



## ***Iowa Council on Human Services***

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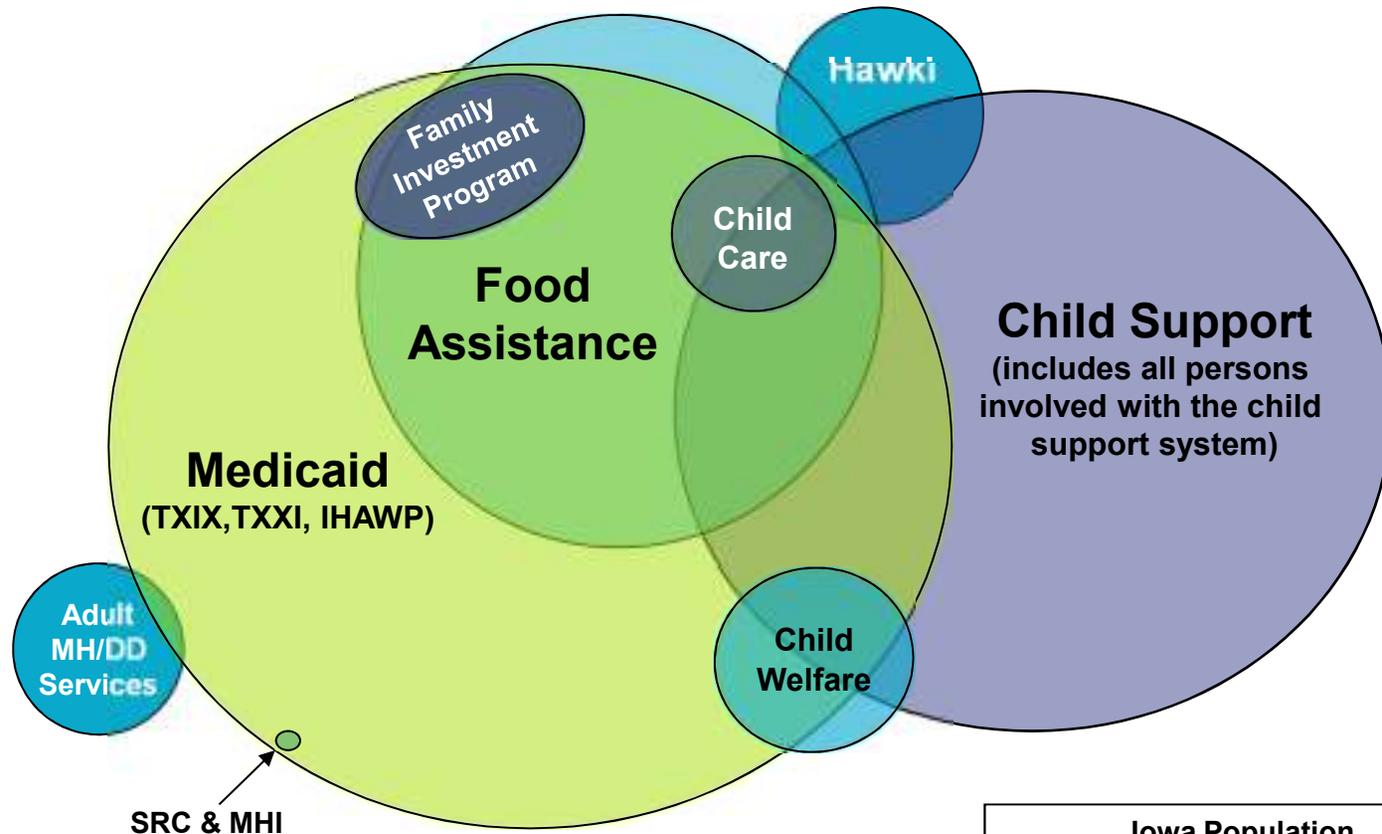
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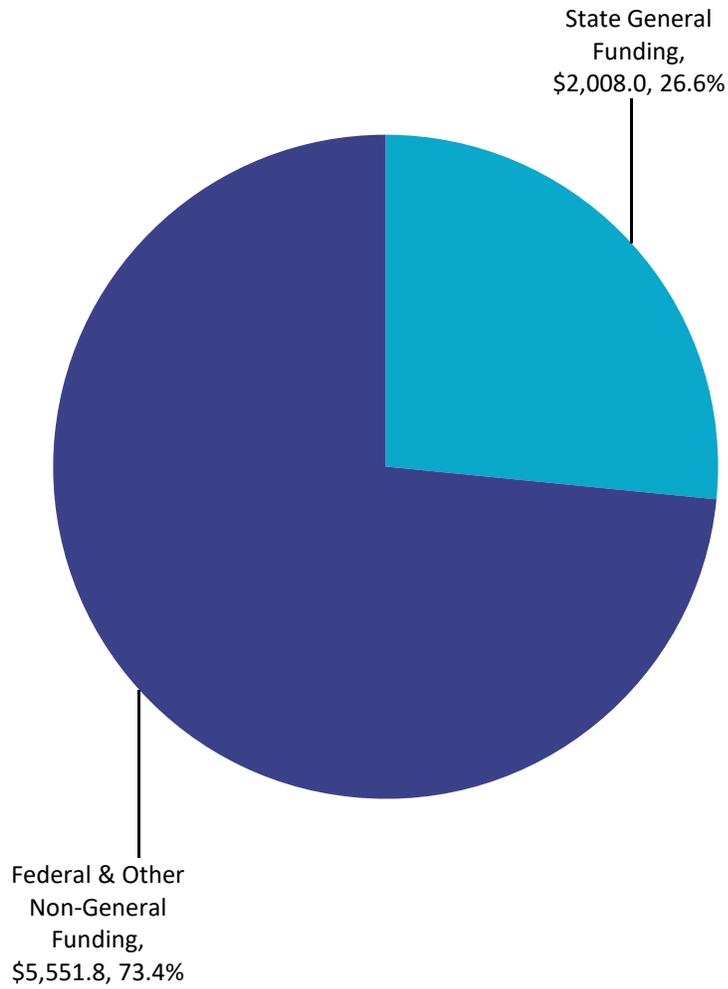
# Total DHS Clients Served 1,047,674 Unduplicated



