

Implementing HF 2539
 Cost Estimate Comparison of Original Assumptions & Updated Assumptions
 for *hawk-i* Expansion to 300% FPL

Iowa's Governor and legislature demonstrated a strong commitment to cover all uninsured Iowa children by authorizing additional funding in SFY 2009 for coverage of uninsured children under the existing SCHIP programs. In addition, 2008 Iowa Acts, HF 2539 created a *hawk-i* expansion program beginning July 1, 2009, to provide coverage to children who meet *hawk-i* eligibility criteria but whose family income is at or below 300% of the FPL.

Although there has been no change in policy, the assumptions used to estimate the cost of implementing HF 2539 have been updated as follows:

KEY ASSUMPTIONS	
Original Assumptions	Updated Assumptions
<p><u>Financing</u></p> <ul style="list-style-type: none"> ▪ 100% state funding would be used to fund the expansion. ▪ Costs would be offset by family premium in the <i>hawk-i</i> expansion of \$40 per child per month with an \$80 family maximum. ▪ Continuous eligibility for children in Medicaid would be funded from this appropriation. <p><u>Estimated Number of Eligible Children</u> 9,000 children would be covered in SFY 2010. This was based on:</p> <ul style="list-style-type: none"> ▪ The Lewin Group's estimate that Iowa had 53,000 uninsured children (at all income levels). <ul style="list-style-type: none"> ▪ Of those, there are 9,000 with family income between 250% and 360% FPL. ▪ 1,000 of the children would be infants in the Medicaid expansion & 8,000 would be in the <i>hawk-i</i> expansion. ▪ The Governor's desire to cover all the children in the first year. ▪ A 20% earned income disregard would be applied, resulting in gross earned income levels of 250% - 360% FPL. ▪ No impact on Medicaid or the current <i>hawk-i</i> program. <p><u>Administration</u></p> <ul style="list-style-type: none"> ▪ No additional field operations costs 	<p><u>Financing</u></p> <ul style="list-style-type: none"> ▪ Federal financial participation will be available to pay for approximately 75% of the cost. ▪ Costs would be offset by family premiums in the <i>hawk-i</i> expansion of \$20 per child per month with a \$40 family maximum. ▪ Continuous eligibility for children in Medicaid would be funded through a separate appropriation. <p><u>Estimated Number of Eligible Children</u> 2,099 children will be covered in SFY 2010. This is based on:</p> <ul style="list-style-type: none"> ▪ Updated current census data showing Iowa has 39,989 uninsured children (all income levels). <ul style="list-style-type: none"> ▪ Of those, there are 5,000 with family income between 250% and 300% FPL. ▪ 2,000 of the children would be infants in the Medicaid expansion & 3,000 would be in the <i>hawk-i</i> expansion. ▪ There will be a 75% take-up rate, with the expansion taking 3 years to reach program maturity. ▪ No 20% earned income disregard will be applied, resulting in gross earned income of 250% - 300% of FPL. ▪ There will be a 'trickle down' effect resulting in more eligible children in the current <i>hawk-i</i> program and Medicaid. <p><u>Administration</u></p> <ul style="list-style-type: none"> ▪ Additional field operations costs due to the Medicaid 'trickle down' which will result in higher caseloads.
2010 Estimated Cost to DHS: \$12,128,039	2010 Estimated Cost to DHS: \$1,268,378

See the attached for a detailed comparison of the assumptions.

Note: With the apparent imminent passage of a federal Child Health Insurance Program (CHIP) reauthorization bill, there are several provisions that may result in additional costs to the state. The costs associated with these provisions have yet to be determined. The proposed bill(s):

- Mandate citizenship and identity verification for a state's separate CHIP program. Currently, citizenship and identity verification is only mandated for Medicaid. Expanding this requirement to *hawk-i* will result in related increased administrative expenditures and may impact the number of eligible children.
- Provide an option for states to offer dental-only coverage to underinsured children who do not qualify for *hawk-i* because they have health insurance.
- Provide an option to states to remove the current 5-year-bar for Lawful Permanent Resident aliens to participate in federal means-tested programs. If Iowa adopted this provision, additional children could qualify for both Medicaid and *hawk-i* and additional adults could qualify for Medicaid. Undocumented (illegal) aliens would continue to be ineligible under federal law.