

INFORMATIONAL LETTER NO. 2713-MC-D

DATE: November 14, 2025

TO: All Medicaid Medical Providers

APPLIES TO: Managed Care Organizations (MCOs) and Dental Plans

FROM: Iowa Department of Health and Human Services (HHS),
Iowa Medicaid

RE: Commercial Lesser of Logic

EFFECTIVE: December 01, 2025

IA Medicaid is aligning with the requirements for the coordination of benefits to ensure when a member has both Medicaid and commercial insurance (primary payer), Medicaid is the payor of last resort. Payments cannot exceed the Medicaid allowable amount or the amount paid by commercial insurance. This is known as the Lesser of Logic.

This policy is effective for claims received by MCOs and Dental Plans **on or after December 1, 2025**. Implementation for **Fee-For-Service** claims will occur at a later date and additional guidance will be provided.

This logic has been applied to **Medicare claims since July 1, 2017**, and will be extended to **commercial claims received on or after December 1, 2025**, for claims received by MCOs and Dental Plans.

Iowa Medicaid will coordinate benefits with Medicare and Commercial insurance based on the Lesser of Logic, paying whichever is less of the following:

1. The cost sharing (deductible and/or coinsurance) that, absent Medicaid eligibility, would have been owed by the beneficiary, or
2. The difference between the sum of what primary insurance and all other third-party insurers paid and the Medicaid fee for the same services or items.

The financial responsibility of Iowa Medicaid for covered services is determined based on payments made by Medicare and other third-party insurers', not on the provider's billed charge.

This applies when the payment made by Medicare and/or commercial insurer equals or exceeds what Medicaid would have paid if Iowa Medicaid were the sole payer.

Reminder of Existing Guidance

Providers are reminded that balance billing is prohibited for Iowa Medicaid members, including those who are dually eligible for Medicare and Medicaid or who have a commercial carrier. Even when Medicare or a commercial plan denies or partially pays a claim, providers must follow Medicaid secondary billing procedures. Members cannot be held responsible for any remaining balances resulting from provider noncompliance with payer rules, such as late claim submission or lack of enrollment with the primary payer.

In accordance with guidance from Medicaid.gov and the Centers for Medicare & Medicaid Services (CMS) on *Coordination of Benefits & Third Party Liability (COB/TPL)*, Medicaid beneficiaries are required to use available third-party coverage at no cost to them. When a member receives services from an out-of-network provider, they are not utilizing their available health care resources. Consistent with the principle that Medicaid is the payer of last resort, Iowa Medicaid will not reimburse either the provider or the member for balances not covered by the commercial or Medicare plan.

Coordination of Benefits

Coordination of Benefits (COB) applies to Medicaid members who also have coverage through Medicare and/or commercial insurance. Under Federal law, all other available third-party resources, known as third party liability, have the legal obligation to pay claims before Medicaid. As a result, Medicaid is the payer of resort, paying only after other responsible parties have met their obligations.

Medicaid is not the primary payer and should only make payments up to the Medicaid allowable amount for a covered service. This means the combined payments from the primary insurance and Medicaid must not exceed 100% of Medicaid's allowable amount.

Example 1: Medical claim with no member responsibility

Actual charge by Provider	\$ 200.00
Allowable amount by Primary Payor	\$ 75.00
Amount paid by Primary Payor	\$ 75.00
Copay, Coinsurance, Deductible	\$ 0.00
Amount allowed by Medicaid	\$ 100.00
Amount paid by Medicaid	\$ 0.00

Example 2: Medical claim with member responsibility

Actual charge by Provider	\$ 200.00
Allowable amount by Primary Payor	\$ 75.00
Amount paid by Primary Payor	\$ 65.00
Copay, Coinsurance, Deductible	\$ 10.00
Amount allowed by Medicaid	\$ 100.00
Amount paid by Medicaid	\$ 10.00

Example 3: Inpatient hospital claim

Actual charge by Provider	\$ 21,000.00
Allowable amount by Primary Payor	\$ 12,000.00
Amount paid by Primary Payor	\$ 8,000.00
Copay, Coinsurance, Deductible	\$ 4,000.00
Amount allowed by Medicaid	\$ 14,000.00
Amount paid by Medicaid	\$ 4,000.00

Example 4: Outpatient claim where TPL paid more than the Medicaid Allowed amount and Medicaid paid \$0.

Total actual charge by Provider	\$ 2,600.00
Allowable amount by Primary Payor	\$ 1,600.00
Amount paid by Primary Payor	\$ 1,290.00
Copay, Coinsurance, Deductible	\$ 325.00
Amount allowed by Medicaid	\$ 240.00
Amount paid by Medicaid	\$ 0.00

For information regarding Lesser of Logic and Medicare, please reference IL 2157.

If you have questions, please contact the appropriate MCO or Dental Plan:

Managed Care Organizations (MCOs):

Iowa Total Care:

- Phone: 1-833-404-1061
- Email: providerrelations@iowatotalcare.com
- Website: <https://www.iowatotalcare.com>

Molina Healthcare of Iowa:

- Phone: 1-844-236-1464
- Email: aproviderrelations@molinahealthcare.com
- Website: <https://www.molinahealthcare.com/providers/ia/medicaid/home.aspx>
- Provider Portal: <https://www.availity.com/molinahealthcare>

Wellpoint Iowa, Inc.:

- Phone: 1-833-731-2143
- Email: ProviderSolutionsIA@wellpoint.com
- Website: <https://www.provider.wellpoint.com/iowa-provider/home>

Dental Plans:

Delta Dental:

- Phone: 1-888-472-1205
- Email: provrelations@deltadentalia.com
- Website: <https://www.deltadentalia.com/dentists/>

MCNA Dental:

- Phone: 1-855-856-6262
- Email: IA_PR_Dept@mcna.net
- Website: <https://www.mcnaia.net/dentists>