Iowa Population  
3,046,355  
(2010 Census)  
**% of Population Served 34.4%**

**Data as of June 2020:** This report shows lowans served by DHS in a single month. Some individuals may be included in more than one program.  
*Report Generated – August 17, 2020*

**SFY 2022 DHS Budget Submission to Council  
By Funding Source  
Total Budget \$7,559,832,300**



The DHS budget request for SFY22 provides resources needed to deliver services to Iowa's most needy and vulnerable citizens.

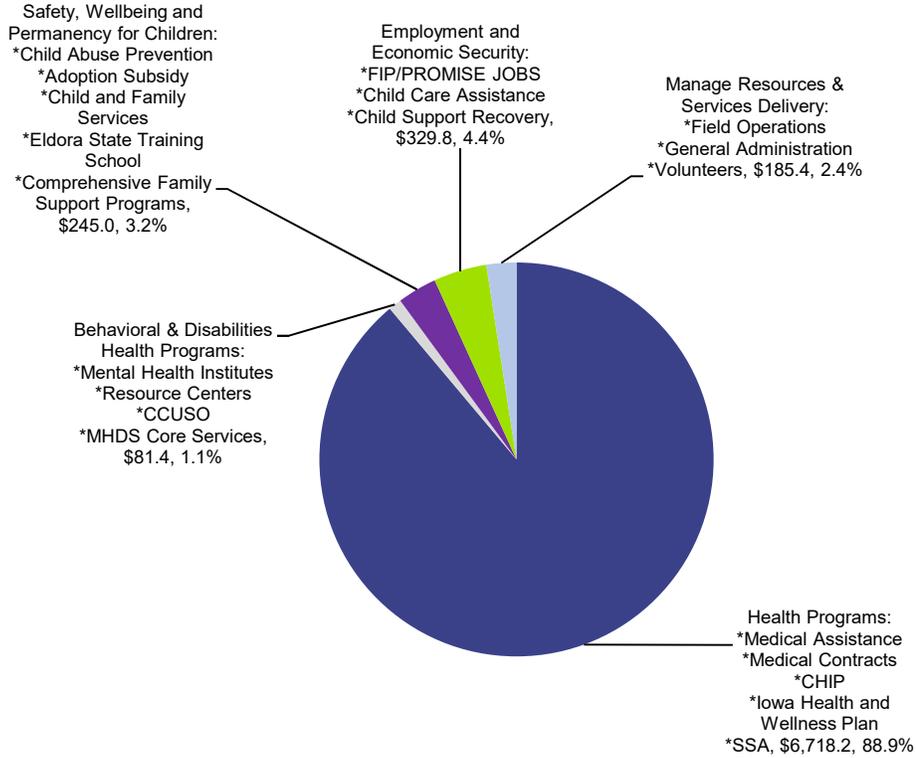
## WHERE DOES THE MONEY GO?

