



Informing the **Public** & Guiding **Policy** by **Conducting** Research

The Children's Health Insurance Program (*hawk-i*)

Impact of the ACA and Health
System Change on the Iowa
Safety Net

Peter C. Damiano

Suzanne E. Bentler

Astha Singhal

Peter Schumacher

The University of Iowa
Public Policy Center

Last Updated
October 1, 2013

Iowa Children's Health Insurance Program (*hawk-i*)

Introduction

This is a report that inventories all the information we have collected on the funding, patients, services, and utilization of Iowa's Children's Health Insurance Program (CHIP). This information was collected as part of a study funded by The Commonwealth Fund to study the implications of the Affordable Care Act (ACA) on safety net health care providers.

When the CHIP program was started in Iowa in 1997, targeted low-income children were covered by health insurance under Title XXI through either an expansion of the Medicaid program or the Healthy and Well Kids in Iowa ("*hawk-i*") program, which is a separate program developed as part of the CHIP implementation in the state.¹ Both programs provide a full array of health and dental services.² There is also a provision of *hawk-i* Dental-Only Program that covers children who meet the financial requirements of *hawk-i* program but are not eligible for the full program as they have health insurance. This dental only program was implemented in 2010 and it provides coverage for preventive and restorative dental services as well as medically necessary orthodontia.³

The Medicaid expansion population is provided services from the State's Medicaid program in contrast to the *hawk-i* population who is covered by contracts with commercial managed care plans.⁴

The Medicaid expansion part of the program covers children 6 to 19 years of age whose family income is between 100 and 133 percent of the Federal Poverty Level ("FPL").⁵ The Medicaid expansion program also covers infants from birth to 1 year of age whose family income is between 185 and 300 percent of FPL.⁶ The *hawk-i* program covers children under 19 years of age whose family income is between 133 and 300 percent of FPL and that are either ineligible for Medicaid or covered by other insurance.⁷ A new *hawk-i* program implemented in March 2010 covers only dental services for children with health insurance but who would otherwise be eligible for *hawk-i*.⁸

The *hawk-i* program contains presumptive eligibility with qualification to the program proscribed by 42 CFR §435.1101.⁹ Between October 1, 2010 and October 31, 2011, 1,852 children were accepted for presumptive eligibility.¹⁰ Currently, presumptive eligibility is offered through 205 qualified entities including: Head Start programs, WIC programs, rural health clinics, FQHCs, and maternal health centers.¹¹ From the 1,852 presumptively eligible children, 98 were approved for *hawk-i* coverage and 1,130 children were either approved or already eligible for Medicaid coverage.¹²

Two managed care plans and one dental-only plan are available to families eligible for *hawk-i*. United Healthcare, Wellmark Health Plan of Iowa, and Delta Dental of Iowa are currently available in all 99 Iowa counties.¹³

Funding and Expenditures

In 2009, combined funding of Iowa's *hawk-i* and Medicaid expansion programs totaled \$80 million.² The federal contribution to that total was \$59 million while the state provided \$21 million.¹⁴ Out of the 2009 federal funding, the *hawk-i* and Medicaid Expansion programs received \$40 million and \$19 million, respectively.¹⁵

State contributions in 2009 to the *hawk-i* and Medicaid expansion were \$14 million and \$6.6 million, respectively.¹⁶ State appropriations to *hawk-i* totaled \$37.2 million for the 2011 fiscal year (Table 1). The majority (63%) of the state appropriations for the 2011 fiscal year came from the Iowa general fund (Table 1).

Table 1. State *hawk-i* appropriations for the 2011 fiscal year.

Source	Amount (\$)	Percent
General fund	23,637,040	63
Health care reform bill (HR2539) funds	7,751,883	21
Medicaid outreach and PERM funds	167,550	0.5
<i>Hawk-i</i> trust fund carry-over	5,671,710	15
Total	37,228,183	100

Source: Iowa Department of Human Services, *hawk-i* annual report for fiscal year 2011.

Note: percentages might not sum to 100 due to rounding.

Federal law (§2104(n) of the Social Security Act) allows a state experiencing a budget shortfall to apply for a contingency fund.¹⁷ Iowa was the first state to receive contingency funding when Iowa was given an additional \$28 million in Title XXI funding for the 2011 fiscal year.¹⁸ Further, the federal contingency funding Iowa received in 2011 will be added to Iowa's 2012 budget allotment.¹⁹ For the 2012 fiscal year, Iowa is projected to experience a \$17 million shortfall in CHIP funding.²⁰

Projected total *hawk-i* funding for fiscal year 2013 is \$39 million, which is a 7 percent increase compared to the 2012 fiscal year (Table 2). Further, compared to the 2012 fiscal year, the *hawk-i* trust fund carry-over decreases for the 2013 fiscal year (a 37% decrease, Table 2).

