

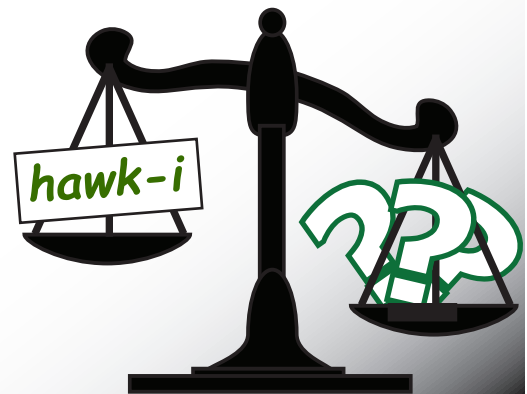
IOWA ON SCHIP 'SHORT' LIST Current Shortfall for *hawk-i* – Future Stability In Doubt

Iowa is one of at least 14 states that will have insufficient funds in 2007 to sustain state services provided under funding from the State Children's Health Insurance Program (SCHIP) – in Iowa, the *hawk-i* program (see below). With Medicaid, *hawk-i* has been very effective in covering Iowa's children up to 200 percent of the poverty level who otherwise would be uncovered. Still, estimates are that 55,000 Iowa children are uninsured. Governor Culver has proposed closing this gap by investing additional state funds in child health coverage in 2007-08.

Without supplemental federal funding for SCHIP for 2007 and increased investments in future years, state efforts can only minimize adverse impacts on children from lost federal funding. In late 2006, Congress took a small step toward addressing some states' shortfalls, but left Iowa and seven other states facing shortfalls without any help. Now, Congress is considering reauthorization of the entire program. Unless Congress both fills shortfalls and expands its funding commitment, SCHIP needs will be unmet.

WHAT'S IMMEDIATELY AT STAKE FOR IOWA

- Iowa is projected to be at least \$16 million short of the \$57.6 million it expects to need from SCHIP – leaving it with only 72 percent of its needs.¹
- The Culver budget includes \$8.3 million in additional SCHIP funding to cover more children, but the projected deficit in federal SCHIP funding would mean the new state money would only reduce the impact of lost federal funds.
- Because of SCHIP, as of Dec. 31, 2006, Iowa was serving 37,023 children – 21,005 in *hawk-i* and 16,018 through the Medicaid expansion component of SCHIP.²



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.³ 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 about eligibility and signing up, see <http://www.hawk-i.org>. SCHIP in Iowa includes *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.*

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IOWA'S OPTIONS IN A SCHIP SHORTFALL

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

- Increase state funding well above current proposed increases simply 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.

WHOM DOES hawk-i SERVE IN IOWA?

For *hawk-i* alone, during federal fiscal year 2006 (FFY2006), the program served⁴:

- 1,018 children below the federal poverty level;
- 13,072 children from 100 percent to 150 percent of the federal poverty level;
- 17,729 children from 150 percent to 200 percent of the federal poverty level; and
- 31,819 children total (unduplicated tally) at some point during the fiscal year.

Iowa's SCHIP enrollments have steadily risen, starting from less than 10,000 in 1999. Since then, Iowa's federal allotment from SCHIP has fluctuated, falling from over \$32 million a year between 1998 to 2001 to as low as \$19.7 million in 2004.⁵ The allotment rose to its highest point for the current fiscal year – to \$36.2 million – but as noted above, not enough to meet costs projected for this year.

BEYOND SHORTFALLS — REAUTHORIZING SCHIP

As more states have implemented SCHIP services, use has grown. SCHIP has been a very popular and bipartisan program that, at the national level, has resulted in substantial reductions in the number of uninsured children. Both state and national polls show overwhelming support for providing health coverage for children.

Moreover, Iowa's Medicaid and SCHIP programs have both provided health-insurance coverage and developed effective strategies to ensure that children get the health coverage they need. There are additional options to improve *hawk-i*, both in increasing the number of children covered and the health benefits they receive, but implementing these requires additional federal support.

A large array of organizations – including Families USA, the American Academy of Pediatrics, and Voices for America's Children – is calling for additional funding for SCHIP of \$60 billion over the next five years. This additional funding would, with the Governor's proposed funding in the Iowa budget, enable Iowa to reduce the number of uninsured children by more than one-half and to ensure they receive the coverage they need. More importantly, it would improve the health status of Iowa's children, which ultimately is likely to be the best strategy for containing overall health costs in the long term.

¹ Herz, Elicia J., and Chris L. Peterson. "State Children's Health Insurance Program (SCHIP): A Brief Overview," Congressional Research Service, updated October 12, 2006.

² Smith, Anita. Iowa Department of Human Services, testimony to Iowa legislators, Health and Human Services Appropriations Subcommittee, February 14, 2007.

³ 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.

⁴⁻⁵ *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 2006."