal: Improve Iowa's Health Status

Strategies:

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

Goal: Effectively Manage Resources

Strategies:

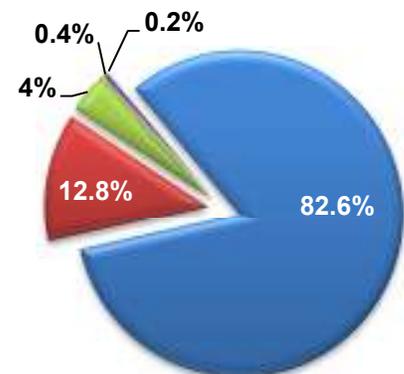
- Sustain projected percentage of federal financial participation.

2012 Satisfaction Survey Ease of Application Process



SFY12 Satisfaction With Care

■ Very Satisfied ■ Satisfied
■ Neutral ■ Unsatisfied

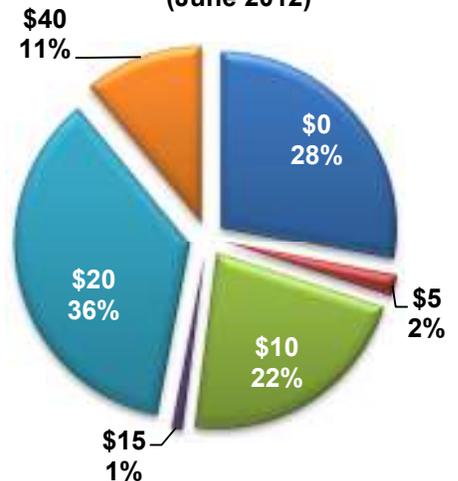


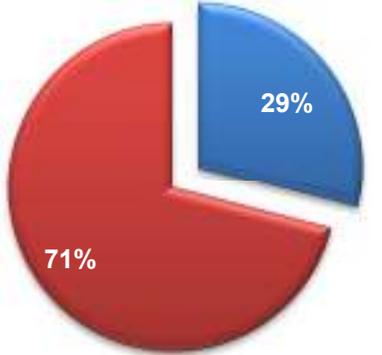
Cost of Services

CHIP is projected to cover approximately 65,000 children in SFY14 at a total (federal and state) program cost of \$149 million.

- Families with incomes at the upper end of the eligibility range pay a monthly premium of \$10-\$20 per child with a maximum of \$40.
- The SFY13 total annual cost per member for Medicaid expansion children is \$2,101.
- The SFY13 total annual cost per member for *hawk-i* children enrolled with the Wellmark health plan is \$2,631 and for those enrolled with United Healthcare is \$2,515. This cost represents the premiums paid to health plans.
- The SFY13 average annual cost for children in dental only program is \$336.
- The SFY13 average total annual cost of administering the CHIP program (including the third party administrator, claims processing, outreach and state staffing) is \$8.5 million.

Premiums Paid by *hawk-i* families (June 2012)



	<ul style="list-style-type: none"> ✓ <i>Iowa was the first state to qualify for and receive an additional \$28 million in federal contingency funding in SFY11.</i> ✓ <i>Unlike Medicaid, the department contracts with a third party administrator for all aspects of application processing, eligibility determination, customer service, management of information systems, premium billing and collection, and health and dental plan enrollment. State staff provides policy guidance, contract management, and general program oversight.</i> 						
<p>Funding Sources</p>	<p>The CHIP program is funded by state general funds, and federal matching funds through the Federal Medical Assistance Percentage (FMAP). Premiums not retained in the program are distributed to the federal government based on the FMAP rate.</p> <p>The total budget for SFY14 is \$149 million:</p> <ul style="list-style-type: none"> • \$42.2 million (29 percent) is state general fund. • \$105.8 million (71 percent) is federal funding. • Approximately \$3.3 million in enrollee premiums are projected to be collected in SFY14 and \$3.6 million in SFY15. • A portion of premiums collected is redistributed to the federal government based on the FMAP rate. The remaining state share is used to offset the cost of premium payments to the health plans. • CHIP programs are eligible to receive performance bonus payments though FFY13 for adopting strategies that streamline enrollment and for meeting enrollment thresholds. Iowa has received performance bonus payments for several years and is projecting a payment for SFY13. The performance bonuses are used in the Medicaid budget. <div style="text-align: right;"> <p>SFY14 Funding</p> <p>■ State General Fund ■ Federal</p>  <table border="1" style="margin-left: auto; margin-right: auto;"> <caption>SFY14 Funding Breakdown</caption> <thead> <tr> <th>Funding Source</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>State General Fund</td> <td>29%</td> </tr> <tr> <td>Federal</td> <td>71%</td> </tr> </tbody> </table> </div>	Funding Source	Percentage	State General Fund	29%	Federal	71%
Funding Source	Percentage						
State General Fund	29%						
Federal	71%						
	<ul style="list-style-type: none"> ✓ <i>The department expects the SFY13 CHIPRA bonus payment award to be approximately \$8.3 million.</i> ✓ <i>The federal CHIP match rate has been declining since SFY10, and is projected to decline by 0.7 percent in SFY14 and another 0.7 percent in SFY15.</i> 						

