

# Children's Health Insurance Program

Healthy and Well Kids in Iowa (*hawk-i*) and *hawk-i* Dental-Only Plan



## Purpose

The Children's Health Insurance Program (CHIP) provides healthcare coverage for children and families whose income is too high to qualify for Medicaid but too low to afford individual or work-provided healthcare. The purpose of CHIP is to increase the number of children with health and dental care coverage, thereby improving their health and dental outcomes.

## Who Is Helped

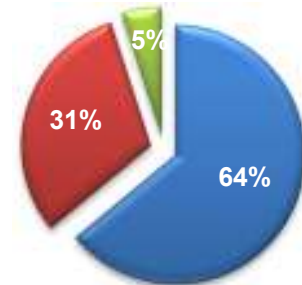
Enrollment in Iowa's CHIP program has been instrumental in providing coverage to thousands of uninsured children since 1998, and Iowa has historically been among the states with the lowest uninsured rate among children.

CHIP has three parts: a Medicaid expansion, a separate program called Healthy and Well Kids in Iowa (*hawk-i*), and a dental-only plan.

- **Medicaid expansion** provides coverage to children ages 6-18 whose family income is between 122 and 167 percent of the Federal Poverty Level (FPL), and infants whose family income is between 240 and 375 percent of the FPL.
- The *hawk-i* program provides coverage to children under age 19 in families whose gross income is less than or equal to 302 percent of the FPL based on Modified Adjusted Gross Income (MAGI) methodology, or \$58,590 for a family of three.
- The conversion to the MAGI method of income determination changed income eligibility thresholds for the purpose of creating income standardization nation-wide. This conversion is not expected to change the population served.
- On March 1, 2010, the department implemented a dental-only plan for children who meet the *hawk-i* program's guidelines but do not qualify for full coverage because they have health insurance. The dental-only plan covers children between zero and 302 percent of the FPL.
- Total CHIP enrollment is projected to increase by one percent (664 enrollees) in SFY14, and increase by 5.5 percent (3,327 enrollees) in SFY15; enrollment is projected to increase by three percent (2,076 enrollees) in SFY16, and increase by three percent (2,076 enrollees) in SFY17. Projected increases are based on historical enrollment.

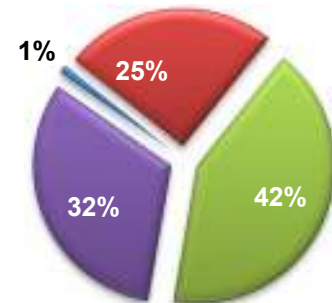
### CHIP Members SFY14

hawk-i (64%) Expansion (31%)  
Dental Only (5%)



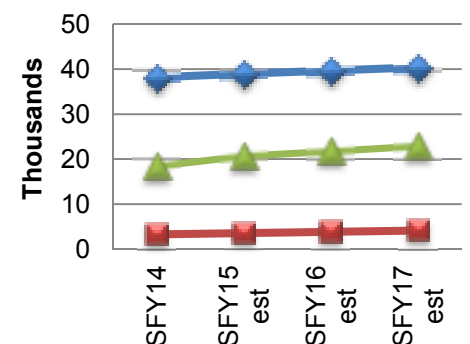
### Age of CHIP Children on June 30, 2014

0-1 (1%) 1 to 5 (25%)  
6 to 12 (42%) 13 to 18 (32%)



### CHIP Enrollment

hawk-i Dental Expansion



## Services

- ✓ *As of June 30, 2014, 18,391 children were covered in the Medicaid expansion program, 38,200 in **hawk-i**, and 3,291 in the dental-only plan.*
- ✓ *Enrollment in the CHIP program is projected to increase to 63,209 children in SFY15, 65,285 in SFY16, and 67,361 children in SFY17.*
- ✓ *A comprehensive outreach campaign involves the Department of Education, the Department of Public Health, and the Department of Revenue. Activities include producing publications, free-and-reduced lunch mailings, statewide grassroots outreach, and by giving presentations to various groups who can assist with enrolling uninsured children in the **hawk-i** program.*

The CHIP program is administered under Title XXI of the Social Security Act and covers a comprehensive range of health and dental services for Iowa's children who meet the program's eligibility criteria.