Table 2. Available state *hawk-i* funding for the 2012 and 2013 state fiscal year.

Source	Amount(\$)	
	2012	2013
General fund	32,806,102	36,806,102
<i>Hawk-i</i> trust fund carry-over	3,587,805	2,247,294
Express Lane Eligibility (ELE) Revenue	-	15,625
Total	36,393,907	39,069,021

Source: Iowa Department of Human Services, *hawk-i* annual report for fiscal year 2011.

Authorized by the Children's Health Insurance Program Reauthorization Act of 2009 (Pub. L. 111-3, 123 Stat. 8) performance bonuses are awarded by the Federal government to states meeting target enrollments and implementing five of eight program features.²¹ The eight qualifying program features include:

- Continuous eligibility;
- Liberalization of asset requirements;
- Elimination of in-person interviews;
- Equivalent application and renewal processes for Medicaid and CHIP;
- Automatic renewal;
- Presumptive eligibility for children;
- Express lane eligibility; and
- Premium assistance.²²

Iowa did not qualify for a performance bonus in fiscal year 2009 but did qualify in fiscal year 2010.²³ The performance bonus Iowa received in 2010 equaled \$7.7 million.²⁴

Primary care expenditures for the Medicaid Expansion program in 2009 included \$3.8 million in outpatient hospital services (Table 3).²⁵ In 2010, expenditures for outpatient services increased 20 percent to \$4.5 million (Table 3). Physician and surgical services accounted for \$4 million of expenditures (16%) in 2009 (Table 3).²⁶ Expenditures for physician and surgical services decreased 9 percent in 2010 (Table 3).²⁷ In 2009 prescribed drugs cost \$6.5million; however, a national rebate of \$2.8 million and a state rebate of \$400,000 lowered the final cost to \$3.3 million.²⁸

Dental services accounted for \$3 million (13%) of the program expenditures in 2009 (Table 3).²⁹ Compared to 2009, expenditures for dental services increased by 6 percent in 2010 (Table 3). In addition to representing one of the smallest proportionate expenditures (1% of total expenditures in 2009), screening services experienced the largest decrease (65%) in expenditures from 2009 to 2010 (Table 3). Inpatient hospital services and medical equipment also substantially decreased from 2009 to 2010 (38% and 25%, respectively, Table 3). The Iowa Medicaid expansion program expended the smallest amounts in 2010 for nursing care (\$299,424), vision services (\$492,070), medical equipment (\$233,460), and case management (\$11,751) (Table 3).³⁰

Table 3. Expenditures for Iowa's CHIP expansion for 2009 and 2010 fiscal years.