SFY14 & SFY15 Budget Drivers	<p>The total SFY14 budget reflects a \$6,430,958 (17.5 percent) general fund increase from SFY13. The SFY15 budget reflects a \$5,906,605 (13.7 percent) general fund increase over SFY14</p> <p>The key budget drivers of the increases are:</p> <ul style="list-style-type: none"> • Declining FMAP rate (\$1,087,631 in SFY14; \$1,157,489 in SFY15). • Total CHIP enrollment is projected to increase by 7.4 percent in SFY14 and 6.9 percent in SFY15. • Growth in enrollment and capitation payments result in an increase of \$5.34 million in SFY14 and an additional increase of \$4.75 million in SFY15 above SFY14. • Due to enrollment increases collection of enrollee premiums are projected to increase 9.7 percent and 8.9 percent respectively in SFY14 and SFY15. 	<p style="text-align: center;">Total Budget Funding Mix</p> <p>■ State General Fund ■ Federal ■ Other Funding</p> <table border="1"> <caption>Total Budget Funding Mix (Millions)</caption> <thead> <tr> <th>Year</th> <th>Other Funding</th> <th>Federal</th> <th>State General Fund</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>SFY13</td> <td>0</td> <td>~95</td> <td>~40</td> <td>~135</td> </tr> <tr> <td>SFY14 est</td> <td>0</td> <td>~105</td> <td>~43</td> <td>~148</td> </tr> <tr> <td>SFY15 est</td> <td>0</td> <td>~115</td> <td>~50</td> <td>~165</td> </tr> </tbody> </table>	Year	Other Funding	Federal	State General Fund	Total	SFY13	0	~95	~40	~135	SFY14 est	0	~105	~43	~148	SFY15 est	0	~115	~50	~165
Year	Other Funding	Federal	State General Fund	Total																		
SFY13	0	~95	~40	~135																		
SFY14 est	0	~105	~43	~148																		
SFY15 est	0	~115	~50	~165																		
	<ul style="list-style-type: none"> ✓ <i>Total CHIP enrollment is projected to be 64,995 in SFY14 and 69,459 in SFY15.</i> ✓ <i>The total state annual cost is projected to increase by an average of 15.6 percent in SFY14 and SFY15.</i> 																					
Legal Basis	<p>Federal:</p> <ul style="list-style-type: none"> • Title XXI of the Federal Social Security Act. • The Affordable Health Care Act (ACA), signed into law on March 23, 2010. <p>State:</p> <ul style="list-style-type: none"> • Iowa Code Chapter 514I • Iowa Administrative Code 441 IAC Chapter 86 																					

**Request - Children's Health Insurance Program
State Fiscal Year 2014**

Request Total: \$ 148,990,557

General Fund Need: \$ 43,237,060

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 19 years of age whose countable family income is between 100 percent and 133 percent of the federal poverty level (FPL) and infants between 185 percent and 300 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 133 percent and 300 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 between 133 percent and 300 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.

SFY 2013 Enacted Budget (Status Quo Funding)

	\$ 36,806,102
	\$ -
Total State \$ Appropriated:	<u>\$ 36,806,102</u>

This level of funding assumes growth in Medicaid expansion enrollment of 396 children from the SFY 2013 year-end of 16,609 to a SFY 2014 year-end of 17,005. The cost of this growth is \$119,471 of the status quo dollars.

Remaining status quo funds are insufficient to maintain the SFY 2013 ending enrollment of 39,274 children receiving full hawk-i coverage. This amount of funding will only maintain 34,552 children in hawk-i.

Also, this level of funding cannot support any of the 4,648 children receiving only supplemental dental coverage at the end of SFY13.

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	Maintain hawk-i enrollment at SFY13 ending enrollment of 39,274 and dental only coverage at SFY13 ending enrollment of 4,648.	\$ 3,916,667
2	Allow growth in hawk-i from 39,274 to 42,706 children and growth in the Dental Only program from 4,648 to 5,284 children.	\$ 1,426,660
3	FMAP change from 71.71% to 70.98% in SFY14	\$ 1,087,631
4	Affordable Care Act Transition from CHIP to Medicaid (SFY 2014) -- Requires that all children below 133% of the FPL be covered by Medicaid. This will shift over 16,000 children currently funded by CHIP to Medicaid beginning January 1, 2014. The state has now determined it can retain enhanced CHIP funding for these individuals.	\$ -
Total Requested for Current Service Level Funding:		<u>\$ 6,430,958</u>

Funding for Improved Results

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

**Request - Children's Health Insurance Program
State Fiscal Year 2014**

General Fund Total	\$43,237,060
---------------------------	---------------------

General Fund Change From Prior Year	\$6,430,958
--	--------------------

Total Funding Summary:

State Funding Total	\$43,237,060
----------------------------	---------------------

	Program
General Fund	\$ 43,237,060
SLTF	\$ -
Tobacco	\$ -
Iowa Care	\$ -
HCTA	\$ -
Other	\$ -
Total	\$ 43,237,060

Federal Funding Total	\$105,753,497
------------------------------	----------------------

	Program
TANF	\$ -
SSBG	\$ -
ARRA	\$ -
IowaCare	\$ -
HCTA	\$ -
Other	\$ 105,753,497
Total	\$ 105,753,497

Other Funding Total	
----------------------------	--

	Program
Other	\$ -

Totals	Program
	\$ 148,990,557

Request Total
\$148,990,557

FTEs included in request:

FTEs	-
-------------	----------

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

Request Total: \$ 165,355,535

General Fund Need: \$ 49,143,665

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 19 years of age whose countable family income is between 100 percent and 133 percent of the federal poverty level (FPL) and infants between 185 percent and 300 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 133 percent and 300 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 between 133 percent and 300 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.

SFY 2013 Department Request (Status Quo Funding)

	\$ 36,806,102
	\$ -
Total State \$ Appropriated:	<u>\$ 36,806,102</u>

This level of funding assumes growth in Medicaid expansion enrollment of 396 children from the SFY 2013 year-end of 16,609 to a SFY 2014 year-end of 17,005. The cost of this growth is \$119,471 of the status quo dollars.

Remaining status quo funds are insufficient to maintain the SFY 2013 ending enrollment of 39,274 children receiving full hawk-i coverage. This amount of funding will only maintain 34,187 children in hawk-i.

Also, this level of funding cannot support any of the 4,648 children receiving only supplemental dental coverage at the end of SFY13.

