

October 2014 | Fact Sheet

Medicaid Expansion in Iowa

In December 2013, the Centers for Medicare and Medicaid Services approved two Section 1115 waivers for Iowa to implement the Affordable Care Act's (ACA's) Medicaid expansion. One of Iowa's waivers uses Medicaid funds as premium assistance¹ to purchase coverage in Marketplace Qualified Health Plans (QHPs) for newly eligible beneficiaries above 100-138% FPL, and the other waiver covers newly eligible beneficiaries at or below 100% FPL in Medicaid managed care.² Together, both demonstrations cover all newly eligible adults statewide. As of January 2014, Iowa's demonstrations:

- Expand Medicaid by purchasing Marketplace QHP coverage for newly eligible adults above 100-138% FPL.
- Require newly eligible adults above 100-138% FPL to enroll in Marketplace QHPs to receive Medicaid services.
- Expand Medicaid for newly eligible adults at or below 100% FPL through Medicaid managed care.
- Include premiums of \$10 per month for beneficiaries above 100-138% FPL and \$5 per month for beneficiaries from 50-100% FPL, beginning in year two. Premiums can be waived by completing healthy behavior activities, and Medicaid eligibility cannot be terminated for non-payment of premiums for beneficiaries at or below 100% FPL.
- Include cost-sharing only for non-emergency use of the emergency room, at state plan amounts.
- Provide services for premium assistance beneficiaries that are outside the QHP benefit package, such as Early Periodic Screening Diagnosis and Treatment for 19 and 20 year olds and free choice of family planning provider, through the state's Medicaid fee-for-service delivery system.
- Offer additional dental benefits to those who complete periodic dental exams.
- Waive non-emergency medical transportation (NEMT) services in year one.

In September 2014, Iowa submitted a waiver amendment, seeking CMS approval to extend the NEMT waiver for the life of both demonstrations, but this change has not yet been approved.³

Iowa is among the 28 states (including DC) implementing the Medicaid expansion to date, most of which are doing so through a state plan amendment.⁴ Other states with Section 1115 demonstrations to implement the Medicaid expansion include, Arkansas, which provides premium assistance for Marketplace QHP coverage to all newly eligible adults,⁵ and Michigan⁶ and Pennsylvania,⁷ which are using private Medicaid managed care plans. (Pennsylvania proposed using premium assistance in its initial waiver application, but its approved demonstration does not include premium assistance.) Indiana has a pending waiver application which would expand Medicaid using high deductible health savings accounts.⁸ New Hampshire is implementing the ACA's Medicaid expansion through direct coverage in the state's

Medicaid program as of July 2014, and expects to submit a § 1115 waiver application by December 2014 to provide expansion coverage through Marketplace premium assistance beginning in January 2016.⁹ This fact sheet describes key features of Iowa's demonstration.

**Table 1:
Iowa's Section 1115 Medicaid Expansion Demonstration Waivers**

Element	Iowa (approved, as amended)
Overview:	<p>Uses Medicaid funds to pay Marketplace QHP premiums for newly eligible adults above 100-138% FPL (estimated 36,000) statewide under the ACA's Medicaid expansion.</p> <p>Covers newly eligible adults at or below 100% FPL statewide through Medicaid managed care.</p>
Duration:	<p>12/10/13 to 12/31/16</p> <p>Eligibility effective 1/1/14</p>
Demonstration Goals:	Cites promoting continuity of care, increasing access to care, and increasing Marketplace QHP enrollment.
Coverage Groups Subject to Premium Assistance:	<p>Newly eligible beneficiaries ages 19-64 above 100% and up to 138% FPL who do not have access to cost-effective employer-sponsored insurance (ESI).</p> <p>People who have access to cost-effective ESI are required to receive premium assistance for ESI.</p>
Enrollment:	QHP enrollment required for demonstration beneficiaries.
Populations Exempt from Premium Assistance:	<p>People who are medically frail are exempt from premium assistance and have choice of FFS coverage of same ABP offered to new adult group or an ABP that includes state's standard Medicaid benefits package.</p> <p>Those determined medically frail after QHP enrollment can be disenrolled from premium assistance and reassigned to other Medicaid coverage.</p> <p>Identified through screening questions on the state's web portal, unless beneficiary opts out of medical frailty assessment.</p> <p>American Indian/Alaska Natives can voluntarily opt into demonstration.</p>
QHP Choice and Auto-Assignment:	<p>Beneficiaries choose between at least 2 silver level Marketplace QHPs. If beneficiaries do not choose a plan, they will be automatically assigned to one. State must ensure that beneficiaries authorize auto-assignment.</p> <p>Beneficiary choice among silver level plans offered to Medicaid members in geographic area.</p> <p>Waiver application indicates that:</p> <ul style="list-style-type: none"> -demonstration QHPs would offer 100% actuarial value; -beneficiaries may call Medicaid enrollment broker for assistance with QHP selection; -beneficiaries must remain enrolled in QHP for 12 months, except for initial 90 day period to change plans for any reason, unless they experience a qualifying event triggering a special enrollment period; -auto assignment on an alternating basis between QHPs.

