
Medicaid & CHIP Joint Projection Summary

The Department of Health and Human Services, Department of Management, and Legislative Services Agency meet on a quarterly basis to discuss estimated Medicaid and Children's Health Insurance Program (CHIP) revenues and expenditures and to come to a consensus estimate for the current and upcoming fiscal year. After agreeing on a consensus estimate, the group applies a 3.0% trend factor to the projections to provide a five-year projection.

This summary includes:

1. Medicaid Consensus projection – with 3% trend.
2. CHIP consensus projection – with 3% trend.
3. Pre vs. post pandemic enrollment.
4. Medicaid funded and unfunded increases SFY2020 – SFY2025.
5. Medicaid projection glossary.
6. Medicaid Consensus projection – no trend (for reference).
7. CHIP consensus projection – no trend (for reference).

HHS/LSA/DOM Consensus - December 16, 2024

SFY23-30 Medical Assistance Appropriation Analysis - WITH TREND

Medical Assistance Projection

FY26-FY30 - Add'l 3% Trend Adj on MCO & Legislative Adjustments; Non-MCO Add'l 1.5% trend adjustment FY27-FY30; Trend estimates for MCO Premium Tax Revenue and Expenditures

	SFY27-SFY30 with MCO Trend							
	0.00%	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Consensus							
	SFY23	SFY24	SFY25	SFY26	SFY27	SFY28	SFY29	SFY30
State Revenue								
Prior Year Carry-Forward	\$273,039,252	\$367,990,615	\$292,212,753	\$124,663,242	\$0	\$0	\$0	\$0
General Fund - Medical Assistance	\$1,510,127,388	\$1,543,626,779	\$1,605,063,804	\$1,605,063,804	\$1,605,063,804	\$1,605,063,804	\$1,605,063,804	\$1,605,063,804
Health Care Trust Fund	\$183,706,173	\$159,770,706	\$160,351,215	\$150,997,000	\$150,997,000	\$150,997,000	\$150,997,000	\$150,997,000
Quality Assurance Trust Fund	\$57,161,022	\$106,556,027	\$111,216,205	\$111,216,205	\$111,216,205	\$111,216,205	\$111,216,205	\$111,216,205
Hospital Health Care Access Trust Fund	\$33,920,554	\$33,920,553	\$33,920,554	\$33,920,554	\$33,920,554	\$33,920,554	\$33,920,554	\$33,920,554
Medicaid Fraud Fund	\$58,806	\$16,934	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Decatogerization	\$880,576	\$13,494	\$0	\$0	\$0	\$0	\$0	\$0
MCO Premium Tax	\$0	\$0	121,312,617	82,973,334	83,183,084	84,522,008	87,057,669	89,669,399
Total State Funds Available	\$2,058,893,771	\$2,211,895,109	\$2,324,227,148	\$2,108,984,139	\$1,984,530,647	\$1,985,869,571	\$1,988,405,232	\$1,991,016,962
State Expenditures								
IA Health Link	\$1,611,837,207	\$1,723,362,352	\$2,041,274,222	\$2,028,297,387	\$2,028,297,387	\$2,028,297,387	\$2,028,297,387	\$2,028,297,387
Non-IA Health Link	\$79,065,949	\$196,320,003	\$153,031,322	\$193,962,531	\$196,871,969	\$199,825,048	\$202,822,424	\$205,864,761
Legislative Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MCO Premium Tax Expenditures	\$0	-	-	-	-	-	-	-
SFY24 Trend Adj.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SFY25 Trend Adj.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SFY26 Trend Adj.	\$0	\$0	\$0	\$60,848,922	\$60,848,922	\$60,848,922	\$60,848,922	\$60,848,922
SFY27 Trend Adj.	\$0	\$0	\$0	\$0	\$62,674,389	\$62,674,389	\$62,674,389	\$62,674,389
SFY28 Trend Adj.	\$0	\$0	\$0	\$0	\$0	\$64,554,621	64,554,621	64,554,621
SFY29 Trend Adj.	\$0	\$0	\$0	\$0	\$0	\$0	\$66,491,260	\$66,491,260
SFY30 Trend Adj.								\$68,485,997
Total State Expenditures	\$1,690,903,156	\$1,919,682,355	\$2,194,305,544	\$2,283,108,839	\$2,348,692,666	\$2,416,200,367	\$2,485,689,002	\$2,557,217,336
Transfers *								
Transfer out for CHIP Shortfall	-	-	\$5,258,362	-	-	-	-	-
Surplus/Deficit w/o MCO Prem Tax	\$367,990,615	\$292,212,754	\$124,663,242	(\$174,124,700)	(\$364,162,019)	(\$430,330,796)	(\$497,283,771)	(\$566,200,374)
			GF Need	\$174,124,700	\$190,037,320	\$66,168,776	\$66,952,975	\$68,916,604