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	Maintain hawk-i enrollment at SFY13 ending enrollment of 39,274 and dental only coverage at SFY13 ending enrollment of 4,648, in SFY14	\$ 3,916,667
2	Allow growth in hawk-i from 39,274 to 42,706 children and growth in the Dental Only program from 4,648 to 5,284 children in SFY14.	\$ 1,426,660
3	Allow growth in Medicaid Expansion from 17,005 to 17,401 children. Also, maintain hawk-i enrollment at SFY14 ending enrollment of 42,706 and dental only coverage at SFY14 ending enrollment of 5,284, in SFY15	\$ 3,210,162
4	Allow growth in hawk-i from 42,706 to 46,138 children and growth in the Dental Only program from 5,284 to 5,920 children in SFY15	\$ 1,538,954
5	FMAP change from 71.71% to 70.98% in SFY14	\$ 1,087,631
6	FMAP change from 70.98% to 70.28% in SFY15	\$ 1,157,489

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

7	Affordable Care Act Transition from CHIP to Medicaid (SFY 2014) -- Requires that all children below 133% of the FPL be covered by Medicaid. This will shift over 16,000 children currently funded by CHIP to Medicaid beginning January 1, 2014. The state has now determined it can retain enhanced CHIP funding for these individuals.	\$	-
8	Affordable Care Act Transition from CHIP to Medicaid (SFY 2015) -- Requires that all children below 133% of the FPL be covered by Medicaid. This will shift over 16,000 children currently funded by CHIP to Medicaid beginning January 1, 2014. The state has now determined it can retain enhanced CHIP funding for these individuals.	\$	-

Total Requested for Current Service Level Funding: \$ 12,337,563

Funding for Improved Results

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

General Fund Total	\$49,143,665
---------------------------	---------------------

General Fund Change From Prior Year	\$12,337,563
--	---------------------

Total Funding Summary:

State Funding Total	\$49,143,665
----------------------------	---------------------

Program	
General Fund	\$ 49,143,665
SLTF	\$ -
Tobacco	\$ -
Iowa Care	\$ -
HCTA	\$ -
Other	\$ -
Total	\$ 49,143,665

Federal Funding Total	\$116,211,870
------------------------------	----------------------

Program	
TANF	\$ -
SSBG	\$ -
ARRA	\$ -
IowaCare	\$ -
HCTA	\$ -
Other	\$ 116,211,870
Total	\$ 116,211,870

Other Funding Total	
----------------------------	--

Program	
Other	\$ -

Totals	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Program</th> </tr> </thead> <tbody> <tr> <td style="width: 15%;"></td> <td style="text-align: right;">\$ 165,355,535</td> </tr> </tbody> </table>	Program			\$ 165,355,535	Request Total \$165,355,535
Program						
	\$ 165,355,535					

FTEs included in request:

FTEs	-
-------------	---



Purpose

IowaCare is an expansion of Medicaid authorized through an 1115 demonstration waiver. It provides limited health benefits to low income adults who do not otherwise qualify for Medicaid.

The Code of Iowa eliminates the program on October 31, 2013 while the 1115 demonstration waiver expires three months later. The future of IowaCare is unknown due to the uncertainty of whether Iowa will expand Medicaid for adults under the Affordable Care Act (which would replace IowaCare), or if CMS will approve an extension of the waiver.

Who Is Helped

IowaCare was implemented to expand access to healthcare coverage for low-income, uninsured adults and provide financial stability for safety net hospitals that have significant amounts of uncompensated care.

The IowaCare program covers adults aged 19-64 who:

- Are not eligible for Medicaid.
- Have incomes below 200 percent of Federal Poverty Level (FPL).
- Do not have other health insurance or their insurance does not cover their medical needs.
- Agree to pay an income-based premium when income is over 150 percent of the FPL. Premiums may be waived in hardship cases.

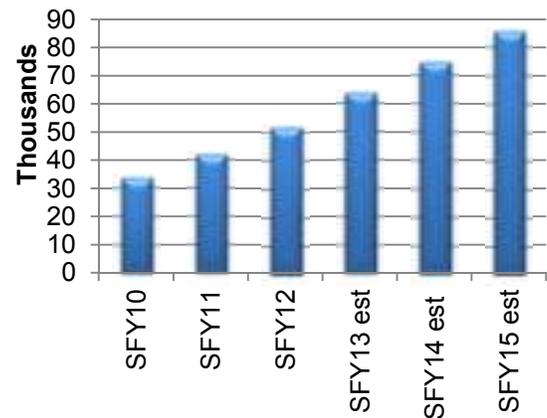
IowaCare members have access to health services through designated providers. These providers include the University of Iowa Hospital and Clinics, Broadlawns Medical Center and selected Federally Qualified Health Centers.

More than 144,000 Iowans have received care since the start of the program in 2005. IowaCare is expected to cover 68,600 adults in SFY13.

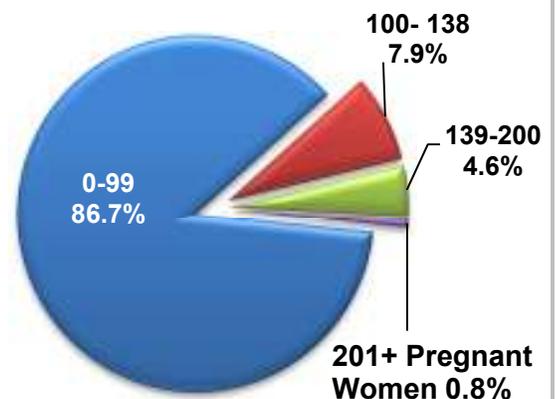
- IowaCare enrollment has increased steadily, growing by more than 10,000 in SFY11 and SFY12.
- The typical IowaCare member is a single adult or childless couple with a chronic health condition, an average age of 41, and an income between 0-99 percent of the FPL.
- Ninety-six percent of members have income below 150 percent of the FPL; eighty-six percent have income below 100 percent of the FPL.
- IowaCare members are in poorer health than the regular Medicaid members.

