

PROJECT HISTORY

House File 2539 requires Iowa Department of Revenue (IDR) to work with Department of Human Services (DHS) and:

- Add dependent health care coverage question to the tax forms;
- Define health care coverage;
- Send **hawk-i** (Iowa's CHIP program) information to potentially eligible taxpayers, there is no penalty if the question is not answered; and
- Report annually to the governor and the general assembly.
 - The number of families by income claiming a dependent child.
 - The number of families by income claiming a dependent child who indicates the presence or absence of health care coverage.
 - The effect this project has on the number of uninsured children.

The final two slides contain the language used in HF 2539.

2

ISSUES WITH HF 2539

○ Who's paying?

- Unfunded mandate - IDR had to find a staff person and dollars to do an "outreach project", which is something they had never done before.
- DHS agreed to pay for the **hawk-i** application brochures, 40% of the mailing cost and DHS staff time.
- IDR agreed to pay for the cover letter, envelopes, 60% of the mailing cost and IDR staff time.

○ The last word!

- IDR takes suggestion from DHS, but has the final say.
 - This resulted in IDR removing the U.S. census definition of health care coverage and the disclaimer that **hawk-i** and Medicaid are considered public insurance.

3

MEMORANDUM OF AGREEMENT

○ DHS shall be responsible for the following:

- Supplying the U.S. Census **definition** of health care coverage;
- Sharing **hawk-i countable income**;
- Adapting the **hawk-i** application brochure to **clearly show** which applications are sent by IDR;
- Determining the **number** of **hawk-i** application brochures needed by IDR based on IDR's estimate and DHS's knowledge of the percentage of Iowa's children that are uninsured;
- Providing IDR with **hawk-i** application **brochures**;
- Collaborating with IDR on a taxpayer **cover letter**;
- Establishing an annual **cut-off date**, with the Third Party Administrator for counting the number of returned IDR applications;
- Paying **40%** of the postage costs for mailing the cover letters and applications to qualified Iowa families; and
- Working closely with IDR to prepare a draft **legislative report**.

4

o IDR shall be responsible for the following:

- Providing with an **estimate** of how many taxpayers will meet **hawk-i** income requirements;
- Creating a **cover letter** stating why the taxpayer is receiving this information and directing them to contact DHS with questions;
- Adding a health care coverage **question** to the Iowa 1040 Tax forms;
- Writing **instructions** for the new question on the Iowa 1040 forms including the definition of health care coverage;
- Collecting the **data** of Iowa families' income level, exemption for dependent children and indicating the presence or absence of health care coverage for those dependent children;
- Determining which **families** meet both the income requirements and indicating the lack of health care coverage;
- **Sending** each family meeting the criteria the information;
- Paying **60%** of the postage costs for mailing the cover letters and applications to qualified Iowa families;
- Preparing a legislative **report**; and
- Providing DHS, with the number of **hawk-i** application brochures **sent by zip code, school district or county**, to the extent that personal information can still be protected.

5

2008 Iowa Individual Income Tax Long Form IA 1040

or fiscal year beginning ___/___/2008 and ending ___/___/___

STEP 1: Fill in all spaces. You MUST fill in your Social Security Number.

Your last name _____ Your first name/middle initial _____

Spouse's last name _____ Spouse's first name/middle initial _____

Current mailing address (number and street, apartment, lot or suite number) or PO Box _____

City, State, ZIP _____

Check this box if you or your spouse were 65 or older as of 12/31/08.

Your Social Security Number _____ Spouse Social Security Number _____

Are your name, your spouse's name, if applicable, and your address the same as on last year's return? YES NO

Residence on 12/31/08
County No. _____ School/District No. _____

STEP 2 Filing Status: Mark one box only.

1 Single: Were you claimed as a dependent on another person's Iowa return?

2 Married filing a joint return. (Two-income families may benefit by using status 3 or 4)

3 Married filing separately on this combined return. Spouse use column B.

4 Married filing separate returns. Spouse's name: _____ SSN: _____ Income: \$ _____

5 Head of household with qualifying person. If qualifying person is not claimed as a dependent on this return, enter the person's name and Social Security Number below.