Notes:

1. Within the Medical Assistance appropriation, transfer authority exists for CHIP shortfalls. In SFY25, the estimated need in CHIP is approximately \$7M. Medical Assistance funds will be transferred to cover this \$7M need in SFY25.
2. The 3.0% trend includes both enrollment increases and changes in the MCO capitation rate.
3. The projected need from the August forecast meeting was \$218.2 million for SFY 2026. The updated projection is \$44.1 million less than the previous projection.

HHS/LSA/DOM Consensus - December 16, 2024

SFY23-29 CHIP Appropriation Analysis - **WITH TREND**
 FY26-FY29 - Add'l 3% Trend Adj

	Consensus						
	SFY23	SFY24	SFY25	SFY26	SFY27	SFY28	SFY29
State Revenue							
Prior Year Carry-Forward	\$6,715,260	\$13,696,387	\$7,522,047	\$0	-	-	-
General Fund - Medical Assistance	\$38,661,688	\$38,661,688	\$41,322,970	\$41,322,970	\$41,322,970	\$41,322,970	\$41,322,970
MCO Premium Tax Revenue			\$3,089,964	\$2,341,959	\$2,288,558	\$2,295,728	\$2,364,600
HPO Transfer			\$750,000	\$0	\$0	\$0	\$0
Total State Funds Available	\$45,376,948	\$52,358,075	\$52,684,981	\$43,664,929	\$43,611,528	\$43,618,698	\$43,687,570
State Expenditures							
Hawki/Dental Only/MCHIP	\$34,078,968	\$46,174,450	\$59,120,539	\$62,265,418	\$62,265,418	\$62,265,418	\$62,265,418
MCO Premium Tax Expenditures		-	-	-	-	-	-
Other Adjustments	(\$2,398,407)	(\$1,338,422)	(\$1,177,196)	(\$1,232,449)	(\$1,238,611)	(\$1,244,866)	(\$1,251,214)
SFY24 Trend Adj.	-	-	-	-	-	-	-
SFY25 Trend Adj.	-	-	-	-	-	-	-
SFY26 Trend Adj.	-	-	-	\$1,830,989	\$1,830,804	\$1,830,617	\$1,830,426
SFY27 Trend Adj.	-	-	-	-	\$1,885,728	\$1,885,535	\$1,885,339
SFY28 Trend Adj.	-	-	-	-	-	\$1,942,101	\$1,941,899
SFY29 Trend Adj.	-	-	-	-	-	-	\$2,000,156
Total State Expenditures	\$31,680,561	\$44,836,028	\$57,943,343	\$62,863,958	\$64,743,339	\$66,678,804	\$68,672,023
Transfers							
Medicaid Transfer to CHIP due to Shortfall	-	-	(\$5,258,362)	-	-	-	-
Surplus/Deficit	\$13,696,387	\$7,522,047	(\$0)	(\$19,199,028)	(\$21,131,811)	(\$23,060,106)	(\$24,984,453)
GF Need				\$19,199,028	\$1,932,783	\$1,928,295	\$1,924,347

Notes:

1. Within the Medical Assistance appropriation, transfer authority exists for CHIP shortfalls. In SFY25, the estimated need in CHIP is approximately \$7M. Medical Assistance funds will be transferred to cover this \$7M need in SFY25.
2. *The 3.0% trend includes both enrollment increases and changes in the MCO capitation rate.
3. The August CHIP projection had a projected need of \$15.5 million in SFY26. The need has increased by \$3.7 million compared to the previous projection.