Key components of the CHIP program are:

- Children covered by the Medicaid expansion receive covered services through existing Medicaid provider networks. This activity receives enhanced federal funding through Title XXI, rather than Title XIX.
- **hawk-i** health and dental coverage is provided through contracts with Wellmark Health Plan of Iowa, United Healthcare Plan of the River Valley, and Delta Dental of Iowa.
- **hawk-i** services include, but are not limited to, doctor visits, inpatient and outpatient hospital, well-child visits, immunizations, emergency care, prescription medicines, eye glasses and vision exams, dental care and exams, speech and physical therapy, ambulance, and mental health and substance abuse care.
- The **hawk-i** program pays premiums to commercial insurers and the insurers provide benefits in the same manner as for their commercial beneficiaries.
- Required dental coverage includes diagnostic and preventive services, routine and restorative services, endodontic and periodontal services, cast restorations, prosthetics and medically necessary orthodontia.

- ✓ *Iowa is one of only a limited number of states with CMS-approved plans which include basic dental coverage and medically necessary orthodontic coverage.*
- ✓ *The covered services under **hawk-i** are different from regular Medicaid and are approximately equivalent to the benefit package of the state's largest Health Management Organization (HMO).*
- ✓ *November 2010 the **hawk-i** program implemented electronic premium payment capabilities and as of June 2014 over 5,800 members (48 percent of those with premiums) pay on-line.*

## Goals & Strategies

### Improve Iowan's Health Status

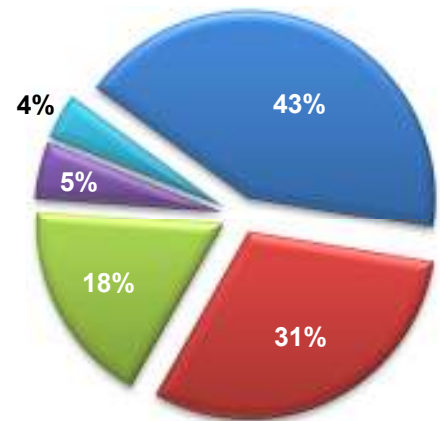
- Provide access to healthcare services
- Promote best practice healthcare delivery
- Promote and provide patient centered care
- Promote better health and nutrition

### Effectively Manage Resources

- Sustain projected percentage of federal financial participation

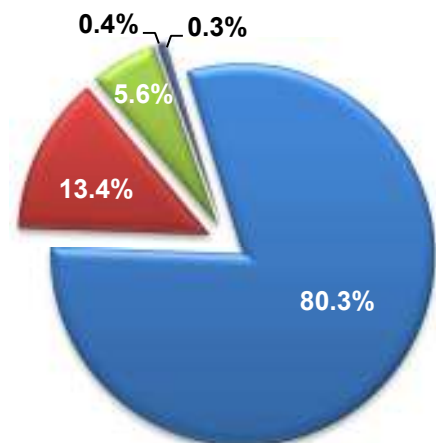
## 2014 Satisfaction Survey Ease of Application Process

- Very Easy (43%)
- Easy (31%)
- Neutral (18%)
- Hard (5%)
- Very Hard (4%)



## SFY14 Satisfaction With Care

- Very Satisfied (80.3%)
- Satisfied (13.4%)
- Neutral (5.6%)
- Unsatisfied (0.4%)
- Extremely Unsatisfied (0.3%)



<p><b>Cost of Services</b></p>	<p>CHIP is projected to cover 65,285 children in SFY16 at a total (federal and state) program cost of \$159.7 million.</p> <ul style="list-style-type: none"> <li>Families pay a monthly premium of \$10-\$20 per child with a maximum of \$40 based on family income.</li> <li>The SFY14 total annual cost per member for Medicaid expansion children is \$1,964.</li> <li>The SFY14 total annual cost per member for <i>hawk-i</i> children enrolled with the Wellmark health plan is \$2,670 and for those enrolled with United Healthcare is \$2,540. This cost represents the premiums paid to health plans.</li> <li>The SFY14 average annual cost for children in dental only program is \$276.</li> </ul>	<p><b><i>hawk-i</i> Family Premiums in June 2014</b></p> <p>■ \$0 (29%) ■ \$5 (1%) ■ \$10 (20%)          ■ \$15 (1%) ■ \$20 (36%) ■ \$40 (12%)</p> <p>✓ <i>When all costs for administration and services are included, the average total annual cost per person in the CHIP program is projected to be \$2,482 in SFY16.</i></p> <p>✓ <i>The SFY14 total annual cost of administering the CHIP program (including the Third Party Administrator, claims processing, outreach and state staffing) is \$6.4 million.</i></p>
<p><b>Funding Sources</b></p>	<p>The CHIP program is authorized and funded through Title XXI of the Social Security Act. Funding is authorized through September 30, 2015.</p> <ul style="list-style-type: none"> <li>The SFY15 appropriation amount is \$45,877,998. This funding amount will only maintain 38,016 children in <i>hawk-i</i> and none of the 3,579 supplemental dental enrollees projected in SFY14. An estimated additional \$4.8 million is needed to maintain current service levels and historical enrollment increases in SFY16 and an additional \$4.4 million in SFY17.</li> <li>In SFY16, the state will pay a match rate of 31.75 percent, with a 68.25 percent federal match for CHIP. In SFY17, the state will pay a match rate of 32.23 percent (estimated).</li> <li>Approximately \$3.5 million in revenue from enrollee premiums are projected to be collected in SFY16 and SFY17.</li> </ul>	<p><b>CHIP Funding SFY16</b></p> <p>■ Federal (68.2%) ■ State (31.8%)</p> <p>✓ <i>The federal CHIP match rate has been declining since SFY10, and is projected to decline by 1.0 percent in SFY16. This rate change will result in an estimated \$1.7 million loss in funding.</i></p>