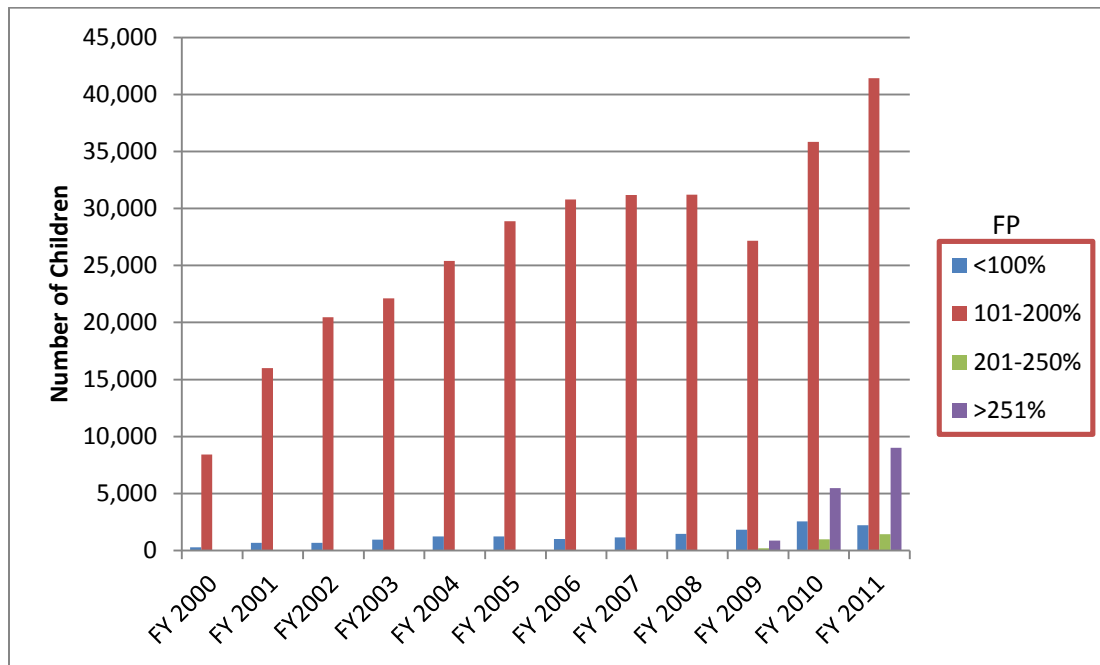
Service	2009 Expenditure (\$)	Percent	2010 Expenditure (\$)	Percent change
Inpatient hospital services (regular payment)	2,313,127	9	1,441,200	-38
Inpatient mental health (regular payment)	701,393	3	827,729	18
Nursing care	269,384	1	299,424	11
Physician/surgical	4,017,189	16	3,673,503	-9
Outpatient hospital	3,765,808	15	4,515,741	20
Prescribed drugs	6,524,500	26	6,264,251	-4
Dental	3,273,998	13	3,458,535	6
Vision	355,823	1	492,070	38
Clinic	895,225	4	907,741	1
Medical Equipment	309,931	1	233,460	-25
Screening Services	304,789	1	108,032	-65
Case Management	9,307	0.04	11,751	26
Total	25,314,997	100	25,341,001	0.1

Source: CMS, CMS-64 Quarterly Expense Reports, 2010 and 2011. Note: individual services do not sum to total due to omitted services and percentages may not sum to 100 due to rounding.

Population Served

As of fiscal year 2010, the number of children ever enrolled in CHIP in Iowa equaled 63,985.³¹ This increased to 80,454 children in FY 2012.³² The monthly enrollment in CHIP for December 2010 was 50,140 compared to a monthly enrollment of 34,195 in December 2007 (a 47% increase).³³ The largest proportion of children enrolled in *hawk-i* lived in families with incomes between 101 and 200 percent of the federal poverty level (Figure 1). The largest growth rates between fiscal years 2000 and 2010 are in families with incomes between 101 and 200 percent and greater than 250 percent of the FPL (Figure 1).

Figure 1. Unduplicated number of *hawk-i* children ever enrolled by federal fiscal year and federal poverty level.



Source: Iowa DHS, *hawk-i* Annual Report for 2011.

During fiscal year 2012 in Iowa 35,842 children were enrolled in the CHIP program.³⁴ An additional 16,213 children were enrolled in the Medicaid Expansion program and 4,012 were enrolled on Dental-Only program.³⁵ The majority of children (75%) served by CHIP have family incomes between 101-200 percent of FPL in 2012 (Table 4).

Table 4. Distribution by Federal Poverty Level of Unduplicated Number of Children Ever Enrolled in CHIP by 2010.^{1,36}

Federal Poverty Level (%)	Number of Children		
	2010	2011	2012
≤100	2,550	2,230	1,854
101-200	35,844	41,428	44,777
201-250	986	1,439	1,474
251-300	5,463	9,019	11,085
Total	44,843	54,116	59,190

Source: Iowa Department of Public Health, 2010. Note that the method for counting the children is different compared to the text.

Total enrollment of children in the *hawk-i*, Medicaid, Medicaid expansion, and dental-only programs increased by 4 percent from July 2011 to June 2012 (Table 5). The largest increase in enrollment occurred in the dental-only program, which covered a total of 4,012 children by June 2012 (an increase of 15.5% from 2011, Table 5). In comparison, the *hawk-i* program experienced a 8 percent increase in enrollment from July 2011 to June 2012 (Table 5).

Table 5. Enrollment in state programs and percentage change.³⁷

Program	Enrollment July 1, 2011	Enrollment June 30, 2012	Change in enrollment	Percent change
Medicaid	220,930	228,560	7,630	3.5
Medicaid expansion	16,148	16,213	65	0.4
<i>Hawk-i</i>	33,195	35,842	2,647	8
Dental-only program	3,475	4,012	537	15.5
Total	273,748	284,627	10,879	4

Source: Iowa Department of Human Services, *hawk-i* annual report for fiscal year 2011.

