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Iowa Outperforms Nation on Accuracy in Medicaid and Children's Health Insurance

DES MOINES, Iowa—Iowa's health insurance program for children has an error rate less than a third of the national average, according to a new federal audit. The overall error rate for Iowa Medicaid is also below the US average.

"Program integrity and payment accuracy are high priorities for our programs and it's gratifying to see results of our efforts," said Department of Human Services Director Chuck Palmer. The DHS administers both health insurance programs.

The latest Payment Error Rate Measurement (PERM) conducted by the federal Centers for Medicaid and Medicare Services shows that the error rate for Iowa's children's health insurance program is just 2.7 percent. The program includes the Healthy and Well Kids in Iowa program, or *hawk-i*.

The national error average is 8.2 percent.

The audit measures unintentional overpayments to providers, such as doctors and hospitals, plus errors by DHS frontline staff who determine program eligibility and reporting errors made by families.

About a third of the states are graded each year and Iowa's accuracy rate was second-best in its group.

Some of the nation's most- and least-populous states are in Iowa's group. Other states evaluated were Alaska, Arizona, Florida, Hawaii, Indiana, Louisiana, Maine, Mississippi, Montana, Nevada, New York, Oregon, South Dakota, Texas, Washington and the District of Columbia.

Federal officials do not release a state by state comparison. In the children's program, only one state had a lower error rate than Iowa – 1 percent – while several states had error rates in double digits, including one state with an error rate of 31 percent.

Individual state error rates are measured for each program and are then combined to form a national error rate. The latest error rate was based on reviews of eligibility determinations, managed care and fee-for-service payment claims during federal fiscal year 2011.

The *hawk-i* program is for children in families with incomes that are too high to qualify for Medicaid but too low to afford health insurance offered by employers. About 65,000 children are covered by Iowa's children's program.

The Medicaid error rate was 4.5 percent compared to the national average of 5.8 percent.

Three years ago, when PERM last reviewed Iowa's group of states, Iowa Medicaid had an error rate of 4.91 percent compared to the national error rate that year of 8.71 percent. The PERM process did not calculate a children's health insurance error rate for Iowa's group in 2008.