SFY22 Total Funds: \$7,559,832,300

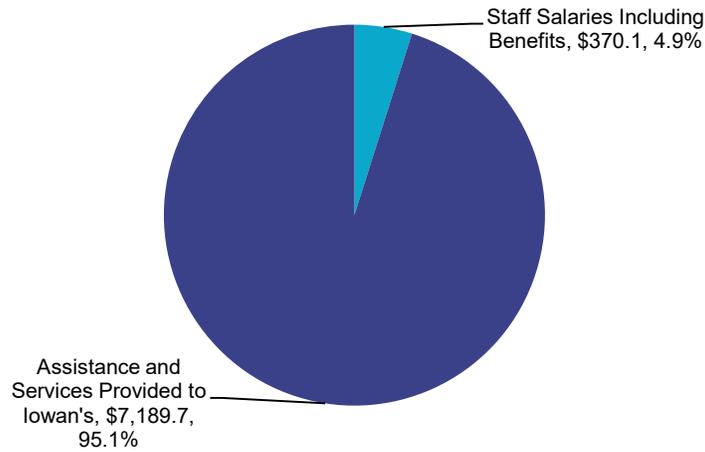


- **\$.89** Health Programs (\$6,718,200,000)
- **\$.05** Employment & Economic Security (\$329,800,000)
- **\$.03** Safety, Well-Being, & Permanency for Children (\$245,000,000)
- **\$.02** Manage Resources & Service Delivery (\$185,400,000)
- **\$.01** Behavioral & Disabilities Health Programs (\$81,400,000)

**SFY 2022 DHS Budget Submission to Council  
By Request  
Total Budget: \$7,559,832,300**



**DHS Staff Salary Comparison  
Total Budget: \$7,559,832,300**



**Iowa Department of Human Services**  
**SFY22/23 Budget Request**  
**Comparison of the SFY21 Enacted Appropriation and the SFY22/23 Department Request**

The below request reflects program growth and federal match rate changes in the Medical Assistance and CHIP appropriations and identifies one-time funding across other DHS appropriations (via carry forward from SFY20 to SFY21).

<b>Appropriation</b>	<b>SFY21 Enacted<sup>1</sup> (Status Quo)</b>	<b>SFY22 DHS Additional Request<sup>2</sup></b>	<b>SFY22 Total DHS Request</b>	<b>SFY23 DHS Additional Request</b>	<b>SFY23 Total DHS Request</b>	<b>SFY21 One-time Carry Forward<sup>3</sup></b>
Medical Assistance	\$1,459,599,409	\$89,683,520	\$1,549,282,929	\$60,366,007	\$1,609,648,936	
CHIP	37,598,984	7,724,372	45,323,356	3,067,504	\$48,390,860	
Medical Contracts	17,831,343		17,831,343		\$17,831,343	
State Supplementary Assistance	7,349,002		7,349,002		\$7,349,002	1,930,500
Cherokee	14,245,968		14,245,968		\$14,245,968	
Independence	19,880,918		19,880,918		\$19,880,918	
Glenwood	16,700,867		16,700,867		\$16,700,867	3,969,500
Woodward	10,913,360		10,913,360		\$10,913,360	3,524,800
CCUSO	13,270,565		13,270,565		\$13,270,565	
Eldora	17,029,488		17,029,488		\$17,029,488	
Conners	33,632		33,632		\$33,632	
Child Abuse Prevention	232,570		232,570		\$232,570	
Adoption	40,596,007		40,596,007		\$40,596,007	5,361,200
Child and Family Services	89,071,930		89,071,930		\$89,071,930	7,500,000
Family Support Subsidy	949,282		949,282		\$949,282	151,800
Family Investment Program	40,003,978		40,003,978		\$40,003,978	5,700,600
Child Care Assistance	40,816,931		40,816,931		\$40,816,931	
Child Support Recovery Unit	14,867,813		14,867,813		\$14,867,813	
Field Operations	55,600,398		55,600,398		\$55,600,398	3,674,500
Volunteers	84,686		84,686		\$84,686	
General Administration	13,772,533		13,772,533		\$13,772,533	
Commission of Inquiry	1,394		1,394		\$1,394	
Non Resident Commitment M.III	142,802		142,802		\$142,802	
<b>GRAND TOTAL</b>	<b>\$1,910,593,860</b>	<b>\$97,407,892</b>	<b>\$2,008,001,752</b>	<b>\$63,433,511</b>	<b>\$2,071,435,263</b>	<b>\$31,812,900</b>