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Premiums:	<p>State pays monthly premiums directly to QHPs.</p> <p>Premium assistance demonstration beneficiaries (above 100-138% FPL) pay premiums of \$10/month. (Medicaid managed care demonstration beneficiaries from 50-100% FPL pay premiums of \$5/month, and non-payment of premiums for this group cannot result in disenrollment.)</p> <p>Beneficiary premiums waived for the first year of enrollment. In subsequent years, premiums are waived if beneficiaries complete specified healthy behavior activities. In year 1, these include completing a health risk assessment and obtaining a wellness examination.</p> <p>State must submit for CMS approval a protocol and document through data and on-going monitoring that enrollees have access to providers in order to apply healthy behavior provisions. Any changes to the healthy behaviors protocol must be approved by CMS.</p> <p>Beneficiaries have a 30 day grace period in the year in which premiums are due to complete the prior year's healthy behaviors and have premiums waived for the remainder of the year.</p> <p>State must grant premium waivers to beneficiaries who self-attest to a financial hardship. Opportunity to self-attest shall be on each premium invoice.</p> <p>Beneficiaries have a 90 day grace period to pay past-due premiums in full, after which unpaid premiums may be considered a collectable debt owed to the state.</p>
Cost-Sharing:	<p>Cost-sharing limited to 5% of quarterly income, including premiums.</p> <p>Beneficiaries must pay copay for non-emergency use of the emergency room (amount per state plan).</p>
Benefits:	
<i>QHP benefits package:</i>	<p>QHPs provide services in the state's Medicaid Alternative Benefits Package (ABP) for newly eligible adults.</p> <p>Waiver application indicates that ABP will be at least equivalent to state employee plan benefits package and that state will provide dental benefits through a capitated commercial dental plan carve-out.¹⁰</p> <p>Core dental benefits provided through ABP SPA. Demonstration provides enhanced dental benefits if beneficiaries complete periodic exam within 6-12 months of first visit and enhanced plus dental benefits if beneficiaries continue periodic exams every 6-12 months. State must assist beneficiaries who timely report that they were unable to obtain a dental appointment and provide access to enhanced benefits for those with a demonstrable need who were unable to access periodic exams.</p>
<i>Federally qualified and rural health centers (FQHC/RHC):</i>	Beneficiaries will have access to at least 1 QHP that contracts with at least one FQHC/RHC.
<i>Prescription drugs:</i>	Limited to the QHP formulary. Prior authorization within 72 hours instead of 24 hours.
<i>Family planning providers:</i>	State covers out-of-network family planning providers on FFS basis.

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<i>Wrap-around benefits:</i>	One year waiver of obligation to provide non-emergency medical transportation for all newly eligible beneficiaries (unless medically frail and exempt from demonstration), after which impact on access to care will be evaluated. Pending waiver amendment seeks extension of non-emergency medical transportation waiver for years 2 and 3. ¹¹ EPSDT provided on FFS basis.
<i>Retroactive coverage:</i>	State will provide direct Medicaid coverage between date of eligibility and QHP enrollment. Retroactive coverage not mentioned.
Appeals:	Demonstration enrollees use the state fair hearing process for all appeals. State may submit SPA delegating hearing responsibility to another state agency.
Financing:	Does not specify cost without the waiver. Estimates that the waiver will cost \$137 million in CY 2014, \$205 million in 2015, \$213 million in 2016, \$221 million in 2017, and \$230 million in 2018.
Cost-Effectiveness:	May use state-developed tests of cost-effectiveness for premium assistance that differ from those otherwise permissible.
Oversight:	State Medicaid agency and state insurance departments will enter into MOU or agreement with QHPs regarding enrollment, payment of premiums and cost-sharing reductions, reporting and data requirements, notices, and audits.
Status:	Demonstration approved 12/10/13. Within 6 months of implementation and annually thereafter, state must hold forum for public comment.
Evaluation:	State must submit draft evaluation design within 60 days of demonstration approval. Evaluation shall be conducted by an independent entity.
Reporting:	State must submit quarterly and annual reports to CMS.

