

318 2<sup>nd</sup> Ave. N • Mount Vernon, IA 52314

[www.iowapolicyproject.org](http://www.iowapolicyproject.org)

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CONTACT: Mike Owen (319) 338-0773 or [ipp@Lcom.net](mailto:ipp@Lcom.net)

## **Shortfall Seen for Iowa Kids' Health Fund Without Change by Congress, hawk-i Plan is Short \$15 Million**

MOUNT VERNON, Iowa (Sept. 22, 2006) Absent congressional action to fill the gap, Iowa will be short of \$15 million or more in federal funds needed to provide health coverage for low-income children next year.

Iowa is one of at least 17 states facing shortfalls in federal funding through the State Children's Health Insurance Program (SCHIP). These funds enable Iowa to provide coverage for low-income children through both the popular "hawk-i" plan and an expansion of Medicaid to reach some just above the poverty line.

Without action by Congress before it adjourns in December, Iowa officials will be forced to compensate for the shortfall with alternatives that will either cost the state money or cost Iowa children their health care.

"This is an urgent situation. The state would have to steal money from other state programs, raise new money, institute a waiting list for service, cut enrollment with tougher requirements, or do some combination of those options," said David Osterberg, executive director of the nonpartisan Iowa Policy Project.

"Both Senator Grassley and Congressman Nussle will have important roles in the outcome, and these decisions are imminent. Either the money will be provided by Congress and these needs will be met, or state officials will be left to cope," Osterberg said.

"It is important for thousands of Iowa children. They deserve a place at the table now for this policy discussion."

In state fiscal year 2004, SCHIP funding provided coverage to 26,000 Iowa children — 16,000 of them through hawk-i, which serves children in families without other health coverage, and 10,000 through the Medicaid expansion, which covers children ages 6-19 in families with income under 133 percent of the federal poverty level.

Assuming unspent SCHIP funds are allotted to "shortfall" states such as Iowa, has been done the last two years, the Center on Budget and Policy Priorities reported Thursday that Iowa is

projected to be \$15.4 million short of what is needed. Before that redistribution, Iowa is projected to be about \$18 million short.

Osterberg noted Iowa Gov. Tom Vilsack signed a letter to President Bush urging action, along with 11 other governors from around the country whose states are among those facing shortfalls.

The governors' letter notes the SCHIP program was a bipartisan approach to assure health coverage for children whose families earned too much to be eligible for Medicaid, but not enough to afford insurance.

“Congress must address the short-term funding shortfall, or states will be forced to drop children from their programs or move SCHIP eligible children into already stretched-thin Medicaid programs,” the letter stated.

Osterberg said the shortfall issue is one for public discussion in Iowa.

“If our congressional delegation does not agree that this is something they want to address, they should be up front with Iowans and Iowa state elected officials who will have to address it,” Osterberg said.

Osterberg also noted that recent Census information showed 9 percent of Iowans have no health insurance or public health coverage.

“The SCHIP program has been a big piece of the puzzle in ensuring that low-income children have access to health care in Iowa,” Osterberg said.

A SCHIP funding shortfall is a problem not only for Iowa, but its neighbors as well. Illinois, Minnesota, Missouri, Nebraska, South Dakota and Wisconsin all face shortfalls.

Nationally, the shortfall of almost \$890 million is projected to jeopardize coverage for as many as 610,000 children annually.

Congress and the administration have acted the past two years to assure that no state faced a shortfall in SCHIP funding, but Congress has taken no action this year.

“If Congress does address the issue, it will be important to see if there is new money — or if funds will simply be reshuffled so that another service that will then be shortchanged. Iowa officials have run a successful program and should not be shortchanged,” Osterberg said.

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