Notes

- Includes a \$2,879,274 appropriation for DHS facilities distributed as follows:  
-- CCUSO \$1,200,000 -- Eldora \$1,000,000 -- Independence \$679,274
- The Medical Assistance and CHIP requests also include the replacement of one-time funds, primarily due to expiration of the COVID-19 enhanced FMAP and a reduction in carry-forward funds.
- Estimated; Resource Center and Adoption carry forward includes enhanced FMAP impact.

# Observations & Recommendations

DHS has submitted a largely status quo budget for the Council's consideration. While the Department has budget needs, we also recognize the budget challenges the state will likely face in the oncoming years as a result of the COVID-19 pandemic. In addition to the pandemic, the state is also now faced with the aftermath of the August 10<sup>th</sup> derecho.

COVID-19 will impact state revenues. The state of Iowa is reporting significant decreases in revenues. "Some portion of the revenue reduction experienced since mid-March will be a real reduction in tax collections, while some portion will be the result of tax due date delays initiated by the State. It will not be until the delayed tax payments have been deposited that the economic impact of recent events can be reasonably calculated."<sup>1</sup>

Human services agencies are significantly impacted by adverse economic environments, as well as by natural disasters. Human services are most needed at the same time states are facing declines in revenue. We at DHS are deeply committed to the more than one million Iowans we assist each year. We also understand that many more Iowans will have needs in the coming months, and maybe years, as a result of the pandemic.

While we are presenting a status quo budget, status quo does not consider critical cost impacts such as salary increases and inflationary impacts. In addition, the Department is working to rebuild after several years of challenging budgets. We sincerely appreciate the investments Governor Reynolds has made in the Department in the past two years, and the legislature's support of these efforts. These considerations will be part of our budget discussions with the administration as we move into the months leading up to the legislative session.

Our teams are working diligently to collect and monitor a wide variety of data around COVID impacts. While we are six months into the pandemic (in Iowa), we still do not have a full and complete picture of the impact of COVID on our programs. This includes both the impact of COVID on enrollment and service need, as well as the runout and tail of the impact. We will continue to monitor this data and will consider it in our projections and future budget discussions with the Governor's administration.

The following is a list of additional issues and considerations that we will continue to monitor over the next several months as we move towards legislative session:

#### Health programs

- Enhanced FMAP and continuation or related requirements (MOE)
- Increased enrollment as a result of economic impacts from COVID and potentially the derecho
- Health program operations review and assessment to identify opportunities for efficiency

#### Facilities

- Comprehensive review of fiscal structure and requirements for ensuring appropriate levels of quality and risk mitigation
- Enhanced FMAP at the state resource centers as a source for meeting critical facility needs and supporting fiscal restructuring
- Extensive storm damage as a result of the derecho

#### Mental health

- Addressing mental health issues is a significant challenge
- We continue our efforts to reform the delivery system for both adults and children
- The next step is creating common ground around a consistent funding model to support the demands on the system, as initiated by the Governor last session

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<sup>1</sup> State Tax Revenue Update - COVID-19 Impact - August 9, 2020;  
<https://www.legis.iowa.gov/docs/publications/BL/1139943.pdf>

#### Child and Family Services

- The Department will formally implement the federal Family First Act in October 2020; this legislation restructures federal funding to promote a prevention-focused approach to child welfare.
- Continuing our efforts to meet adoption reinvestment requirements, investing in child welfare and post-adoption services.
- Consideration of recommendations for improvement in the quality and effectiveness of programs and services for youth in the juvenile justice system as included in the December 2019 Work Group report to the Governor and the Legislature.