✓ *Twenty-three percent of members have never had health insurance.*

IowaCare Enrollment



Member Percent of Poverty (July 2012)



- ✓ *Forty percent of members who leave the program become eligible for Medicaid by receiving disability status. 6,029 IowaCare members became eligible for Medicaid in SFY12.*
- ✓ *Forty-two percent of members have one or more chronic conditions. The most common chronic problems include oral health, orthopedic needs, and hypertension and related issues.*

Services

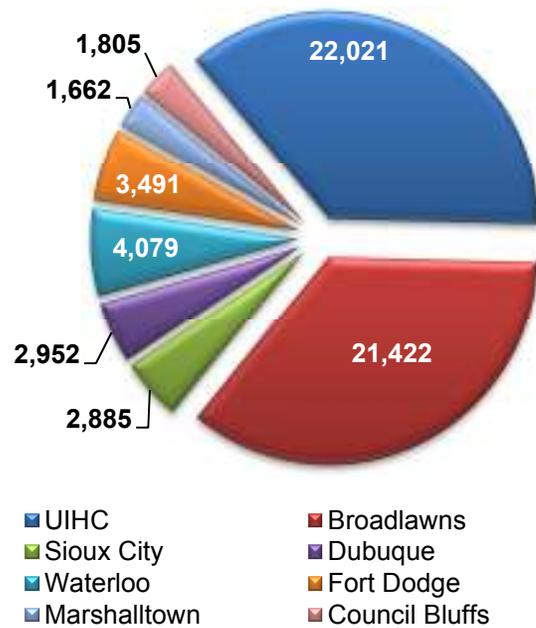
IowaCare has been instrumental in providing healthcare to thousands of adults who would otherwise have no access to any type of healthcare regardless of income.

- IowaCare covers limited services through a limited provider network (six Federally Qualified Health Centers, Broadlawns Hospital in Des Moines, and University of Iowa Hospitals and Clinics in Iowa City.)
- The state is divided into five regions and members are assigned a “medical home” for their primary care services by their county of residence. All primary care services are received through the assigned medical home. Specialty and hospital services are provided by the two hospitals.
- Covered services include inpatient and outpatient hospital, physician care, limited dental services, tobacco cessation, and annual physicals.
- IowaCare providers donate a variety of services that are not covered by IowaCare using their own funds. Generally, all of the providers cover generic prescription drugs, some durable medical equipment, and some laboratory and x-ray services.
- There are three funding pools to help offset the cost to providers for services related to lab and radiology, care coordination following an inpatient hospital stay, and emergency room care resulting in a hospital stay.
- Services do not include pharmaceuticals, with the exception of a limited supply immediately following an inpatient hospital stay or outpatient services.

IowaCare Medical Homes Jan 2012



Enrollment by Medical Home (Total Enrollment 60,317)



✓ *IowaCare services are provided at selected Federally Qualified Health Centers (FQHC) across the state, the University of Iowa Hospitals and Clinics, and Broadlawns Medical Center in Des Moines.*

✓ *IowaCare implemented a “Medical Home Model” of care to provide better access to preventative and coordinated care for individuals with chronic diseases in order to produce better outcomes while reducing costs.*

	<p>✓ <i>All IowaCare members are enrolled with a Medical Home.</i></p>																									
<p>Goals & Strategies</p>	<p>Goal: Improve Iowan's Health Status Strategies:</p> <ul style="list-style-type: none"> • Provide access to healthcare. • Promote patient centered care. • Promote best practice healthcare. 																									
	<p>Results:</p> <ul style="list-style-type: none"> ✓ <i>In the first six months of medical home implementation, access to primary care was demonstrated through 18,717 same-day office visits. These same-day visits avoid potential trips to hospital emergency rooms.</i> ✓ <i>In the 3rd quarter of 2011, 12 months after medical homes were implemented, there were 39,327 patient encounters, with an average of 1.5 encounters per member.</i> ✓ <i>Due to care coordination of the medical homes to increase primary and preventative care, 83 percent of IowaCare members with diabetes had appropriate tests needed to manage their disease. Sixty-two percent had their cholesterol checked.</i> 																									
<p>Cost of Services</p>	<p>\$8.6 million in direct state General Fund appropriations is used for the IowaCare program to cover 63,500 Iowans in SFY13.</p> <ul style="list-style-type: none"> • Total expenditures from all funds were \$162,099,515 in SFY12. • In SFY13, the projected average cost per person is \$2,640. While the population is generally in poorer health than the regular Medicaid population, the cost per person is substantially lower because IowaCare covers significantly fewer services. • Overall expenditure increases are largely driven by enrollment increases. • The SFY13 appropriation to the University of Iowa Hospitals and Clinics is \$89.2 million. Expected expenditures are estimated to be \$23.1 million greater than the funded level. The state match for this amount is \$9.3 million. • The administrative cost of IowaCare is \$1.1 million and is funded from the Health Care Transformation Account. • IowaCare is not an entitlement, meaning it is dependent upon specific appropriations and other legislative direction. Capping IowaCare enrollment requires federal approval. 	<p style="text-align: center;">UIHC Shortfall</p> <table border="1"> <caption>UIHC Shortfall (Millions)</caption> <thead> <tr> <th>Year</th> <th>Approp Level</th> <th>Proj. Exp.</th> </tr> </thead> <tbody> <tr> <td>SFY13</td> <td>~\$85</td> <td>~\$110</td> </tr> <tr> <td>SFY14 est</td> <td>~\$85</td> <td>~\$120</td> </tr> <tr> <td>SFY15 est</td> <td>~\$85</td> <td>~\$130</td> </tr> </tbody> </table> <p style="text-align: center;">Average Annual Cost Per Iowa Care Member</p> <table border="1"> <caption>Average Annual Cost Per Iowa Care Member</caption> <thead> <tr> <th>SFY</th> <th>Cost</th> </tr> </thead> <tbody> <tr> <td>SFY08</td> <td>~\$2,200</td> </tr> <tr> <td>SFY09</td> <td>~\$1,700</td> </tr> <tr> <td>SFY10</td> <td>~\$1,400</td> </tr> <tr> <td>SFY11</td> <td>~\$1,500</td> </tr> <tr> <td>SFY12</td> <td>~\$1,400</td> </tr> </tbody> </table>	Year	Approp Level	Proj. Exp.	SFY13	~\$85	~\$110	SFY14 est	~\$85	~\$120	SFY15 est	~\$85	~\$130	SFY	Cost	SFY08	~\$2,200	SFY09	~\$1,700	SFY10	~\$1,400	SFY11	~\$1,500	SFY12	~\$1,400
Year	Approp Level	Proj. Exp.																								
SFY13	~\$85	~\$110																								
SFY14 est	~\$85	~\$120																								
SFY15 est	~\$85	~\$130																								
SFY	Cost																									
SFY08	~\$2,200																									
SFY09	~\$1,700																									
SFY10	~\$1,400																									
SFY11	~\$1,500																									
SFY12	~\$1,400																									
	<ul style="list-style-type: none"> ✓ <i>Ninety-one percent of eligible IowaCare members had claims in SFY12 compared to 60 percent in SFY10. The change is due to outreach efforts of medical homes to encourage primary and preventative care.</i> ✓ <i>In June of 2012, 59,554 of the 61,918 (96.2 percent) enrolled in the program did not owe a monthly premium because their income was under 150 percent of the FPL.</i> 																									

