

Medicaid Lien and MCO Tax Proposal

HSB177 & SSB1167

Lien Recovery

- Bringing Iowa into compliance with federal law, to ensure MCOs have clear third-party recovery rights, to expand and clarify Iowa Medicaid's third-party recovery rights and to strengthen third party recovery related to minors.

Medicaid Managed Care Premium Tax

- Aligns Medicaid Managed Care with other insurance carrier requirements for premium tax obligations to the state.

DIVISION I: MEDICAID LIEN RECOVERY

- The current Medicaid statute provides limited state rights for recovery and lacks detail and specificity.
- Iowa is out of compliance with federal law,¹ recent changes in federal statute,² and recent United States Supreme Court precedent.³
- Iowa Code lacks technical language to allow the Managed Care Organizations (MCO) the same rights as the state for lien recovery, lacks technical language for a rebuttable presumption, and lacks technical language to allow recovery for minors' medical expenses.
- The proposed bill ensures that Iowa Code is brought into compliance with the controlling federal statute by limiting recovery to medical expenses and including a method for rebutting the current formula, recent Supreme Court precedent by allowing Iowa Medicaid to recover from both past and future medical expenses awarded from tort claims, and clearly defines the state's rights to recover against third parties for medical claims of minors.

¹ *Arkansas Dept. v. Ahlborn*, 547 U.S. 268, 280-92 (2006).

² 42 U.S.C. § 1396a(a)(25)(I) (amendments effective March 15, 2022).

³ *Gallardo v. Marstiller*, 142 S.Ct. 1751 (2022).

STATE OF IOWA DEPARTMENT OF

Health ^{AND} Human

SERVICES

DIVISION II: MEDICAID MANAGED CARE ORGANIZATION TAXATION OF PREMIUMS

- Aligns Medicaid Managed Care with other insurance carrier requirements for premium tax obligations to the state.
- All other insurance companies have been subject to a premium assessment for several decades.
- This creates equity across insurers and revenue for the state Medicaid program.

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