



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.

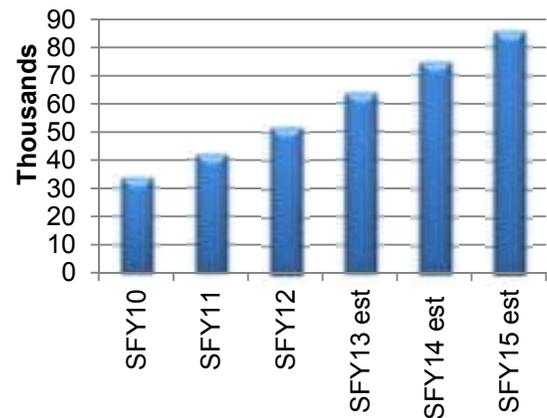
IowaCare members have access to health services through designated providers. These providers include the University of Iowa Hospital and Clinics, Broadlawns Medical Center and selected Federally Qualified Health Centers.

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.

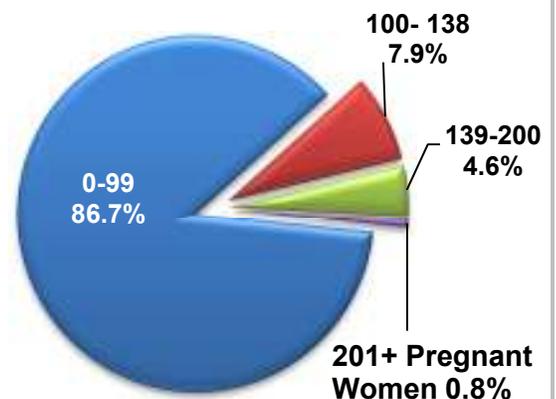
- IowaCare enrollment has increased steadily, growing by more than 10,000 in SFY11 and SFY12.
- The typical IowaCare member is a single adult or childless couple with a chronic health condition, an average age of 41, and an income between 0-99 percent of the FPL.
- Ninety-six percent of members have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

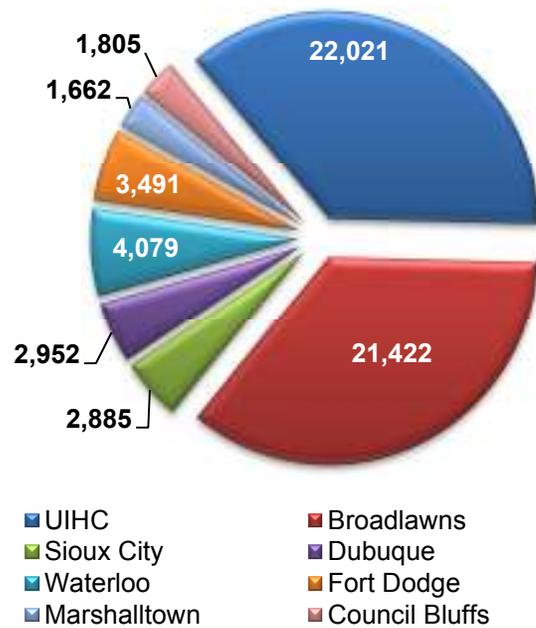
IowaCare has been instrumental in providing healthcare to thousands of adults who would otherwise have no access to any type of healthcare regardless of income.

- 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 lowan'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 lowans 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
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	<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

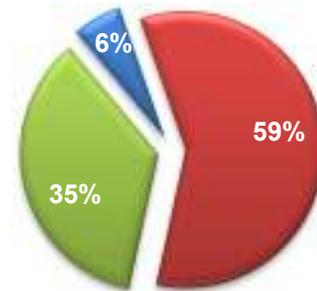
The IowaCare program is supported with a unique mix of funding sources including state general funds, Polk County tax revenues, certified public expenditures (CPE) at the University of Iowa, premiums paid by members, other state funds (Health Care Transformation Account), and federal matching funds through 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:

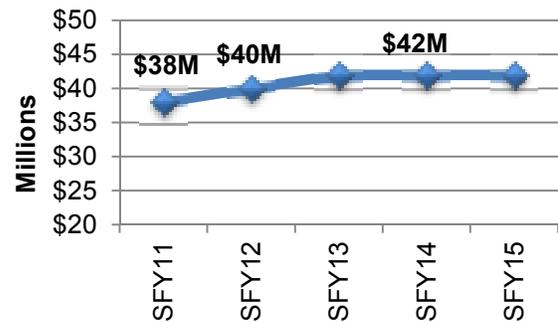
- \$8.7 million (5.4 percent) is state general fund.
- \$95.29 million (59.6 percent) is federal funding.
- \$55.79 million (34.9 percent) is other funding.
 - Of this amount, \$42 million is Polk County tax revenue.
 - Approximately \$13 million is University of Iowa CPE.

SFY14 Funding

■ State General Fund ■ Federal ■ Other Funding



Polk County Property Tax Transferred to IowaCare



SFY14 SFY15 Budget Drivers

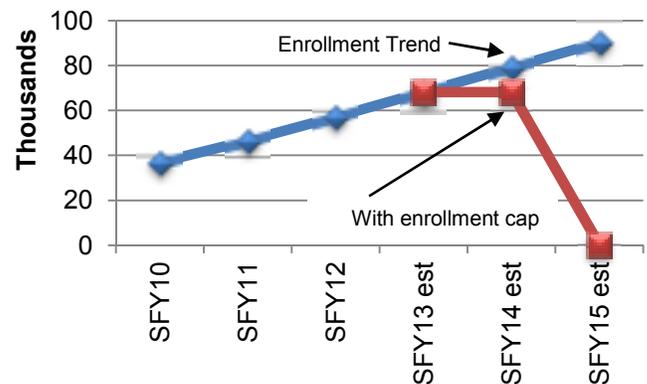
The SFY14 budget request reflects a \$8,934,329 general fund appropriation. The same amount is reflected in the SFY 15 budget request.

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)



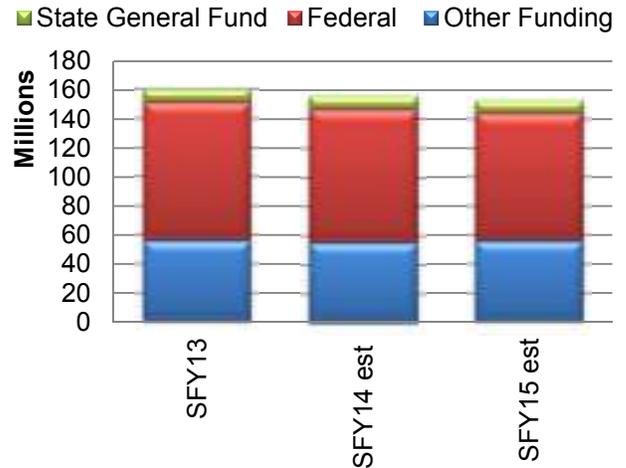
Several key points should be considered in decision making for IowaCare:

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