Funding Sources

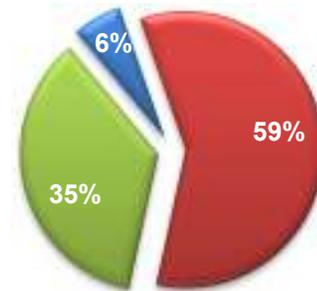
The IowaCare program is supported with a unique mix of funding sources including state general funds, Polk County tax revenues, certified public expenditures (CPE) at the University of Iowa, premiums paid by members, other state funds (Health Care Transformation Account), and federal matching funds through the Federal Medical Assistance Percentage (FMAP). Financing of the non-federal share is complex and often misunderstood.

The total budget for SFY13 is \$160 million:

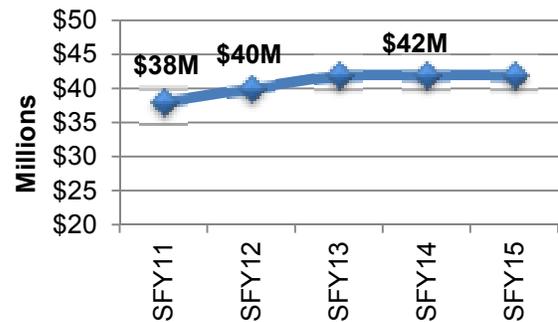
- \$8.7 million (5.4 percent) is state general fund.
- \$95.29 million (59.6 percent) is federal funding.
- \$55.79 million (34.9 percent) is other funding.
 - Of this amount, \$42 million is Polk County tax revenue.
 - Approximately \$13 million is University of Iowa CPE.

SFY14 Funding

■ State General Fund ■ Federal ■ Other Funding



Polk County Property Tax Transferred to IowaCare



SFY14 SFY15 Budget Drivers

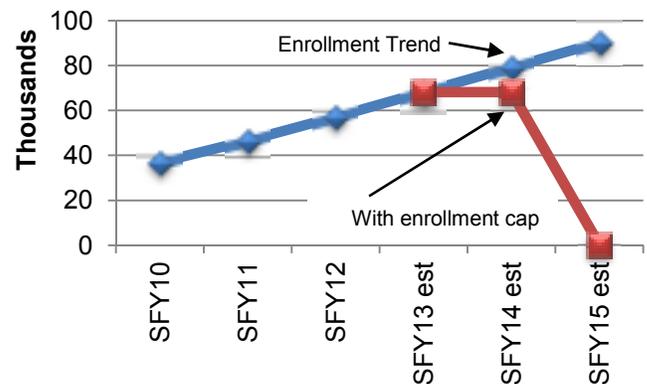
The SFY14 budget request reflects a \$8,934,329 general fund appropriation. The same amount is reflected in the SFY 15 budget request.

The budget request provides for no increases in funding in SFY14 or SFY15 above the current state general fund appropriation of \$8,934,329, which includes \$250,000 for lodging.

The current waiver for the IowaCare program expires December 31, 2013. The state's policy decisions in response to the Patient Protections and Affordable Care Act (ACA) and potential Medicaid expansion under the ACA play directly into the future of the IowaCare Program.

At minimum, DHS recommends the state maintain its commitment to the 68,600 Iowans who are anticipated to receive health coverage through IowaCare enrollment by the end of SFY13.