Iowa Department of Health and Human Services
 Medicaid and CHIP Enrollment
 Pre vs Post PHE
 1/3/2025

	Feb-20	May-24	Change	Percent Change	May-24	Dec-24	Change	Percent Change
Medicaid								
Child	241,970	241,350	(620)	-0.26%	241,350	240,427	(923)	-0.38%
Adult	67,108	68,084	976	1.45%	68,084	67,181	(903)	-1.33%
Aged	33,081	32,585	(496)	-1.50%	32,585	34,264	1,679	5.15%
Disabled	79,452	75,251	(4,201)	-5.29%	75,251	75,613	362	0.48%
Total - Regular Medicaid	421,611	417,270	(4,341)	-1.03%	417,270	417,485	215	0.05%
Iowa Health and Wellness Plan	175,680	183,109	7,429	4.23%	183,109	180,879	(2,230)	-1.22%
Total - All Medicaid	597,291	600,379	3,088	0.52%	600,379	598,364	(2,015)	-0.34%
CHIP								
Hawki	56,780	61,832	5,052	8.90%	61,832	63,101	1,269	2.05%
Hawki Dental Only	4,816	6,511	1,695	35.20%	6,511	4,619	(1,892)	-29.06%
MCHIP	16,914	17,525	611	3.61%	17,525	20,500	2,975	16.98%
Total - CHIP	78,510	85,868	7,358	9.37%	85,868	88,220	2,352	2.74%

Iowa Department of Health and Human Services
 Medicaid Fiscal Year State Funded and Unfunded Increases
 12/19/2024

<u>SFY</u>	<u>Description of Increase</u>	<u>Total Amount</u>	<u>Funded Amount (State)</u>	<u>Unfunded Amount (State)</u>
SFY20	Capitation Rate Increases*	\$ 89,000,000	\$ -	\$ 89,000,000
SFY21	Capitation Rate Increases	15,000,000	-	15,000,000
SFY22	Capitation Rate Increases	13,500,000	-	13,500,000
	HCBS Program Increase	11,002,240	11,002,240	-
	PMIC Provider Increase	3,900,000	3,900,000	-
	NF Rebase	19,080,860	19,080,860	-
	Air Ambulance Rate Increase	100,000	100,000	-
	Home Health Rate Increase	-	2,000,000	-
	Home- Based Hab Rate Increase	7,134,214	7,134,214	-
	CMH Waitlist Reduction	1,031,530	1,031,530	-
	Pharmacy Dispensing Fee Increase	567,445	-	567,445
SFY23	Capitation Rate Increases	58,000,000	-	58,000,000
	Home Health Rural Incentives	1,777,082	1,777,082	-
	ICF/ID Rate Increases	1,339,971	1,339,971	-
	BHIS Increase	1,277,082	1,277,082	-
	Psychiatric Tiered Rates (1/2 Year)	1,500,000	1,500,000	-
	Applied Behavioral Analysis Rates	385,000	385,000	-
	HCBS Rate Increases (ARPA Funded)	22,000,000	5,500,000	16,500,000
	FFT/MST Services	118,799	-	118,799
	Medicaid Refunds and Offsets	909,000	-	909,000
SFY24	Capitation Rate Increases	41,100,000	-	41,100,000
	Capitation Rate Increases- Acuity Adjustments	56,800,000	-	56,800,000
	Nursing Facilities Rebase	15,000,000	15,000,000	-
	Mental Health Service Rates Increase	3,000,000	3,000,000	-
	Mental Health Therapy	7,000,000	7,000,000	-
	Substance Abuse Provider Rates	3,000,000	3,000,000	-
	Annualized Impact of Psychiatric Tiered Rates	1,500,000	-	1,500,000
SFY25	Capitation Rate Increases	16,477,977	-	16,477,977
	HHS Offset	(6,000,000)	(6,000,000)	-
	Enhanced Case Management	5,000,000	5,000,000	-
	Increase Access to Community-Based Providers	14,600,000	14,600,000	-
	Home Health Rate Adjustment	3,000,000	3,000,000	-
	Medical Supplies Rate Adjustment	144,014	144,014	-
	Physician Assistant Rate Adjustment	29,691	29,691	-
	Physical Therapist Rate Adjustment	418,121	418,121	-
	Occupational Therapist Rate Adjustment	64,692	64,692	-
	Certified Nurse Midwife Rate Adjustment	3,122	3,122	-
	CMHC Rate Adjustment	276,947	276,947	-
	HCBS ID Waiver slots	1,700,000	1,700,000	-
	HF2402 PMIC tiered rates	369,000	369,000	-
	Supported Community Living Rates	1,352,750	1,352,750	-
	Air Medical Services	250,000	250,000	-
	Behavioral Health	2,104,186	2,104,186	-
	Pharmacy dispensing fee	500,000	500,000	-
	Biomarker Testing - SF 2159	874,377	874,377	-
	Eliminating 5-Year Lookback	535,123	535,123	-

