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## BUDGET UNIT BRIEF – FY 2020

Fiscal Services Division

July 1, 2020



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

# State Children's Health Insurance Program

## Background

The federal Children's Health Insurance Program (CHIP) was established by the federal Balanced Budget Act of 1997 to provide health care coverage to uninsured low-income children, under age 19, living in families with incomes up to 200.0% of the federal poverty level (FPL). Iowa implemented the CHIP through a combination of Medicaid expansion and a new program entitled Healthy and Well Kids in Iowa (hawk-i). Medicaid expansion was mandated in HF 2517 (1998 hawk-i Program Act), and expanded coverage for children with family income up to 133.0% of the FPL, effective July 1, 1998.

House File 2517 expanded hawk-i Program coverage to children living in families with incomes between 133.0% and 185.0% of the FPL, effective January 1, 1999. House File 2555 (FY 2001 Tobacco Settlement Fund Appropriations Act) further expanded the hawk-i Program to provide coverage to children with family incomes ranging from 185.0% to 200.0% of the FPL, effective July 1, 2000.

House File 2539 (FY 2009 Health Care Reform Act) created a hawk-i Expansion Program to cover children with family income up to 300.0% of the FPL beginning in FY 2010, with cost sharing for families with incomes between 200.0% and 300.0% of the FPL.

Senate File 389 (FY 2010 Health Care Omnibus II Act) created a dental-only option to cover children who have private health insurance but limited or no dental coverage. Dental-only coverage is available to children with family income up to 300.0% of the FPL. Medically necessary orthodontia coverage has also been added to the dental coverage, as required by the federal government.

## Services

Beginning April 1, 2016, both the Medicaid expansion and the hawk-i Programs receive services through a managed care contractor who also services the Medicaid Program. Benefits include:

- Inpatient hospital services
- Outpatient hospital services
- Medical and surgical physician services
- Laboratory and x-ray
- Well-baby and well-child care, including immunizations
- Prescription drugs
- Mental health services
- Vision services
- Hearing services
- Dental services
- Speech therapy
- Physical therapy

Current plans are available through Amerigroup and United Healthcare of the River Valley. Iowa Total Care will begin accepting Medicaid members effective July 1, 2019. Dental plans are available through Delta Dental of Iowa and MCNA Dental.

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## More Information

CHIP: [dhs.iowa.gov/hawk-i](https://dhs.iowa.gov/hawk-i)

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**Administration**

The Department of Human Services contracts with MAXIMUS Inc. to administer the hawk-i Program. MAXIMUS has been the third-party administrator of the Program since 2000. As an administrator, MAXIMUS is responsible for maintaining a customer service unit; processing applications; assisting applicants with health plan selections; billing, tracking, and collecting premium payments; and collecting and reporting hawk-i Program data. Federal legislation requires that the amount of funding spent on administration of the Program cannot exceed 10.0% of program expenditures per federal fiscal year.

**Funding**

Unlike Medicaid, the CHIP is not an entitlement program and is funded with a set allotment of funds for each state. The federal allotment of funding for the CHIP is authorized through September 30, 2023. Iowa receives an enhanced Federal Medical Assistance Percentage (FMAP) matching rate for the CHIP of approximately 70.0% annually. In addition, Iowa is operating under an additional 23.0% enhanced federal match that passed as part of the federal Affordable Care Act. That additional 23.0% is reduced to an 11.5% match rate on October 1, 2019, and back to the regular match rate on October 1, 2020. With the additional 23.0% FMAP rate, the federal government is funding approximately 86.0% of the Program in FY 2017, with the State funding 7.3% and the remaining 6.7% being funded by premiums, drug rebates, and other recoveries.

**Related Statutes and Administrative Rules**

Iowa Code chapter [514I](#)

Iowa Administrative Code [441—86](#)

**Budget Unit Number**

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