Actual and Projected Enrollment (end of year)



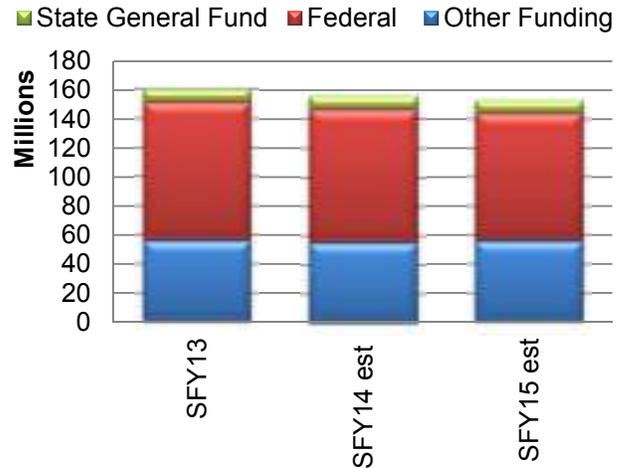
Several key points should be considered in decision making for IowaCare:

1. It is not yet clear whether CMS will grant the state a waiver to continue IowaCare with expansion under the ACA as an option for the state.
2. Discontinuing IowaCare without pursuing some level of Medicaid expansion will result in large increases in uncompensated care in Iowa hospitals.
3. Due to funding constraints, the budget as presented in this request assumes that enrollment in IowaCare will be capped July 1, 2013 at 68,600.

Other key considerations:

- UIHC believes they are underfunded in SFY13 for IowaCare by \$9.3 million in state funds. This gap between available funding and costs will continue in SFY14 and SFY15.
- There are significant projected increases in the program if IowaCare continues with no changes through SFY15.
 - Projected increases are \$9.9 million (5 percent) in SFY14 and \$11.4 million (6 percent) in SFY15. These amounts assume that the shortfall projected by UIHC in SFY13 is fully funded.
 - The state general fund cost of fully funding these increases would be approximately \$24.9 million in SFY14, and an additional \$6.4 million in SFY15 over the SFY14 level.
 - These increases are driven by continuing enrollment increases.
- The FMAP is projected to decrease from 59.87 percent in SFY13, to 58.80 percent in SFY14, and 57.80 percent in SFY15, also contributing to the increased need for state funding.

Total Budget Funding Mix



✓ *Enrollment is projected to increase by 16 percent in SFY14 and 14 percent in SFY15. This is without imposition of an enrollment cap.*

Legal Basis

Federal:

- IowaCare operates under a 1115 demonstration waiver.

State:

- Iowa Code Chapter 249J
- Iowa Administrative Code 441 IAC Chapter 92

**Request - IowaCare
State Fiscal Year 2014**

Request Total: \$ 155,736,235

General Fund Need: \$ 8,934,329

Request Description:

This offer continues the IowaCare program as initiated by House File 841 in the 2005 General Assembly. This will allow the Department of Human Services to continue to provide services to persons previously served under the "state papers" program and to draw down Federal matching funding for services provided.

SFY 2013 Enacted Budget (Status Quo Funding)

	\$ -
	\$ -
	\$ -
Total State \$ Appropriated:	\$ -

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	This package is to replace the former transfer from Medical Assistance. There is a corresponding negative package in the Medical Assistance appropriation.	\$ 8,934,329
2	Due to increased projected costs, enrollment, and a FMAP decrease.	\$ -
Total Requested for Current Service Level Funding:		\$ 8,934,329

Funding for Improved Results

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

General Fund Total	\$8,934,329
---------------------------	--------------------

General Fund Change From Prior Year	\$8,934,329
--	--------------------

**Request - IowaCare
State Fiscal Year 2014**

Total Funding Summary:

State Funding Total		\$64,163,329
----------------------------	--	---------------------

Program	
General Fund	\$ 8,934,329
SLTF	\$ -
Tobacco	\$ -
Iowa Care	\$ 55,229,000
HCTA	\$ -
Other	\$ -
Total	\$ 64,163,329

Federal Funding Total		\$91,572,906
------------------------------	--	---------------------

Program	
TANF	\$ -
SSBG	\$ -
ARRA	\$ -
IowaCare	\$ 91,572,906
HCTA	\$ -
Other	\$ -
Total	\$ 91,572,906

Other Funding Total		
----------------------------	--	--

Program	
Other	\$ -

Totals	Program
	\$ 155,736,235

Request Total
\$155,736,235

FTEs included in request:

FTEs	-
-------------	----------

**Request - IowaCare
State Fiscal Year 2015**

Offer request: \$ 152,804,097

General Fund Need: \$ 8,934,329

Request Description:

This offer continues the IowaCare program as initiated by House File 841 in the 2005 General Assembly. This will allow the Department of Human Services to continue to provide services to persons previously served under the "state papers" program and to draw down Federal matching funding for services provided.

SFY 2013 Department Request (Status Quo Funding)

	\$ -
	\$ -
	\$ -
Total State \$ Appropriated:	\$ -

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	This package is to replace the former transfer from Medical Assistance. There is a corresponding	\$ 8,934,329
2	Due to increased projected costs, enrollment, and a FMAP decrease.	\$ -
Total Requested for Current Service Level Funding:		\$ 8,934,329

Funding for Improved Results

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

General Fund Total	\$8,934,329
---------------------------	--------------------

General Fund Change From Prior Year	\$8,934,329
--	--------------------

**Request - IowaCare
State Fiscal Year 2015**

Total Funding Summary:

State Funding Total		\$64,483,329
----------------------------	--	---------------------

Program	
General Fund	\$ 8,934,329
SLTF	\$ -
Tobacco	\$ -
Iowa Care	\$ 55,549,000
HCTA	\$ -
Other	\$ -
Total	\$ 64,483,329

Federal Funding Total		\$88,320,768
------------------------------	--	---------------------

Program	
TANF	\$ -
SSBG	\$ -
ARRA	\$ -
IowaCare	\$ 88,320,768
HCTA	\$ -
Other	\$ -
Total	\$ 88,320,768

Other Funding Total		
----------------------------	--	--

Program	
Other	\$ -

Totals	Program
	\$ 152,804,097

Request Total
\$152,804,097

FTEs included in request:

FTEs	-
-------------	----------

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 the 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.

75 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.

