

April 2012

State Data Spotlight: Iowa – Using Tax Information to Enroll Eligible Kids

The Iowa Department of Revenue (IDR) and the Iowa Department of Human Services (DHS) collaborated in 2008 in order to collect necessary information via tax forms to decide which Iowa children are uninsured yet meet the requirements to qualify for **hawk-i** (Iowa's CHIP) or Medicaid.

Iowa used tax forms to determine which children had family incomes that met the Medicaid and CHIP requirements but were not enrolled in these programs. After identifying eligible kids who are not yet enrolled, DHS sends pamphlets and applications to the identified families. The families then become aware of the programs and their children's eligibility. Initially, DHS sent applications to all families who qualified for the health coverage programs, more recently; however, smaller samples of families are sent the information to prevent already enrolled children from receiving unnecessary notifications.



Iowa enrolled 155 children in Medicaid (65 approved) and **hawk-i** (90 approved) during the first year of this initiative. Maryland and New Jersey are also using this outreach method to increase child enrollment in Medicaid and CHIP.

To collect appropriate information on each dependent child and assess individual level health care coverage, IDR added two questions regarding household dependents to the Iowa 1040 state tax form:

- (1) How many have health care coverage (includes Medicaid and hawk-i)?**
- (2) How many do not have health care coverage?**

The tax forms with the additional questions can be viewed at this link:

<http://www.iowa.gov/tax/forms/1041001.pdf>

Using tax forms to identify qualified, non-enrolled children is a good example for other states to pursue. Necessary components and challenges of the initiative have been identified in Exhibit 1.

Exhibit 1: Key Components and Challenges to Income Tax From Outreach

Key Components ¹	Challenges ²
Track results as precisely as possible and automate the tracking mechanism.	Hard to tell who actually enrolled because of tax outreach program.
Consider administrative complexities ahead of time in order to minimize the administrative and cost burden where possible.	Tax payers' personal definition of health care may vary.
Establish an interagency data-sharing agreement if possible.	Data sharing issues with HIPPA.
Notify professional tax preparers of changes to the tax form.	Gross income and tax reductions are not the same income that is calculated for hawk-i qualification.
To make outreach as targeted as possible, consider criteria for automatic exclusion.	Hawk-i for children under 19, IDR counts those under age 21 as dependents.
Ensure that the wording of health insurance questions on the tax form is as clear as possible.	Household size difficult to determine.
	Immigration status not verified on taxes.

Legislative History

The 2008, Children's Health Insurance Program Reauthorization Act (CHIPRA) provided financial incentives for states to increase enrollment in Medicaid and the Children's Health Insurance Program (CHIP). There were doubts that enrollment in these programs could not be increased because all eligible enrollees had already been reached.

In efforts to increase enrollment in Medicaid and CHIP and decrease overall uninsured, Iowa passed House File 2539 (HF 2539) in 2008. HF 2539 mandated that: Questions regarding health care coverage for dependents will be included on state tax forms, health care coverage will be defined, hawk-i information will be sent to those individuals determined to be potentially eligible for the program, IDR and DHS will report to Iowa's Governor and General Assembly each year in regards to the project.

More information on Iowa's CHIP outreach method: <http://www.shadac.org/publications/reaching-uninsured-children-iowa%E2%80%99s-income-tax-return-and-chip-project>

To watch the online webinar featuring Iowa and Maryland's tax outreach programs: <http://www.shadac.org/publications/share-webinar-Feb2010-tax-information>

Federal Reform Implications

Iowa's example on how to increase outreach for CHIP and Medicaid enrollment, especially among children, can be used by other states to increase program enrollment. The Children's Health Insurance Program Reauthorization Act (CHIPRA) includes financial incentives for states to maximize enrollment in public health insurance programs. Traditional outreach methods may not reach a state's enrollment potential, thereby limiting opportunity for maximum federal allocation. Furthermore, these initiatives can help prepare states for implementation of the Affordable Care Act (ACA), which will provide a new pathway to eligibility determination through the Exchange and anticipated increases in enrollment. Incremental increases in enrollees will be more manageable for states - both financially and logistically - than a large increase when ACA is implemented.

Sources

1. Freshour-Johnston, Brenda. Reaching Uninsured Children: Iowa's Income Tax Return and CHIP Project. *SHARE*. August 2010.
2. Idala, David and Freshour-Johnston, Brenda (2010) SHARE Webinar: Using Income Tax Information to Target Medicaid and CHIP Outreach (PowerPoint presentation). Retrieved from: <http://www.shadac.org/publications/share-webinar-Feb2010-tax-information>

About the Data Spotlight Series

State Data Spotlight is a SHADAC series highlighting states' unique data tools, datasets, and uses of existing data systems. The series aims to provide information and insight on innovations that can be applied in other states.

States pursuing similar strategies can contact SHADAC for technical assistance and support in developing these types of innovations.