Endnotes:

¹ For background about the state plan option and demonstration waiver premium assistance authorities and key beneficiary protections in Medicaid expansion premium assistance program, see Kaiser Commission on Medicaid and the Uninsured, *Medicaid Expansion Through Marketplace Premium Assistance* (Sept. 2013), available at <http://www.kff.org/medicaid/fact-sheet/medicaid-expansion-through-marketplace-premium-assistance/>. For an overview of themes emerging in Medicaid expansion waivers, see Kaiser Commission on Medicaid and the Uninsured, *The ACA and Recent Section 1115 Medicaid Demonstration Waivers* (Feb. 2014), available at <http://kff.org/medicaid/issue-brief/the-aca-and-recent-section-1115-medicaid-demonstration-waivers/>.

² Iowa Marketplace Choice Plan, CMS Special Terms and Conditions (Jan. 1, 2014-Dec. 31, 2016, amended May 1, 2014), available at <http://medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ia/ia-marketplace-choice-plan-ca.pdf>; Iowa Wellness Plan, CMS Special Terms and Conditions (Jan. 1, 2014-Dec. 31, 2016, amended Dec. 30, 2013 and May 1, 2014), available at <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ia/ia-wellness-plan-ca.pdf>; see also Iowa Dep't of Human Servs., *Iowa Marketplace Choice Plan § 1115 Waiver Application* (Aug. 2013), available at http://www.dhs.state.ia.us/uploads/IAMktplaceChoice1115_Final.pdf.

³ Iowa DHS, Iowa Health and Wellness Plan: NEMT Waiver Amendment – DRAFT, available at <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ia/ia-wellness-plan-pa.pdf>.

⁴ Kaiser Commission on Medicaid and the Uninsured, *Status of State Action on the Medicaid Expansion Decision* (Aug. 28, 2014), available at <http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/>.

⁵ Kaiser Commission on Medicaid and the Uninsured, *Medicaid Expansion in Arkansas* (Oct. 2014), available at <http://kff.org/medicaid/fact-sheet/medicaid-expansion-in-arkansas/>.

⁶ Kaiser Commission on Medicaid and the Uninsured, *Medicaid Expansion in Michigan* (Jan. 2014), available at <http://kff.org/medicaid/fact-sheet/medicaid-expansion-in-michigan/>.

⁷ Kaiser Commission on Medicaid and the Uninsured, *Medicaid Expansion in Pennsylvania* (Oct. 2014), available at <http://kff.org/medicaid/fact-sheet/medicaid-expansion-in-pennsylvania/>.

⁸ Kaiser Commission on Medicaid and the Uninsured, *Proposed Medicaid Expansion in Indiana Through HIP 2.0* (Sept. 2014), available at <http://kff.org/medicaid/fact-sheet/proposed-medicaid-expansion-in-indiana-through-hip-2-0/>.

⁹ See N.H. Sen. Bill 413, available at <http://www.gencourt.state.nh.us/legislation/2014/SB0413.pdf>.

¹⁰ IA's Marketplace Choice new adult ABP SPA is available at <http://www.medicaid.gov/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/IA/IA-14-006.pdf>. IA's Marketplace Choice plan dental SPA is available at <http://www.medicaid.gov/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/IA/IA-14-019.pdf>. IA's Wellness Plan new adult ABP SPA is available at <http://www.medicaid.gov/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/IA/IA-14-004.pdf>. IA's Wellness Plan dental SPA is available at <http://www.medicaid.gov/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/IA/IA-14-018.pdf>.

¹¹ Iowa DHS, Iowa Health and Wellness Plan: NEMT Waiver Amendment – DRAFT, available at <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ia/ia-wellness-plan-pa.pdf>.