**SFY16 & SFY17 Budget Drivers**

The total SFY16 CHIP budget request reflects a \$4.8 million (10.5 percent) increase over the SFY15 Enacted Appropriation.

The total SFY17 CHIP budget request reflects a \$9.2 million (20 percent) increase over the SFY15 Enacted Appropriation.

- Total CHIP enrollment is projected to increase by 5.5 percent in SFY15, 3.3 percent in SFY16, and 3.2 percent in SFY17. These increases represent 4,152 new enrollees.
- The CHIP federal match rate is expected to decrease from 69.3 percent in SFY15 to 68.25 percent in SFY16 and 67.77 percent in SFY17. This results in an increased need for state funding of \$1.7 million in SFY16 and an additional \$820 thousand in SFY17.
- Due to enrollment increases, revenue from enrollee premiums are projected to increase two percent in SFY16 and SFY17.

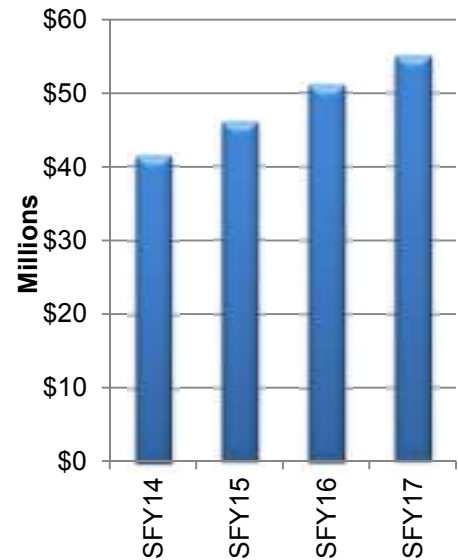
If funding for CHIP is approved starting October 1, 2015, the federal match rate percentage may increase by 23 percent according to requirements of the Affordable Care Act (ACA). This match is not reflected in the numbers in this narrative; however, packages have been added to the department request that reflect a reduction of \$27,557,769 state dollars in SFY16, and an additional reduction of \$11,745,996 state dollars in SFY17 to reflect the state savings if CHIP funding is reauthorized and the 23 percent enhancement to the federal match rate is implemented.

After incorporating these adjustments, the revised SFY16 CHIP budget request reflects a \$22.7 million (49.55 percent) general fund decrease from the SFY15 Enacted Appropriation.

The total SFY17 CHIP budget request reflects a \$30.1 million (65.6 percent) general fund decrease from the SFY15 Enacted Appropriation.

- ✓ *Total CHIP enrollment is projected to be 63,209 in SFY15 and 65,285 in SFY16 and 67,361 in SFY17.*
- ✓ *Total state annual cost is projected to increase by 10.5 percent in SFY16 and by 20 percent in SFY17 over the SFY15 Enacted Appropriation.*

**Projected State CHIP Expenditures**



**Legal Basis**

**Federal:**

Title XXI of the Federal Social Security Act. The Affordable Health Care Act (ACA), signed into law on March 23, 2010, continues CHIP programs through September 30, 2019. The ACA prohibits states from reducing their current eligibility standards until this date. Under CHIPRA, funding for the program is authorized through September 30, 2015.

**State:**

Chapter 514I of the Code of Iowa; 441 IAC Chapter 86