

# Legislative Fiscal Bureau

## Fiscal Note

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SF 26 – *hawk-i* Children's Health Insurance (LSB 1058 XS)  
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Fiscal Note Version — New

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### Description

Senate File 26 amends various requirements of the Healthy and Well Kids in Iowa (*hawk-i*) Program. The *hawk-i* Program provides medical coverage for children whose family income is higher than Medicaid allows, but below 200% of the Federal Poverty Level. Among other changes, the Bill adds new benefits to the Program, which have a fiscal impact. The new benefits include: care coordination, dental services, mental health and substance abuse benefits, medically necessary nutrition services, physical and occupational therapy services, and case management for children with special health care needs.

### Assumptions

1. The estimated number of children eligible for *hawk-i* is 20,000 in FY 2004 and 24,000 in FY 2005.
2. The federal matching rate is 74.75% for FY 2004 and 74.62% for FY 2005.
3. Care Coordination includes educating families about their benefits, assisting with scheduling appointments, and assisting with transportation to a provider's office to assure that children receive health care services. The health plans currently provide some types of care coordination at varying service levels.
4. The estimated cost per eligible to expand care coordination and make the level of benefit consistent through all of the health plans is \$0.63 per member per month. This reflects a midpoint of the range of \$0.50 to \$0.75 per member per month.
5. The FY 2004 estimated cost for care coordination is \$151,000, of which \$38,000 is State funds. The FY 2005 estimated cost is \$181,000, of which \$46,000 is State funds.
6. The Bill increases dental benefits to a yearly maximum of \$1,500. Currently, one of the health plans offers dental benefits at that level, and the other two plans offer dental benefits at a yearly maximum of \$1,000.
7. Increasing the benefits so that all plans offer a yearly maximum of \$1,500 is estimated to cost \$1.78 per member per month. The FY 2004 estimated cost is \$427,000, of which \$108,000 is State funds. The FY 2005 estimated cost is \$513,000, of which \$130,000 is State funds.
8. Currently, the health plans have limits on the number of covered outpatient visits and inpatient hospital days for mental health and substance abuse benefits. The Bill provides coverage for a "full continuum of evaluation, treatment, and services."
9. The estimated cost to make the health plan benefits comparable is \$0.37 per member per month. The FY 2004 estimated cost is \$88,000, of which \$22,000 is State funds. The FY 2005 estimated cost is \$107,000, of which \$27,000 is State funds.
10. The Bill adds coverage for medically necessary nutrition services, which include nutrition education by a licensed dietitian.
11. The estimated cost is \$0.27 per member per month. The FY 2004 estimated cost is \$65,000, of which \$16,000 is State funds. The FY 2005 estimated cost is \$78,000, of which \$20,000 is State funds.
12. The Bill adds coverage for physical and occupational therapy. The health plans already provide coverage for physical and occupational therapy. As a result, this provision does not have an additional cost.

13. Case management for children with special health care needs is defined as coordination of various clinical services to assure the best clinical outcomes. Children with special health care needs are those who have or are at risk to have chronic physical, developmental, behavioral, or emotional conditions and who also need a level of health services beyond that required by children generally.
14. This provision is estimated to cost \$0.32 per member per month. This reflects a midpoint of the range of \$0.29 and \$0.34 per member per month. The FY 2004 estimated cost is \$77,000, of which \$19,000 is State funds. The FY 2005 estimated cost is \$92,000, of which \$23,000 is State funds.
15. In total, the FY 2004 estimated cost is \$808,000, of which \$203,000 is State funds. In FY 2005, the estimated cost is \$971,000, of which \$246,000 is State funds.

**Fiscal Impact**

The estimated fiscal impact of Senate File 26 is an increase in General Fund expenditures of \$203,000 in FY 2004 and \$246,000 in FY 2005.

**Source**

Department of Human Services

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/s/ Dennis C Prouty

February 19, 2003

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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