



[HF 2424](#) – Child Care Assistance, Graduated Phaseout (LSB5587HV)
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 Fiscal Note Version – New

Description

[House File 2424](#) creates a graduated eligibility phaseout component for the Child Care Assistance (CCA) Program.

The Bill would provide that if families were previously eligible for the CCA Program, they would be eligible for a graduated eligibility phaseout program under the following conditions:

- Their income is at least 185.0% of the federal poverty level (FPL) but less than 225.0% FPL for basic care.
- Their income is at least 200.0% FPL but less than 250.0% FPL for special needs care.

Families in the income ranges specified for their service care needs will have a sliding schedule copayment established by the Department of Human Services (DHS).

The Bill specifies that families with income at 225.0% FPL for basic care or 250.0% FPL for special needs care would be required to pay a copayment of 50.0% of the cost of care currently reimbursed by the DHS.

Background

Iowa currently has two main components for the CCA Program. Eligibility for the CCA Program is limited to families with income no more than 145.0% FPL and is limited to a 12-month eligibility segment. The CCA Plus Program has a 12-month eligibility segment and an income limit of above 145.0% FPL up to 85.0% of the State median income (approximately \$49,800).

Final federal rules around the exit eligibility component of the CCA Program require that there be no time limit for eligibility, only an income limitation. The DHS has developed rules for new eligibility requirements to comply with federal rules that would set the income ceiling at 225.0% FPL, which is approximately \$48,000 for a family of three.

Federal Poverty Levels (FPL)

Family Size	100.0%	145.0%	225.0%	250.0%
Family of 2	\$ 16,910	\$24,520	\$38,048	\$42,275
Family of 3	21,330	30,929	47,993	53,325
Family of 4	25,750	37,338	57,938	64,375
Family of 5	30,170	43,747	67,883	75,425
Family of 6	34,590	50,156	77,828	86,475

Currently, a copayment for services is required if a family’s income is at or above 100.0% FPL. The copayment scale starts at 1.0% of family income and increases up to 7.0% of family income.

The DHS utilizes a provider billing portal for the CCA Program for payment of services and determination of copayment amounts.

Assumptions

- The DHS Notice of Intended Action [ARC 4937C](#) brings the CCA Plus Program into federal conformity, covering families with an income not to exceed 225.0% FPL for an indefinite period of time for basic care and special needs care under the current copayment structure.
- This proposed rulemaking will be adopted and filed with an effective date no later than July 1, 2020 (FY 2021).
- A significantly new copayment schedule based on the rate that providers charge cannot be implemented until programming changes to the provider billing portal are completed.
- Programming changes will take 2,000 hours of programming time, plus part-time work from the DHS Bureau of Project Management. This will push the launch of the graduated phaseout program into FY 2022.
- Families at 225.0% FPL or at 250.0% FPL for basic care or special needs care are not eligible for services under the Bill because the Bill's eligibility provisions require a family's income to be less than those amounts.
- Once provider portal programming changes are complete, no families will be eligible under the phaseout program because they will all be eligible under the CCA Plus Program.

Fiscal Impact

The proposed DHS rulemaking would make families with an income range above 145.0% FPL up to 225.0% FPL eligible for CCA Plus. Therefore, these families would not be enrolled in the phaseout proposed by the Bill. The rulemaking contains a sliding fee schedule.

Programming and project management costs for the provider billing portal in FY 2021 are estimated at \$252,000. Implementing changes will be at the discretion of the DHS if it deems its current copayment schedule adequate under the requirements of the Bill, or if it deems the copayments should change.

[House File 2424](#) will increase coverage for special needs families from 225.0% FPL to 250.0% FPL. This annual cost increase is estimated to be minimal.

Sources

Department of Human Services
LSA analysis and calculations

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
