

S.O.S. — SCHIP IN DISTRESS

Shorting *hawk-i* in the U.S. House Budget Committee's Plan

SCHIP — HEALTH SECURITY FOR LOW-INCOME CHILDREN

The State Children's Health Insurance Program (SCHIP) is funded jointly by the federal government and states to provide low-income children with comprehensive health-insurance coverage. SCHIP serves about 4 million children at a given time; in 2004, it served 6 million children during the year.¹ The federal government on average covers 70 percent of the cost of serving these children.

IN IOWA, WE KNOW IT AS *hawk-i*

That stands for Healthy and Well Kids in Iowa, a free or low-cost health-care coverage plan for Iowa children in families with limited incomes. For information online about eligibility and signing up, go to <http://www.hawk-i.org>. SCHIP in Iowa is a combination of *hawk-i* and a Medicaid expansion for children.

SCHIP is designed to assure health insurance coverage for children whose families are ineligible for Medicaid but are likely not to have access to affordable, quality employer-based coverage.

WHAT IS THE BUDGET ISSUE RIGHT NOW?

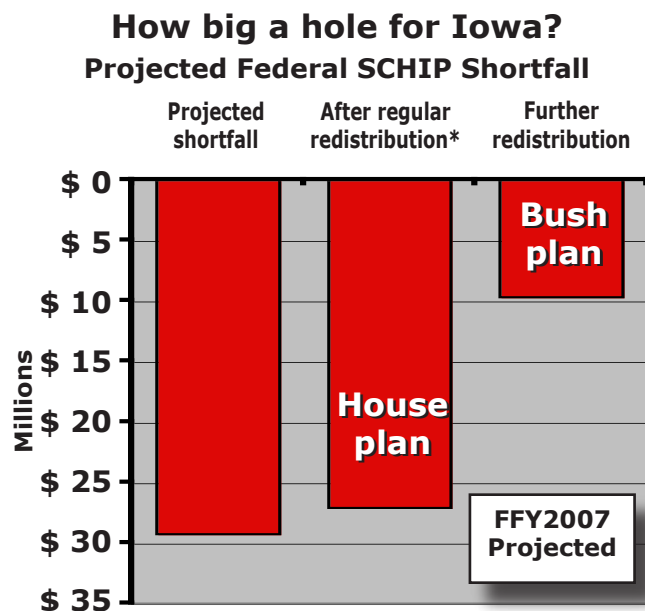
President Bush and the U.S. Senate seek to include funding to make up part of a 2007 shortfall in SCHIP and to extend Medicaid for up to a year for poor families who work their way off welfare. If this shortfall is not addressed, hundreds of thousands of low-income working families will lose coverage and become uninsured.² The House Budget Committee proposal from March 29 does not include this funding. The full House is about to consider the committee's budget resolution this week.

It is worth noting that even under the Bush Administration proposal to redistribute \$635 million in available federal SCHIP funds to states projected to face SCHIP shortfalls in 2007, states will still be short. Both the Congressional Research Service (CRS) and Center on Budget and Policy Priorities (CBPP) have estimated the shortfall at \$1 billion. The Senate would include partial funding, but the House proposal, by including nothing, would leave that problem unresolved.

IOWA IS ONE OF 18 STATES THAT CAN EXPECT A SCHIP SHORTFALL

If the SCHIP funding is not fully restored, Iowa would have to:

- Increase state funding to make up part or all of the shortfall;
- Cut back *hawk-i* by reducing eligibility;
- Cut back *hawk-i* by eliminating benefits;
- Cut back *hawk-i* by cutting provider payments; or
- Adopt some combination of the above.



Source: Center on Budget and Policy Priorities
*Middle bar assumes proportional redistribution of unspent FFY2004 SCHIP funds to shortfall states.

WHO GETS SCHIP IN IOWA?