For the twelve month period between July 2011 and June 2012, approximately 30,000 applications to the *hawk-i* program were received.³⁸ Applications for renewal outnumbered new applications in this time period. (Table 6). The most common method for potential applicants hearing about *hawk-i* was from Iowa Department of Human Services referrals.³⁹

Table 6. Applications to *hawk-i* program from July 2011 to June 2012.

Source	Number
New	13,651
Renewal	15,651
Referred to Medicaid	3,684
Referred from Medicaid	9,931

Source: Iowa Department of Human Services, *hawk-i* annual report for fiscal year 2012.

Children can be disenrolled from *hawk-i*. In state fiscal year 2010, a total of 4,651 children were disenrolled from *hawk-i* compared to 3,222 children disenrolled in fiscal year 2011 (a 30% decrease).⁴⁰ The most common reasons for disenrollment was eligibility for Medicaid coverage (25%) and non-renewal of *hawk-i* coverage (20%) (Table 7).

Table 7. Cumulative disenrollment from *hawk-i* through state fiscal year 2010.

Reason	Number	
	Disenrolled	Percent
Moved out of state	174	0.7
Other health coverage	15	0.06
Over age limit	1,018	4
Citizen/ID documentation	2,166	9
Non-renewal	4,579	20
Requested termination	1,330	6
Failed to pay premium	3,222	14
Medicaid eligibility	5,806	25
Other	4,982	21
Total	23,292	100

Source: Iowa Department of Human Services, *hawk-i* annual report for fiscal year 2011.

Services and utilization

Through contracts with commercial health and dental plans, *hawk-i* covers the following services:⁴¹

- Doctor visits;
- Outpatient visits;
- Well-child visits;
- Immunizations;
- Emergency care;
- Inpatient hospital services;
- Prescription medicines;
- Eye glasses and exams;
- Dental care and exams;
- Hospice care;
- Speech and physical therapy;
- Ambulance services;
- Nursing care services;
- Durable medical equipment;
- Hearing exams;
- Home health care;
- Chiropractic care; and
- Mental health/substance abuse treatment.

The Iowa Department of Human Services utilizes an extensive outreach program in order to educate the public regarding *hawk-i*. Some outreach activities by the Department include: mailings sent to children enrolled in the free-and-reduced lunch program; applications sent to taxpayers with qualifying incomes and dependent children; advertising campaigns on TV, radio, and online; providing informational brochures and applications to local schools; providing information to Iowa churches; providing information to various medical providers including dentists and pharmacists; offering web/print information and personal training to ethnic minority populations; coordinating with local employment agencies, public health agencies, and insurance agencies.⁴²

Additional Information

The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) established "Performance Bonuses" for States to support the enrollment and retention of eligible children in Medicaid. The Performance Bonuses provide additional federal funding for qualifying States that have taken specific steps to simplify Medicaid and CHIP enrollment and renewal procedures and have also increased Medicaid enrollment of children above a baseline level. The amount of the award correlates with the percentage increase in enrollment above the baseline -- the more children States enroll, the higher the bonus, and States that achieve more than a 10 percent increase in enrollment receive an even larger ("Tier 2") bonus. The bonuses are awarded to States annually from FY 2009 – 2013.

Table 8. CHIPRA Performance Bonus Awards, FY 2010-FY 2012

Year	CHIPRA Bonus
2010	7,702,644
2011	9,955,808
2012	11,206,040

You can visit the following sites for additional information regarding the *hawk-i* program:

Organization	Web Site
Iowa Department of Human Services (annual reports)	http://www.dhs.state.ia.us/Partners/Reports/PeriodicReports/Hawki/HawkiAnnual.html
Centers for Medicare and Medicaid Services	https://www.cms.gov/MedicaidBudgetExpendSystem/02_CMS64.asp#TopOfPage
<i>Hawk-i</i>	http://www.hawk-i.org/
Kaiser Family Foundation (state health facts-CHIP)	http://statehealthfacts.org/comparecat.jsp?cat=4&rgn=6&rgn=1
Department of Health and Human Services	http://www.medicaid.gov/index.html
Health Resources and Services Administration	http://www.mchb.hrsa.gov/programs/collaboration/index.html