#### Child Care

- Continued assessment of the impacts of COVID on the system, including educational impacts and ensuring adequate resources to support economic recovery

#### Field Operations

- Continued progress towards right-sizing caseloads and improving eligibility compliance as supported by Governor Reynolds and the Legislature in the last two legislative sessions

#### Critical administrative infrastructure

- Continued investment in both human capital and information technology are essential to achieving the quality and compliance that are essential to effective human services delivery
- Continued assessment of work-from-home potential, solutions and resulting efficiencies

#### Other

- Judicious consideration of one-time funding including carry forward from SFY20 to SFY21 and enhanced FMAP under the CARES Act
- Impact of increasing costs passed to the Department from other agencies, including the cost of state-wide information technology systems
- Relief of General Fund where possible through utilization of other funding options and cost containment initiatives

I am very passionate about the work of the Iowa Department of Human Services, and I am both awed and humbled by the work TeamDHS does every day. With you, and with your support, we will continue to rise to the challenges we face, striving to make a positive difference in the lives of the lowans we serve.

**Iowa Department of Human Services  
 Summary of Federal COVID Funding  
 As of 08/31/2020**

<b>Federal COVID-19 Funding Received</b>	
Funding Source	Amount
COVID-19 Enhanced FMAP - Medicaid	138,176,900
Coronavirus Relief Fund	93,717,000
Child Care Assistance	31,899,093
The Emergency Food Assistance Program (TEFAP)	6,211,853
COVID-19 Enhanced FMAP - CHIP	3,837,311
CARES Act Provider Relief Fund - MHIs	3,709,061
COVID-19 Enhanced FMAP - Adoption	2,011,720
FEMA - MHDS Crisis Counseling	995,184
Child Welfare Services	476,722
COVID-19 Enhanced FMAP - Foster Care	435,351
Refugee Services	248,496
<b>Total Funding Received</b>	<b>281,718,691</b>

<b>Coronavirus Relief Fund Detail</b>	
Expenditure Category	Amount
Medicaid HCBS/Habilitation Providers	30,000,000
MHDS Regions	30,000,000
Agency COVID Mitigation	11,717,000
Medicaid MH Providers	10,000,000
Medicaid SUD Providers	10,000,000
Food Banks	1,000,000
Double Up Food Bucks Program	1,000,000
<b>Total Funding Received</b>	<b>93,717,000</b>

Notes

The COVID-19 enhanced FMAP amounts represent funds earned from 01/01/2020 - 06/30/2020. The department currently projects the enhanced FMAP to remain in place through 12/31/2020 so total funding earned will likely be approximately double these amounts.

The Glenwood and Woodward State Resource Centers have also applied for CARES Act Provider Relief Funds. The amount they will receive is not yet known, but is estimated at \$1.8 million. This amount is not reflected above.

# COVID-19 Impacts

While the full impacts of the COVID-19 global pandemic will take some time to analyze and fully understand, DHS has closely monitored its client service programs to proactively identify impacts and the potential for resource need.

In particular, the Medicaid, FA, and FIP programs have experienced the most notable, known impacts. The federal Families First Coronavirus Response Act provided a temporary 6.2 percent FMAP increase to the Medicaid program effective January 1, 2020, extending through the end of the quarter in which the public health emergency declared by the Secretary for Health and Human Services ends. As of this publication, DHS expects to receive the enhanced FMAP through the end of calendar year 2020.

To receive the enhanced FMAP, states were required to undertake temporary programmatic changes. Specifically, through the end of the month in which the public health emergency ends, states must:

- Maintain eligibility standards, methodologies, or procedures that are no more restrictive than those in place as of January 1, 2020;
- Not charge premiums that exceed those in place January 1, 2020;
- Without imposition of cost sharing, cover testing, services, and treatments—including vaccines, specialized equipment, and therapies—for COVID-19; and
- Suspend all dis-enrollments for individuals enrolled in Medicaid as of the date of the beginning of the emergency period, or who have enrolled in Medicaid during the emergency period, unless such individual voluntarily dis-enrolls or moves out of state.