6 Qualifying widow(er) with dependent child. Name: _____ SSN: _____

Questions Added

Dependent children for whom an exemption is claimed in Step 3

How many have health care coverage? _____

How many do not have health care coverage? _____

STEP 3 Exemptions

YOU (and spouse if filing jointly)

a. Personal Credit: Enter 1 (Enter 2 if filing joint or head of household)▲ X \$ 40 = \$ _____

b. Enter 1 for each person who is 65 or older and/or 1 for each person who is blind▲ X \$ 20 = \$ _____

c. Dependents: Enter 1 for each dependent▲ X \$ 40 = \$ _____

d. Enter first names of dependents here: _____

e. TOTAL \$ _____

SPOUSE (if filing status 3)

a. Personal Credit: Enter 1▲ X \$ 40 = \$ _____

b. Enter 1 if 65 or older and/or 1 if blind▲ X \$ 20 = \$ _____

c. Dependents: Enter 1 for each dependent▲ X \$ 40 = \$ _____

d. Enter first names of dependents here: _____

e. TOTAL \$ _____

6

RESPONSE RATE

- **13.7%** of families reported the absence of health care coverage.
- **62.7%** of families reported the presence of health care coverage.
- **25.3%** of families did not report.

7

APPLICATION RESULTS

- **57, 450** application brochures were sent.
- **475 marked application** brochures were returned.
 - 140 applications were approved for *hawk-i*
 - 191 applications were referred to Medicaid
 - 1 pending
 - 143 were denied for:
 - Missing information was not received = 42 (29.5%)
 - Over income = 28 (19.5%)
 - Noncompliant with Medicaid = 47 (33%)
 - Over age 19 = 7 (4.75%)
 - Other health insurance = 6 (4%)
 - Child did not live with applicant = 4 (3%)
 - Home address not in Iowa = 2 (1.5%)
 - Immigration document invalid or missing = 7 (4.75%)

8

RESULTS PER CHILD

- **471** previously uncovered **children** now have health care coverage.
 - 239 children were approved for the *hawk-i* program.
 - 232 children were approved for Medicaid coverage.

9

2008 COSTS

- 57,450 sent VS. 475 received

<u>Item</u>	<u>Per Piece</u>
○ Envelope	\$0.06
○ Application brochure	\$0.18
○ Handling	\$0.09
○ Postage	\$0.36
○ Total	\$0.68

Note: Less than 1% were received in returned mail.

- **Material and distribution costs were \$0.68 per household.**
- **Enrollment costs were \$83.16 per applicant.**

10

BARRIERS

- The gross income and deductions are not the same for tax purposes as **hawk-i**; this is especially challenging to calculate for the self employed.
- The **hawk-i** program only provides coverage for children under the age of 19, while IDR takes into consideration dependents up to the age of 21.
- The household size is hard to determine since tax payers may choose to file separately within a single household or dependents of blended families may actually reside in a different household than the tax payer.

11

BARRIERS (CONT.)

- Tax payers' perceived definition of health care coverage may not include the current Medicaid and **hawk-i** coverage they are receiving.
- IDR does not collect detailed information on dependents and **hawk-i** does not require the parent's Social Security Number which creates data matching issues.
- The immigration status of the tax payer is not verified.

12

BARRIERS (CONT.)

- The amount of space on the tax form for dependent information is limited.
- It is difficult to track who actually enrolled because of this outreach method.
- Data Sharing issues with HIPAA Privacy Laws.

13

YEAR TWO IMPROVEMENTS

- IDR will be limiting letters to taxpayers based on their income relative to family size.
- IDR added “including Medicaid and *hawk-i*” to the health care coverage question on the tax form.
- DHS is sending specially marked brochures for this mailing.
 - How you heard about us vs. marked applications
 - Unable to tag online applications. Online applicants are given the option to self designate. Approximately 32% of our applications are online.

14

IA 1040 Iowa Individual Income Tax Long Form 2009
 or fiscal year beginning ____ 2009 and ending ____

STEP 1: Fill in all spaces. You MUST fill in your Social Security Number.

Your last name _____ Your first name/middle initial _____

Spouse's last name _____	Spouse's first name/middle initial _____	<input type="checkbox"/> Check this box if you or your spouse were 65 or older as of 12/31/09.	
Current mailing address (number and street, apartment, lot, or suite number) or PO Box _____		Your Social Security Number _____	Spouse Social Security Number _____
City, State, ZIP _____		Are your name, your spouse's name, if applicable, and your address the same as on last year's return? <input type="checkbox"/> YES <input type="checkbox"/> NO	Residence on 12/31/09 County No. _____ School District No. _____

STEP 2 Filing Status: Mark one box only.