Total \$ 418,723,223 \$ 109,250,002 \$ 309,473,221

*Funded with a supplemental appropriation in SFY20, but this supplemental appropriation was not maintained in SFY21 and beyond.

Iowa Department of Health and Human Services

Medicaid Projection Glossary

1/3/2025

Revenue/Expense	Description
Revenues	
Prior Year Carry-Forward	Prior Year Carry-Forward dollars are funds available from the prior fiscal year that have accumulated due the 6.2% enhanced FMAP which was in place throughout the COVID-19 pandemic. 2024 Iowa Acts, Chapter 1157, Section 22.2
General Fund - Medical Assistance	The General Fund - Medical Assistance appropriation is the annual appropriation to Medicaid in the Health and Human Services (HHS) appropriations bill. 2024 Iowa Acts, Chapter 1157, Section 9
Medical Assistance - Health Care Trust Fund (HCTF)	The Health Care Trust Fund collects all tax receipts related to the sale of tobacco products (excluding vape products). The balance of the fund is appropriated to Medicaid annually in the HHS appropriations bill. Iowa Code Section 453A.35A
Medical Assistance - Quality Assurance Trust Fund (QATF)	A quality assurance assessment fee is assessed on nursing facilities for each patient day. The assessment applies to all for-profit and nonprofit private nursing facilities, but not to State nursing facilities. Revenue received from the assessment is deposited in the Quality Assurance Trust Fund. Revenues from the fund are used to increase nursing facility rates and are appropriated to Medicaid annually in the HHS appropriations bill. Iowa Code Section 249L
Medical Assistance - Hospital Health Care Access Trust Fund (HHCATF)	A hospital health care access assessment fee is assessed on privately owned hospitals paid on a Prospective Payment System (PPS) basis by Medicare and Medicaid. Revenue received from the assessment is deposited in the Hospital Health Care Access Trust Fund. The moneys in the Fund are used to increase hospital reimbursement for PPS hospitals to the upper payment limit and are appropriated to Medicaid annually in the HHS appropriations bill. This Program is separate from the hospital directed payment program. Iowa Code Section 249M
Medical Assistance - Medicaid Fraud Fund (MFF)	The Medicaid Fraud Fund consists of moneys collected from penalties, investigative costs recouped by the Medicaid Fraud Control Unit, and other amounts received as a result of prosecutions stemming from DIA investigations and audits to ensure compliance with the Medicaid Program. The balance of the fund is appropriated to Medicaid annually. Iowa Code Section 249A.50
Decategorization	Decategorization funds are funds the child welfare decategorization boards did not spend within their allotted timeframe and that revert to the Medicaid appropriation. 2023 Iowa Acts, Chapter 122, Section 40
MCO Premium Tax	The Managed Care Organization (MCO) premium tax is a tax on the gross amount of premiums received by the Medicaid MCO. Revenue received from the tax are used to offset Medicaid expenditures. Iowa Code Section 249A.13
Expenditures	
IA Health Link	IA Health Link expenditures reflect the states cost for managed care. The MCOs are paid by the state through a per member per month capitation payment.
Non-IA Health Link	Non-IA Health Link expenditures reflect the state expenditure and expenditure offsets which are not part of managed care. These include but are not limited to, fee-for-service expenditures, Medicare Buy-In and Part D clawback, drug rebates, and other recoveries.
Legislative Adjustments	Legislative adjustments are changes made by the Legislature and approved by the Governor during the legislative session, but have not yet been folded into the capitation rates or Non-IA Health Link categories above.
SFYXX Trend Adj.	The trend adjustment is a place holder for cost both enrollment increases and increases related to the status quo array of services. The trend assumes a 3.0% increase.