Partially, as a result of these requirements, in addition to the individualized economic impact of COVID-19, enrollment in Medicaid is noticeably higher than this time last year. As of July 2020, nearly 720,000 Iowans were enrolled in Medicaid, compared to 680,000 Iowans in July 2019, representing a 6% increase (Figure 1). The majority of new enrollments since April 2020 have been in traditional Medicaid, as compared to IHAWP and Hawk-i (Figure 2).

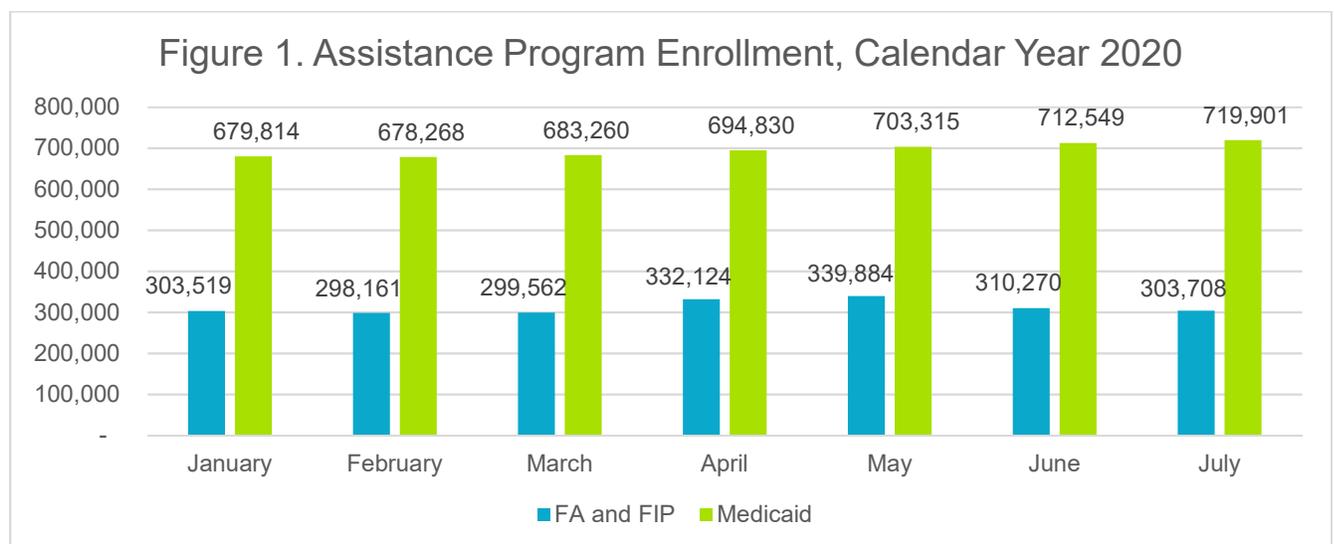
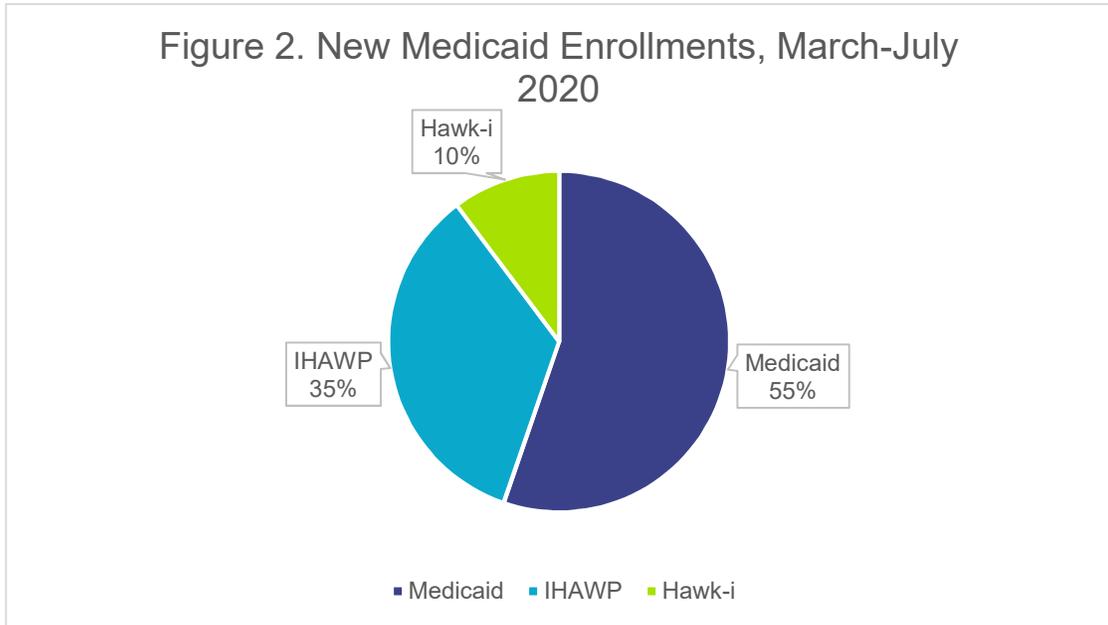