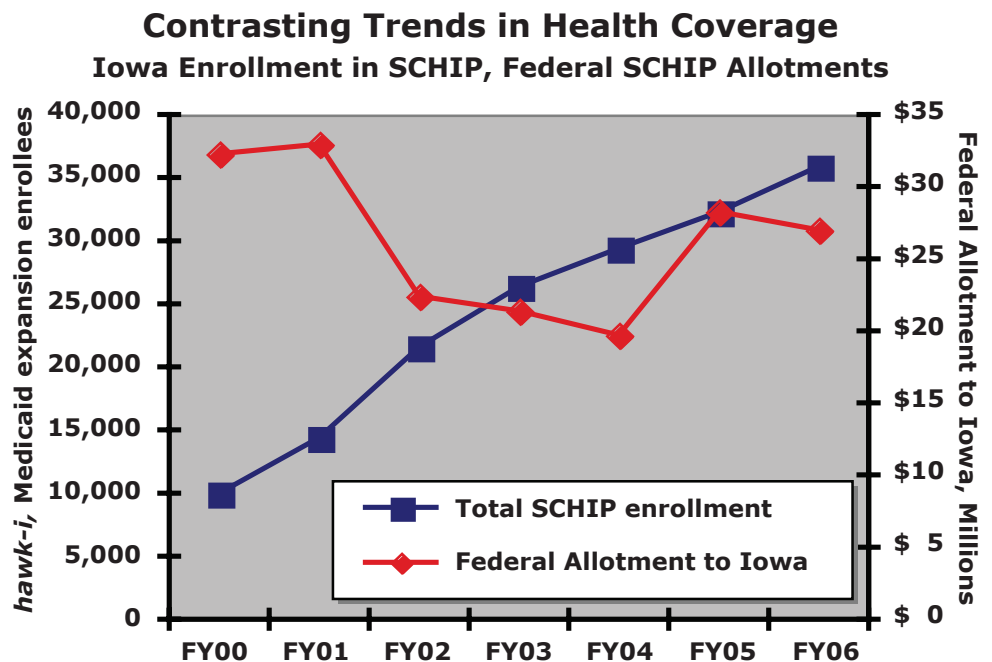
As of October 31, 2005, SCHIP enrollment stood at 35,627 Iowa children – 20,230 in *hawk-i* and 15,397 through the Medicaid expansion component of SCHIP. For *hawk-i* alone, during federal fiscal year 2005 (FFY2005), the program served³:

- 1,236 children below the federal poverty level;
- 13,420 children from 100 percent to 150 percent of the federal poverty level;
- 15,453 children from 150 percent to 200 percent of the federal poverty level; and
- 30,109 children total during the fiscal year.

IOWA ENROLLMENTS UP, FUNDING DOWN

Iowa's allotment of federal funds for SCHIP (both Medicaid expansion and *hawk-i*) has declined significantly since the original allotment of \$32.46 million in the FFY1998. At the same time, the use of SCHIP has increased, particularly *hawk-i*. Enrollment in *hawk-i* alone has risen from 8,699 over all of FFY2000 to the 30,109 noted above for FFY2005.⁴

Likewise, SCHIP enrollment overall has risen in Iowa, from 9,995 in July 1999 (state FY2000), to 35,894 in July 2005 (FY2006). Over the same period, Iowa's unsteady federal allotments have trended down. The graph at right illustrates these contrasting trends. Iowa's federal SCHIP allotments from 1998 through 2001 were over \$32 million a year. In 2002, the allotment fell to \$22.4 million, 2003 to \$21.4 million, and 2004 to \$19.7 million. It rose to \$28.3 million in 2005, well below the allotments for earlier years of SCHIP. For the current federal fiscal year, the allotment is just below \$27 million – still almost 17 percent below the first allotment.⁵



¹ Broaddus, Matt. "Administration's Fiscal Year 2007 Budget is Likely to Still Leave SCHIP Coverage for Low-Income Children in Jeopardy," Center on Budget and Policy Priorities, March 14, 2006. Department of Health and Human Services data cited.

² Kogan, Richard, James Horney, Joel Friedman and Robert Greenstein. "The House Budget Committee's New Budget Plan: A Brief Analysis," Center on Budget and Policy Priorities, March 31, 2006.

³⁻⁵ *hawk-i* Board, State of Iowa. "Annual Report of the *hawk-i* Board to the Governor, General Assembly and Council on Human Services, Calendar Year 2005." Full-year enrollment numbers cited are from a DHS table created to assure each enrolled child is only counted once, regardless of the number of times enrolled or re-enrolled during that year.

The Iowa Policy Project

318 2nd Ave. N
Mount Vernon, IA 52314
(319) 338-0773 • www.iowapolicyproject.org

Child & Family Policy Center
1021 Fleming Building • 218 Sixth Ave.
Des Moines, IA 50309
(515) 280-9027 • www.cfpciowa.org