Report: Caution on IowaCare
Health-Care Access Issues Addressed in Report

DES MOINES, Iowa (Oct. 19, 2005) – A new program brokered by Iowa leaders to save health-care services may actually create problems for the low-income Iowans it seeks to serve, Iowa Fiscal Partnership analysts conclude in a new report.

Known as IowaCare, the program received a waiver from Medicaid rules to prevent a loss of up to $65 million in funds that had been questioned by the federal government. But the report illustrates that it does not necessarily deliver on its promise of expanding access to health care.

“The IowaCare program was promoted as expanding health coverage for low-income Iowans. This is misleading,” said Charles Bruner, co-author of the report and executive director of the Child and Family Policy Center (CFPC). “It does restructure how health care is provided to people who were served under previously existing programs, in order to attract federal Medicaid funds that would otherwise have been lost.”

Clients targeted for help under IowaCare previously received help under the state’s indigent care program at University of Iowa Hospitals – known as the “state papers” program – and at Polk County’s Broadlawns Medical Center.

“The waiver needs careful scrutiny and oversight early in its implementation if it is to effectively meet its goals in providing health care for Iowans,” Bruner said.

The report points to the experiences of two women under the new program. One woman, an uninsured child-care worker, signed up for IowaCare because she thought the number of participants would be limited. She had paid $44 a month in IowaCare premiums for three months. After repeated frustration in trying to schedule a checkup, get information on what would be covered, and not receiving health care services under the program, she did not pay the next premium. She then received a notice dropping her from the program for not paying that premium.

The other case cited in the report involves a woman with an annual income of $16,000 who had been covered under what was known as the state papers program for cancer and other health conditions prior to the start of IowaCare. With the end of the state papers program she had to enroll in IowaCare to cover her ongoing health care costs. Under the IowaCare program she pays $18 per month for the nine prescriptions covered by the program, but the other six prescriptions she needs cost her $285 per month. The switch from the state papers program to IowaCare has increased her out of pocket medical expenses by more than $300 per month.

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The IowaCare program was designed to help prevent the loss of up to $65 million in Medicaid funds that had been questioned by the federal government. It provides Medicaid reimbursement primarily for adults with incomes below 200 percent of the poverty level who had previously received services with state funds or county funds and is restricted to people who receive services at the University of Iowa Hospital and Clinics, Broadlawns Medical Center, or the state’s four mental health institutes.

As Congress is considering cuts to the Medicaid program, the National Governor’s Association has recommended changes that include some of the features of the IowaCare program. These features include premium requirements, limitations on benefits, and restricting where people can get health care.

“Including any of these features in the regular Medicaid program is unwarranted,” said report co-author Victor Elias of the CFPC. “If Congress makes such changes to the regular Medicaid program based upon these IowaCare features, Medicaid’s role in protecting the health of America’s most vulnerable children will be jeopardized.”

The IowaCare program requires that people pay monthly premiums unless they declare a hardship. This is one of the major concerns with the program cited in the report. The report points to an Oregon study that found that requiring a Medicaid premium reduced enrollment in the program by up to 40 percent for people below the poverty level. Other studies have shown that even seemingly modest premium requirements for people up to 200 percent of the poverty level force people to choose between essential needs such as food, shelter, heating bills, and health-care premiums.

The Iowa Fiscal Partnership is a joint policy analysis initiative of two nonprofit, nonpartisan organizations, the CFPC in Des Moines and the Iowa Policy Project of Mount Vernon.

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