Figure 2. New Medicaid Enrollments, March-July 2020



Since March 2020, applications and enrollment for the food and cash assistance programs have fluctuated. Weekly application totals peaked at 7,342 in early April, followed by a downturn to levels below those during the same time period in 2019. Applications began to increase once again in early August, following the end of the additional federally funded unemployment compensation payments authorized under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Figures 3 and 4).

Figure 3. Applications Received by Week, Calendar Year 2020

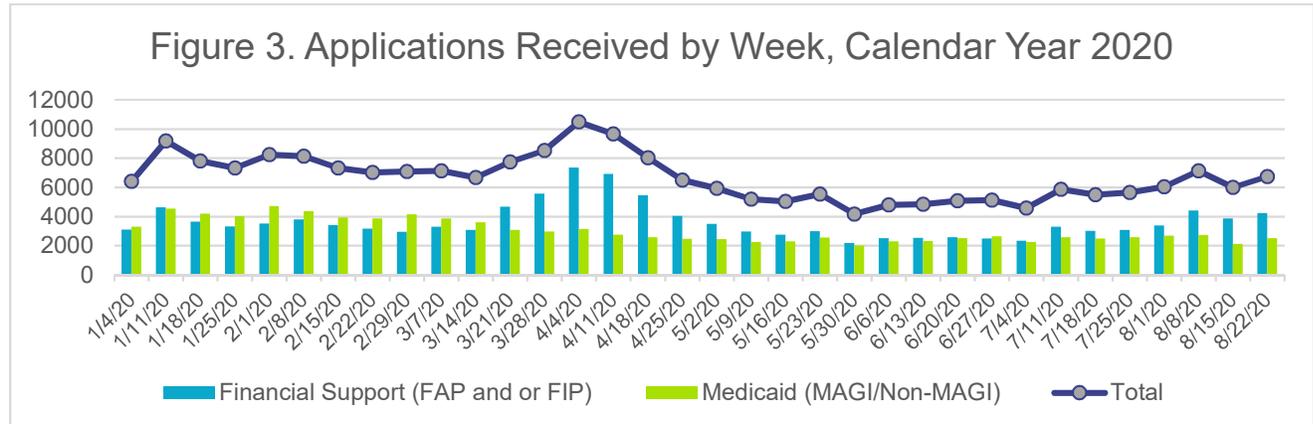
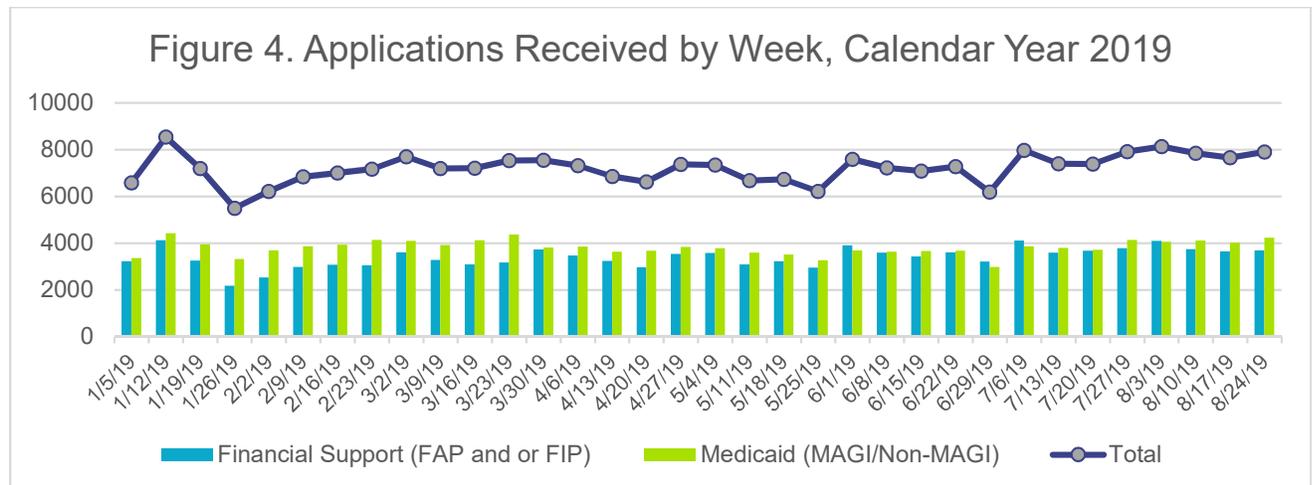