HHS/LSA/DOM Consensus - December 16, 2024
 SFY23-26 Medical Assistance Appropriation Analysis - **No Trend**

	SFY25-SFY26 No MCO Trend		0.00%	
	Consensus			
State Revenue	SFY23	SFY24	SFY25	SFY26
Prior Year Carry-Forward	\$273,039,252	\$367,990,615	292,212,753	124,663,242
General Fund - Medical Assistance	\$1,510,127,388	\$1,543,626,779	\$1,605,063,804	\$1,605,063,804
Health Care Trust Fund	\$183,706,173	\$159,770,706	\$160,351,215	\$150,997,000
Quality Assurance Trust Fund	\$57,161,022	\$106,556,027	\$111,216,205	\$111,216,205
Hospital Health Care Access Trust Fund	\$33,920,554	\$33,920,553	\$33,920,554	\$33,920,554
Medicaid Fraud Fund	\$58,806	\$16,934	\$150,000	\$150,000
Decatogerization	\$880,576	\$13,494	-	-
MCO Premium Tax	-	-	\$121,312,617	\$79,381,785
Total State Funds Available	\$2,058,893,771	\$2,211,895,108	\$2,324,227,148	\$2,105,392,590
State Expenditures				
IA Health Link	\$1,611,837,207	\$1,723,362,352	\$2,041,274,222	\$2,028,297,387
Non-IA Health Link	\$79,065,949	\$196,320,003	\$153,031,322	\$193,962,531
Legislative Adjustments	-	-	-	-
MCO Premium Tax Expenditures	-	-	-	-
Total State Expenditures	\$1,690,903,156	\$1,919,682,355	\$2,194,305,544	\$2,222,259,918
Surplus/Deficit w/o MCO Prem Tax	\$367,990,615	\$292,212,753	\$129,921,604	(\$116,867,328)
ARPA HCBS Balance				
ARPA HCBS Freed-Up State Funds	\$100,567,287	\$53,388,793	-	-
ARPA HCBS State Spending	(47,178,494)	(53,388,793)	-	-
ARPA State Dollar Spend	\$53,388,793	-	-	-
Transfers				
Transfer out for CHIP Shortfall*	-	-	\$5,258,362	-
Ending State Balance	\$421,379,408	\$292,212,753	\$124,663,242	(\$116,867,328)

*Within the Medical Assistance appropriation, transfer authority exists for CHIP shortfalls. In SFY25, the estimated need in CHIP is approximately \$7M. Medical Assistance funds will be transferred to cover this \$7M need in SFY25.

HHS/LSA/DOM Consensus - December 16, 2024
 SFY24-26 CHIP Appropriation Analysis - **No Trend**

SFY24-SFY26 No Trend 0.00%

	Consensus			
	SFY23	SFY24	SFY25	SFY26
State Revenue				
Prior Year Carry-Forward	\$6,715,260	\$13,696,387	\$7,522,047	\$0
General Fund - Medical Assistance	\$38,661,688	\$38,661,688	\$41,322,970	\$41,322,970
MCO Premium Tax Revenue		-	\$3,089,964	\$2,269,357
HPO Transfer			\$750,000	-
Total State Funds Available	<u>\$45,376,948</u>	<u>\$52,358,075</u>	<u>\$52,684,981</u>	<u>\$43,592,327</u>
State Expenditures				
Hawki/Dental Only/MCHIP	\$34,078,968	\$46,174,450	\$59,120,539	\$62,265,418
MCO Premium Tax Expenditures		-	-	-
Other Adjustments	(\$2,398,407)	(\$1,338,422)	(\$1,177,196)	(\$1,232,449)
SFY24 Trend Adj.	-	-	-	-
SFY25 Trend Adj.	-	-	-	-
Total State Expenditures	<u>\$31,680,561</u>	<u>\$44,836,028</u>	<u>\$57,943,343</u>	<u>\$61,032,969</u>
Transfers				
Medicaid Transfer to CHIP due to Shortfall*			(\$5,258,362)	-
Surplus/Deficit	<u>\$13,696,387</u>	<u>\$7,522,047</u>	<u>(\$0)</u>	<u>(\$17,440,642)</u>

**Within the Medical Assistance appropriation, transfer authority exists for CHIP shortfalls. In SFY25, the estimated need in CHIP is approximately \$7M. Medical Assistance funds will be transferred to cover this \$7M need in SFY25.*