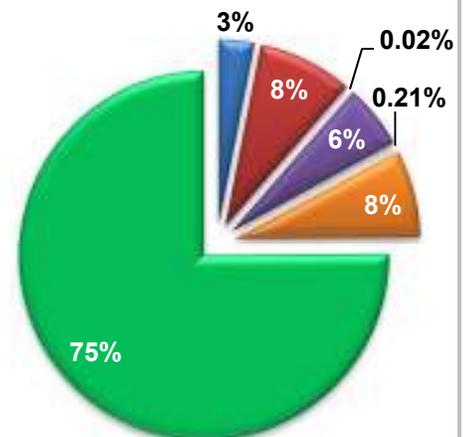
In SFY12 an average of 17,907 cases received an SSA benefit. A case may be a single person or a couple if living together.

Examples of the monthly income requirements:

- Residential facility, monthly income of \$991 or less.
- In-Home Health Related- Care, monthly income of \$1,178 or less.
- Blind, monthly income of \$698 or less.

Recipients by Coverage Group SFY12

- Blind Allowance
- Dependent Person Allowance
- Family Life Home
- In-Home Health-Related Care
- Mandatory State Supplement
- RCF Assistance
- SMME Assistance



✓ *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 \$357. • In-Home Health-Related Care (IHHC), up to \$480. • Blind Allowance, up to \$22. • Mandatory Supplement, an average of just over \$100. • Supplement for Medicare and Medicaid (SMME) Eligible, \$1 per month. • Residential Care Facility (RCF) Assistance, up to \$991. • Family Life Home Payment, up to \$142. 	<p>Expenditures by Coverage Groups in SFY12</p> <table border="1"> <caption>Expenditures by Coverage Groups in SFY12</caption> <thead> <tr> <th>Coverage Group</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Family Life Home</td> <td>1%</td> </tr> <tr> <td>SMME</td> <td>0.26%</td> </tr> <tr> <td>Mandatory Supplement</td> <td>0.04%</td> </tr> <tr> <td>RCF</td> <td>28%</td> </tr> <tr> <td>IHHC</td> <td>35%</td> </tr> <tr> <td>Dependent Person</td> <td>35%</td> </tr> </tbody> </table>	Coverage Group	Percentage	Family Life Home	1%	SMME	0.26%	Mandatory Supplement	0.04%	RCF	28%	IHHC	35%	Dependent Person	35%
Coverage Group	Percentage															
Family Life Home	1%															
SMME	0.26%															
Mandatory Supplement	0.04%															
RCF	28%															
IHHC	35%															
Dependent Person	35%															
<p>Goals & Strategies</p>	<p>Goal: Provide Access to Health Care Services Strategies:</p> <ul style="list-style-type: none"> • Access federal dollars for payment of Medicare Part B premiums for more Medicaid members through the SMME coverage group • Continue to provide assistance in the least restrictive setting for elderly and disabled recipients 	<p>Results in SFY12:</p> <ul style="list-style-type: none"> • Increased the number of SMME participants by 3 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 \$5,517 for persons receiving In-Home Health-Related Care Assistance.</p>															
<p>Funding Sources</p>	<p>SFY 2014 total budget for State Supplementary Assistance is \$16,512,174.</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> ✓ <i>This MOE will continue even if the expansion of the Medicaid program under the Affordable Care Act is implemented.</i> 															

<p>SFY 2014 & 2015 Budget Drivers</p>	<ul style="list-style-type: none"> The SFY 14 budget of \$16,512,174 is a \$1,061,427 (6.9 percent) increase from the SFY13 appropriation of \$15,450,747. The SFY 15 budget of \$16,858,772 is a \$346,598 (2.1 percent) increase from the SFY 14 budget of \$16,512,174 <p>The key budget drivers of the increase are:</p> <ul style="list-style-type: none"> Federally mandated increases to the payment levels for RCF and Dependent Person assistance based on SSI COLA increases. Availability of services received in someone's own home, either by family member, friend, or someone else. <ul style="list-style-type: none"> This is partially offset by projected decreases to the number of eligibles for RCF and IHHRC. 	<p style="text-align: center;">Total Budget Funding</p> <table border="1"> <caption>Total Budget Funding (Millions)</caption> <thead> <tr> <th>Fiscal Year</th> <th>State General Fund (Millions)</th> </tr> </thead> <tbody> <tr> <td>SFY13</td> <td>15.45</td> </tr> <tr> <td>SFY14 est</td> <td>16.51</td> </tr> <tr> <td>SFY15 est</td> <td>16.86</td> </tr> </tbody> </table>	Fiscal Year	State General Fund (Millions)	SFY13	15.45	SFY14 est	16.51	SFY15 est	16.86
Fiscal Year	State General Fund (Millions)									
SFY13	15.45									
SFY14 est	16.51									
SFY15 est	16.86									
<p>Legal Basis</p>	<p>Federal:</p> <ul style="list-style-type: none"> SSA benefits are a MOE requirement for the Medicaid program. Code of Federal Regulations: 20 CFR 416.2095 and 416.2096 <p>State:</p> <ul style="list-style-type: none"> Iowa Code Chapter 249 Iowa Administrative Code 441 IAC Chapters, 50-54 and 177 									

**Request - State Supplementary Assistance
State Fiscal Year 2014**

Request Total: \$ 16,512,174

General Fund Need: \$ 16,512,174

Request Description:

State Supplementary Assistance (SSA) programs provide financial assistance so individuals who are aged, blind, or disabled can live in non-institutional settings. In-Home Health-Related Care (IHHRC) provides assistance to people with physical or mental problems that keep them from independent self-care, but who are able to stay in their own homes with some assistance or personal services. Residential Care Facility (RCF) assistance helps pay for care in a residential facility for people who need assistance, but who don't require nursing facility level of care. Dependent Person Assistance provides financial assistance to elderly or disabled people who have a dependent relative living with them. Family Life Home assistance helps pay for living expenses for a person living in a private household offering a protective social living arrangement for one or two adult clients. A Blind Allowance is provided to people who are blind and who are eligible for SSI. A Mandatory Allowance is provided to elderly or disabled people who received state assistance prior to 1974, and who continue to have the same financial need. The Supplement for Medicare and Medicaid Eligibles is provided to elderly or disabled people who are eligible for Medicaid and Medicare, and who meet the income and resource guidelines for the coverage group. State Supplementary Assistance payments are a maintenance of effort (MOE) requirement under Medicaid and must meet minimum federal payment levels. Iowa's SSA payment levels are at the federal minimum for all but IHHRC, which will be by SFY 2015. Failure to maintain the state's SSA program would result in the loss of federal funding for Medicaid.