-
- ¹ Iowa Department of Human Services. Hawk-i 2010 Annual Report. Available from: <http://www.dhs.state.ia.us/Partners/Reports/PeriodicReports/Hawki/HawkiAnnual.html>
- ² Iowa Department of Human Services. Hawk-i 2010 Annual Report. Available from: <http://www.dhs.state.ia.us/Partners/Reports/PeriodicReports/Hawki/HawkiAnnual.html>
- ³ Iowa Department of Human Services. Hawk-i 2012 Annual Report. Available from: <http://www.dhs.state.ia.us/uploads/hawk-i%20Board%20Annual%20Report%202012.pdf>
- ⁴ Iowa Department of Human Services. Hawk-i 2010 Annual Report. Available from: <http://www.dhs.state.ia.us/Partners/Reports/PeriodicReports/Hawki/HawkiAnnual.html>
- ⁵ Iowa Department of Human Services. Hawk-i 2010 Annual Report. Available from: <http://www.dhs.state.ia.us/Partners/Reports/PeriodicReports/Hawki/HawkiAnnual.html>
- ⁶ Iowa Department of Human Services. Hawk-i 2010 Annual Report. Available from: <http://www.dhs.state.ia.us/Partners/Reports/PeriodicReports/Hawki/HawkiAnnual.html>
- ⁷ Iowa Department of Human Services. Hawk-i 2010 Annual Report. Available from: <http://www.dhs.state.ia.us/Partners/Reports/PeriodicReports/Hawki/HawkiAnnual.html>
- ⁸ Iowa Department of Human Services. Hawk-i 2010 Annual Report. Available from: <http://www.dhs.state.ia.us/Partners/Reports/PeriodicReports/Hawki/HawkiAnnual.html>
- ⁹ Iowa Department of Human Services. Hawk-i 2011 Annual Report. Available at: http://dhs.iowa.gov/docs/hawki_2011AnnualReport.pdf [accessed 27 February 2012].
- ¹⁰ Iowa Department of Human Services. Hawk-i 2011 Annual Report. Available at: http://dhs.iowa.gov/docs/hawki_2011AnnualReport.pdf [accessed 27 February 2012].
- ¹¹ Iowa Department of Human Services. Hawk-i 2011 Annual Report. Available at: http://dhs.iowa.gov/docs/hawki_2011AnnualReport.pdf [accessed 27 February 2012].
- ¹² Iowa Department of Human Services. Hawk-i 2011 Annual Report. Available at: http://dhs.iowa.gov/docs/hawki_2011AnnualReport.pdf [accessed 27 February 2012].
- ¹³ Iowa Department of Human Services. Hawk-i 2011 Annual Report. Available at: http://dhs.iowa.gov/docs/hawki_2011AnnualReport.pdf [accessed 27 February 2012].
- ¹⁴ Kaiser Family Foundation, available at: www.statehealthfacts.org [accessed 27 February 2012].
- ¹⁵ Centers for Medicare and Medicaid Services. Quarterly CHIP Statement of Expenditures (CMS-21). Medicaid Budget and Expenditure System. Available from: http://www.cms.gov/MedicaidBudgetExpendSystem/04_CMS21.asp#TopOfPage
- ¹⁶ Centers for Medicare and Medicaid Services. Quarterly CHIP Statement of Expenditures (CMS-21). Medicaid Budget and Expenditure System. Available from: http://www.cms.gov/MedicaidBudgetExpendSystem/04_CMS21.asp#TopOfPage
- ¹⁷ Iowa Department of Human Services. Hawk-i 2011 Annual Report. Available at: http://dhs.iowa.gov/docs/hawki_2011AnnualReport.pdf [accessed 27 February 2012].
- ¹⁸ Iowa Department of Human Services. Hawk-i 2011 Annual Report. Available at: http://dhs.iowa.gov/docs/hawki_2011AnnualReport.pdf [accessed 27 February 2012].
- ¹⁹ Iowa Department of Human Services. Hawk-i 2011 Annual Report. Available at: http://dhs.iowa.gov/docs/hawki_2011AnnualReport.pdf [accessed 27 February 2012].
- ²⁰ Iowa Department of Human Services. Hawk-i 2011 Annual Report. Available at: http://dhs.iowa.gov/docs/hawki_2011AnnualReport.pdf [accessed 27 February 2012].
- ²¹ Iowa Department of Human Services. Hawk-i 2011 Annual Report. Available at: http://dhs.iowa.gov/docs/hawki_2011AnnualReport.pdf [accessed 27 February 2012].
- ²² Iowa Department of Human Services. Hawk-i 2011 Annual Report. Available at: http://dhs.iowa.gov/docs/hawki_2011AnnualReport.pdf [accessed 27 February 2012].
- ²³ Iowa Department of Human Services. Hawk-i 2011 Annual Report. Available at: http://dhs.iowa.gov/docs/hawki_2011AnnualReport.pdf [accessed 27 February 2012].
- ²⁴ Iowa Department of Human Services. Hawk-i 2011 Annual Report. Available at: http://dhs.iowa.gov/docs/hawki_2011AnnualReport.pdf [accessed 27 February 2012].