Figure 4. Applications Received by Week, Calendar Year 2019



Enrollment in FA and FIP peaked in May 2020 at approximately 340,000 Iowans, another 6% increase over May 2019 enrollment totals. However, this figure decreased in subsequent months, likely due to the additional \$600 per week in federally funded unemployment compensation some individuals received (Figure 1). Per federal requirements, such payments are counted as income for the purposes of determining eligibility for FA and FIP. After the availability of funding for these enhanced payments expired July 31, 2020, an associated increase in FA and FIP applications occurred. DHS continues to monitor these trends.

The CARES Act also provided Iowa with a supplemental allocation of approximately \$32 million for its Child Care Development Block Grant, also known as the Child Care Development Fund (CCDF). The funding was intended to serve two key purposes: 1) support members of the workforce, irrespective of income, through Child Care Assistance (CCA); and 2) assist child care providers to remain open or reopen, whether these providers serve CCA families or not. DHS received this additional funding in April 2020 and subsequently released a plan in June to expend these dollars through multiple strategies, all aimed at supporting the financial sustainability of child care providers.<sup>1</sup> As of August 21, DHS has expended approximately \$16.5 million of the CARES Act funding through these strategies, supporting over 2,000 child care providers.

Though DHS is able to quantify some programmatic impacts due to COVID-19 at this time, further potential impacts have not yet been realized.

Through Medicaid managed care, claims and encounter data can take 6 months to finalize plus additional time to analyze utilization patterns. Once such data does become available, DHS anticipates a significant reduction in utilization of non-emergency medical care over the spring and summer of 2020, at minimum. However, though the utilization of these services is likely to decrease during this time period, DHS does not expect the need to have disappeared; rather, the utilization of these services will likely shift into the coming months and result in an associated uptick in claims and encounters. The entirety of the financial impact of COVID-19 on Medicaid expenditures will likely not be fully known until sometime in state fiscal year 2022, at the earliest.

Medicaid enrollment will be a useful marker to gauge economic recovery from COVID-19 in Iowa. While unlikely for enrollment figures to return to pre-COVID-19 levels, a leveling off is expected as an indicator of economic stabilization. Due to uncertainty surrounding when the emergency period declared by the Secretary for Health and Human Services will end, thereby enabling states to resume routine Medicaid disenrollments based on ineligibility, it is difficult to anticipate when a leveling off will occur. DHS is currently undertaking thoughtful planning efforts to prepare for the end of the emergency period, inclusive of proper and timely notification to individuals.

Finally, these impacts will be compounded by the yet-to-be-determined impacts of the derecho that swept through Iowa on August 10. As of publication, DHS has been authorized to deploy Disaster Food Assistance in Linn County to assist households who experienced a loss of income due to the storm with purchasing food. Authorization for additional counties may follow. The Iowa Individual Assistance Grant Program is also in operation in 26 counties affected by the storm, with the Federal Emergency Management Agency providing assistance in Linn County, as well.

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<sup>1</sup> More details on the plan can be found here: [https://dhs.iowa.gov/sites/default/files/DHS\\_COVID-19\\_Childcare\\_Sustainability\\_Plan.pdf?082720202303](https://dhs.iowa.gov/sites/default/files/DHS_COVID-19_Childcare_Sustainability_Plan.pdf?082720202303)