SFY 2013 Enacted Budget (Status Quo Funding)

State Supplementary Assistance	\$	15,450,747
	\$	-
	\$	-
Total State \$ Appropriated:	\$	15,450,747

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description	Amount
1	The State Supplementary Assistance program services 7 distinct populations. Compared to SFY 2013, SFY 2014 caseloads are projected to increase for 3 of these groups; remain flat for 2 groups; and decrease for 2 groups. Costs per case are projected to increase for 3 groups and stay flat for the remaining 4 groups. The SFY 2013 appropriation is supplemented by the availability of carry forward funds from SFY 2012. The SFY 2014 projected need requires restoring \$1,061,427 of these funds.	\$ 1,061,427
Total Requested for Current Service Level Funding:		\$ 1,061,427

General Fund Total	\$16,512,174
General Fund Change From Prior Year	\$1,061,427

**Request - State Supplementary Assistance
State Fiscal Year 2014**

Total Funding Summary:

State Funding Total		\$16,512,174
----------------------------	--	---------------------

Program	
General Fund	\$ 16,512,174
SLTF	\$ -
Tobacco	\$ -
Iowa Care	\$ -
HCTA	\$ -
Other	\$ -
Total	\$ 16,512,174

Federal Funding Total	
------------------------------	--

Program	
TANF	\$ -
SSBG	\$ -
ARRA	\$ -
IowaCare	\$ -
HCTA	\$ -
Other	\$ -
Total	\$ -

Other Funding Total	
----------------------------	--

Program	
Other	\$ -

Totals	\$ 16,512,174
---------------	----------------------

Request Total
\$16,512,174

FTEs included in request:

FTEs	-
-------------	----------

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

Request Total: \$ 16,858,772

General Fund Need: \$ 16,858,772

Request Description:

State Supplementary Assistance (SSA) programs provide financial assistance so individuals who are aged, blind, or disabled can live in non-institutional settings. In-Home Health-Related Care (IHHRC) provides assistance to people with physical or mental problems that keep them from independent self-care, but who are able to stay in their own homes with some assistance or personal services. Residential Care Facility (RCF) assistance helps pay for care in a residential facility for people who need assistance, but who don't require nursing facility level of care. Dependent Person Assistance provides financial assistance to elderly or disabled people who have a dependent relative living with them. Family Life Home assistance helps pay for living expenses for a person living in a private household offering a protective social living arrangement for one or two adult clients. A Blind Allowance is provided to people who are blind and who are eligible for SSI. A Mandatory Allowance is provided to elderly or disabled people who received state assistance prior to 1974, and who continue to have the same financial need. The Supplement for Medicare and Medicaid Eligibles is provided to elderly or disabled people who are eligible for Medicaid and Medicare, and who meet the income and resource guidelines for the coverage group. State Supplementary Assistance payments are a maintenance of effort (MOE) requirement under Medicaid and must meet minimum federal payment levels. Iowa's SSA payment levels are at the federal minimum for all but IHHRC, which will be by SFY 2015. Failure to maintain the state's SSA program would result in the loss of federal funding for Medicaid.

SFY 2013 Department Request (Status Quo Funding)

State Supplementary Assistance	\$	15,450,747
	\$	-
	\$	-
Total State \$ Appropriated:	\$	15,450,747

Funding Needed to Maintain Current Service Level

Decision Package	Decision Package Description		Amount
1	The State Supplementary Assistance program services 7 distinct populations. Compared to SFY 2013, SFY 2014 caseloads are projected to increase for 3 of these groups; remain flat for 2 groups; and decrease for 2 groups. Costs per case are projected to increase for 3 groups and stay flat for the remaining 4 groups. The SFY 2013 appropriation is supplemented by the availability of carry forward funds from SFY 2012. The SFY 2014 projected need requires restoring \$1,061,427 of these funds.	\$	1,061,427
2	Compared to SFY 2014, caseloads are expected to increase for 3 groups and decrease for 2 groups. Costs per case are expected to increase for 2 groups; remain flat for 4 groups and decrease for 1 group. The net effect of these changes is that SFY 2015 costs are projected to be \$346,598 more than SFY 2014.	\$	346,598
Total Requested for Current Service Level Funding:			\$ 1,408,025

General Fund Total	\$16,858,772
General Fund Change From Prior Year	\$1,408,025

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

Total Funding Summary:

State Funding Total		\$16,858,772
----------------------------	--	---------------------

Program	
General Fund	\$ 16,858,772
SLTF	\$ -
Tobacco	\$ -
Iowa Care	\$ -
HCTA	\$ -
Other	\$ -
Total	\$ 16,858,772

Federal Funding Total	
------------------------------	--

Program	
TANF	\$ -
SSBG	\$ -
ARRA	\$ -
IowaCare	\$ -
HCTA	\$ -
Other	\$ -
Total	\$ -

Other Funding Total	
----------------------------	--

Program	
Other	\$ -

Totals	Program
	\$ 16,858,772

Request Total
\$16,858,772

FTEs included in request:

FTEs	-
-------------	----------