²⁵ Centers for Medicare and Medicaid Services. CMS-64 Quarterly Expense Report: Financial Management Report FY 2002 through FY 2010. Medicaid Budget and Expenditure System. Available from: http://www.cms.gov/MedicaidBudgetExpendSystem/02_CMS64.asp#TopOfPage

²⁶ Centers for Medicare and Medicaid Services. CMS-64 Quarterly Expense Report: Financial Management Report FY 2002 through FY 2010. Medicaid Budget and Expenditure System. Available from: http://www.cms.gov/MedicaidBudgetExpendSystem/02_CMS64.asp#TopOfPage

²⁷ Centers for Medicare and Medicaid Services. CMS-64 Quarterly Expense Report: Financial Management Report FY 2002 through FY 2010. Medicaid Budget and Expenditure System. Available from: http://www.cms.gov/MedicaidBudgetExpendSystem/02_CMS64.asp#TopOfPage

²⁸ Centers for Medicare and Medicaid Services. CMS-64 Quarterly Expense Report: Financial Management Report FY 2002 through FY 2010. Medicaid Budget and Expenditure System. Available from: http://www.cms.gov/MedicaidBudgetExpendSystem/02_CMS64.asp#TopOfPage

²⁹ Centers for Medicare and Medicaid Services. CMS-64 Quarterly Expense Report: Financial Management Report FY 2002 through FY 2010. Medicaid Budget and Expenditure System. Available from: http://www.cms.gov/MedicaidBudgetExpendSystem/02_CMS64.asp#TopOfPage

³⁰ Centers for Medicare and Medicaid Services. CMS-64 Quarterly Expense Report: Financial Management Report FY 2002 through FY 2010. Medicaid Budget and Expenditure System. Available from: http://www.cms.gov/MedicaidBudgetExpendSystem/02_CMS64.asp#TopOfPage

³¹ Kaiser Family Foundation, available at: www.statehealthfacts.org [accessed 27 February 2012].

³² Kaiser Family foundation, available at : <http://kff.org/other/state-indicator/annual-chip-enrollment/?state=IA> [accessed September 30, 2013]

³³ Kaiser Family Foundation, available at: www.statehealthfacts.org [accessed 27 February 2012].

³⁴ Iowa Department of Human Services. Hawk-i 2010 Annual Report. Available from: <http://www.dhs.state.ia.us/Partners/Reports/PeriodicReports/HawkI/HawkiAnnual.html>

³⁵ Iowa Department of Human Services. Hawk-i 2012 Annual Report. Available from: <http://www.dhs.state.ia.us/uploads/hawk-i%20Board%20Annual%20Report%202012.pdf>

³⁶ Iowa Department of Human Services. Hawk-i 2012 Annual Report. Available from: <http://www.dhs.state.ia.us/uploads/hawk-i%20Board%20Annual%20Report%202012.pdf>

³⁷ Iowa Department of Human Services. Hawk-i 2012 Annual Report. Available from: <http://www.dhs.state.ia.us/uploads/hawk-i%20Board%20Annual%20Report%202012.pdf>

³⁸ Iowa Department of Human Services. Hawk-i 2012 Annual Report. Available at: <http://www.dhs.state.ia.us/uploads/hawk-i%20Board%20Annual%20Report%202012.pdf> [accessed October 1, 2013].

³⁹ Iowa Department of Human Services. Hawk-i 2011 Annual Report. Available at: http://dhs.iowa.gov/docs/hawki_2011AnnualReport.pdf [accessed 27 February 2012].

⁴⁰ Iowa Department of Human Services. Hawk-i 2011 Annual Report. Available at: http://dhs.iowa.gov/docs/hawki_2011AnnualReport.pdf [accessed 27 February 2012].

⁴¹ Hawk-i, 2012; available at http://www.hawk-i.org/en_US/services.html [accessed 27 February 2012].

⁴² Iowa Department of Human Services. Hawk-i 2011 Annual Report. Available at: http://dhs.iowa.gov/docs/hawki_2011AnnualReport.pdf [accessed 27 February 2012].