<input type="checkbox"/> 1 Single: Were you claimed as a dependent on another person's Iowa return?	<p>New Language</p> <p>Dependent children for whom an exemption is claimed in Step 3 how many have health care coverage? (including Medicaid or hawk-i) _____</p> <p>How many do not have health care coverage? _____</p>
<input type="checkbox"/> 2 Married filing a joint return. (Two-income families may benefit by using separate returns.)	
<input type="checkbox"/> 3 Married filing separately on this combined return. Spouse use column B.	
<input type="checkbox"/> 4 Married filing separate returns. Spouse's name: _____ SSN: _____ Income: \$ _____	
<input type="checkbox"/> 5 Head of household with qualifying person. If qualifying person is not claimed as a dependent on this return, enter the person's name and Social Security Number below. Name: _____ SSN: _____	
<input type="checkbox"/> 6 Qualifying widow(er) with dependent child. Name: _____ SSN: _____	

STEP 3 Exemptions

YOU (and spouse if filing jointly)	a. Personal Credit: Enter 1 (Enter 2 if filing joint or head of household) _____	X \$ 40 = \$ _____
	b. Enter 1 for each person who is 65 or older and/or 1 for each person who is blind _____	X \$ 20 = \$ _____
	c. Dependents: Enter 1 for each dependent _____	X \$ 40 = \$ _____
	d. Enter first names of dependents here: _____	e. TOTAL \$ _____
SPOUSE (if filing status 3)	a. Personal Credit: Enter 1 _____	X \$ 40 = \$ _____
	b. Enter 1 if 65 or older and/or 1 if blind _____	X \$ 20 = \$ _____
	c. Dependents: Enter 1 for each dependent _____	X \$ 40 = \$ _____
	d. Enter first names of dependents here: _____	e. TOTAL \$ _____

THE FUTURE

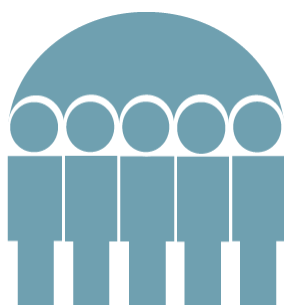
- Data Sharing
 - DHS now collects SSNs of adults applying for *hawk-i* on behalf of their children.
 - DHS is asking IDR to revise the tax form and collect detailed information on dependents.
- Cost Savings
 - DHS plans to send postcards instead of application brochures for the 2010 tax year.

WHAT STATES COULD DO...

○ DATA SHARE!

- Collect detailed information on dependents. Do not wait for the federal rolls to come back.
- Make the question on the tax form clear.
- Encourage tax preparers to ask costumers the health care coverage question.
 - Our results showed that the majority of people who did not respond had their tax completed by a preparer with 100+ customers (28.8% of these filers did not respond).
- Exclude individuals who live out of state, but owe taxes to your state.
- Track results.
 - Iowa enrollment in *hawk-i* and Medicaid has significantly increased since the tax return project. However there have been many outside factors including the economy, a media campaign and new web platforms.

17



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18

HOUSE FILE 2539 - INCOME TAX FORM INDICATION OF DEPENDENT CHILD HEALTH CARE COVERAGE.

1. The director shall draft the income tax form to allow beginning with the tax returns for tax year 2008, a person who files an individual or joint income tax return with the department under section 422.13 to indicate the presence or absence of health care coverage for each dependent child for whom an exemption is claimed.
2. Beginning with the income tax return for tax year 2008, a person who files an individual or joint income tax return with the department under section 422.13, may report on the income tax return, in the form required, the presence or absence of health care coverage for each dependent child for whom an exemption is claimed.
 - a. If the taxpayer indicates on the income tax return that a dependent child does not have health care coverage, and the income of the taxpayer's tax return does not exceed the highest level of income eligibility standard for the medical assistance program pursuant to chapter 249A or the *hawk-i* program pursuant to chapter 514I, the department shall send a notice to the taxpayer indicating that the dependent child may be eligible for the medical assistance program or the *hawk-i* program and providing information about how to enroll in the programs.
 - b. Notwithstanding any other provision of law to the contrary, a taxpayer shall not be subject to a penalty for not providing the information required under this section.
 - c. The department shall consult with the department of human services in developing the tax return form and the information to be provided to tax filers under this section.

19

HOUSE FILE 2539 - CONTINUED

3. The department, in cooperation with the department of human services, shall adopt rules pursuant to chapter 17A to administer this section, including rules defining "health care coverage" for the purpose of indicating its presence or absence on the tax form.
4. The department, in cooperation with the department of human services, shall report, annually, to the governor and the general assembly all of the following:
 - a. The number of Iowa families, by income level, claiming the state income tax exemption for dependent children.
 - b. The number of Iowa families, by income level, claiming the state income tax exemption for dependent children who also indicate the presence or absence of health care coverage for the dependent children.
 - c. The effect of the reporting requirements and provision of information requirements under this section on the number and percentage of children in the state who are uninsured.

20