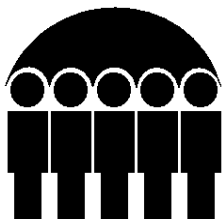


Revised July 3, 2009

Employees' Manual  
Title 5  
Chapter E

# HEALTHY AND WELL KIDS IN IOWA (*hawk-i*)



Iowa  
Department  
of  
Human Services

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## **General Administration**

**Legal reference:** Public Law 105-33, Iowa Code 514I, 441 IAC Chapter 86

The federal Balanced Budget Act of 1997, Public Law 105-33, added Title XXI to the Social Security Act. Title XXI establishes the State Children's Health Insurance Program (SCHIP) that enables states to provide health care coverage to uninsured targeted low-income children.

"Targeted low-income children" are those who are under 19 years of age, who reside in families with income below 200% of the federal poverty level, and who are not eligible for Medicaid or covered under a group health plan or other health insurance. Iowa's SCHIP program is a combination program, consisting of both a Medicaid expansion and a separate child health insurance program.

The Medicaid expansion covers uninsured children ages 6 through 18 years whose family income exceeds 100% of the federal poverty level but is below 133% of the federal poverty level. Coverage is provided through the Mothers and Children (MAC) coverage group. See 8-F, [Mothers and Children \(MAC\) Program](#), for information on the MAC coverage group.

The separate child health insurance program, known as the Healthy and Well Kids in Iowa (*hawk-i*) program, is a non-Medicaid program for children who are not Medicaid eligible and whose family income does not exceed 300% of the federal poverty level.

The policies and procedures covered in this chapter are used:

- ◆ By the Department's third-party administrator to determine *hawk-i* eligibility, and
- ◆ By income maintenance staff as reference information about the program.

This manual presents information on the *hawk-i* program organized as follows:

- ◆ [General administration](#)
- ◆ [Application processing](#)
- ◆ [Nonfinancial eligibility](#)
- ◆ [Income](#)
- ◆ [Types of income](#)
- ◆ [Approval of coverage](#)
- ◆ [Premiums and copayments](#)
- ◆ [Case maintenance](#)
- ◆ [Disenrollment](#)
- ◆ [Recovery](#)

## **Definitions**

**“Applicant”** means a child for whom a valid application for the *hawk-i* program has been received.

**“Capitation rate”** means the monthly premium the Department pays to a participating health plan for each enrollee in the *hawk-i* program for the provision of covered medical services.

**“Cost sharing”** means the monthly premium or copayment paid by the family.

**“Covered services”** means the medical and dental services provided by the participating health plans.

**“Department”** means the Iowa Department of Human Services (DHS).

**“Director”** means the director of the Iowa Department of Human Services.

**“Eligible child”** means an individual who meets the criteria for participation in the *hawk-i* program.

**“Enrollee”** means a child who has been determined eligible for the *hawk-i* program and who has been enrolled with a participating health and dental plan.

**“Federal poverty level”** or **“FPL”** means the poverty income guidelines revised annually and published in the Federal Register by the United States Department of Health and Human Services.

**“FIP”** means the Family Investment Program administered by the Department of Human Services.

**“Good cause”** means the family has demonstrated that one or more of the following conditions exist:

- ◆ There was a serious illness or death of the enrollee or a member of the enrollee’s family.
- ◆ There was a family emergency or household disaster, such as a fire, flood, or tornado.
- ◆ There were other reasons beyond the enrollee’s control.
- ◆ There was a failure to receive the third-party administrator’s request for a reason not attributable to the enrollee. Lack of a forwarding address is attributable to the enrollee.



**"hawk-i Board"** or **"Board"** means the entity that adopts rules, establishes policy, and directs the Department regarding the *hawk-i* program.

**"hawk-i program"** or **"program"** means the Healthy and Well Kids in Iowa program described in this chapter to provide health care coverage to eligible children.

**"MAC"** means the Mothers and Children Medicaid coverage group that provides Medicaid to infants under age one, children ages one through 18, and pregnant women.

**"Medically Needy"** means the Medicaid coverage group for people who meet all Medicaid eligibility factors except for excess income or excess resources.

**"Participating dental plan"** means a dental plan contracted with the Department to provide dental services to eligible children under this chapter.

**"Participating health plan"** means any entity licensed by the Division of Insurance of the Department of Commerce to provide health insurance in Iowa or an organized delivery system licensed by the director of the Department of Public Health that has contracted with the Department to provide health care coverage to eligible children under this chapter.

**"Provider"** means an individual, firm, corporation, association, or institution that is providing or has been approved to provide medical or dental care or services to an enrollee through a participating health or dental plan.

**"Prudent-person concept"** refers to the authority given to the third-party administrator to review and analyze information in order to decide whether the information is sufficient for making an eligibility determination, or if further checking should be done. The "prudent person" must be vigilant, cautious, perceptive, and guided by generally sound judgment.

**"Third-party administrator"** or **"TPA"** means the person or entity with which the Department contracts to provide administrative services for the *hawk-i* program.

### **Responsibilities of the Department**

**Legal reference:** 441 IAC 1.3(2)"c"

The chief of the Bureau of Adult and Children's Medical Programs of the Iowa Medicaid Enterprise within the Department of Human Services (DHS) is the administrator of the *hawk-i* program.

Under the direction of the *hawk-i* Board, DHS is responsible for:

- ◆ Planning and developing the scope, content, and priorities of the *hawk-i* program within present and anticipated available funding.
- ◆ Interpreting and ensuring compliance with federal and state law and regulations.
- ◆ Writing manual.
- ◆ Administering contracts for:
  - Third-party administration,
  - Health and dental coverage,
  - Outreach services, and
  - Quality performance measures.
- ◆ Developing administrative rules regarding:
  - Eligibility criteria and procedures
  - Covered services
  - Other program policies

### **Responsibilities of the *hawk-i* Third-Party Administrator**

**Legal reference:** 441 IAC 86.13(514I)

The Department contracts with a third-party administrator (TPA). The primary role of the TPA is to provide customer service, determine eligibility for the *hawk-i* program, and manage the enrollment of eligible children into participating health and dental plans.

The TPA will process and track the accurate disposition of all applications received and maintain ongoing enrollment in accordance with the procedures and rules established by the Department and adopted by the *hawk-i* Board.

In general, the TPA will be responsible for the following:

- ◆ Operation of a customer service center. The customer service center will be the primary point of contact for most applicants, enrollees, and other persons inquiring about the program. The TPA shall:
  - Place a high priority in ensuring that the customer service center is adequately staffed with professional, bilingual (English- and Spanish-speaking), well-trained and courteous personnel who can respond quickly and accurately to callers, provide information, and gather demographic information about the caller when necessary.
  - Ensure that all customer service representatives identify themselves by name when answering calls, treat callers with dignity and respect, and ensure each caller's right to privacy and confidentiality.
- ◆ Development and ongoing operation of an enrollment and financial accounting system for the *hawk-i* program.
- ◆ Maintenance of a Web-based application system.
- ◆ Development and maintenance of a Web-based renewal system.
- ◆ Collection and processing of applications. This includes, but is not limited to, applications received via the U.S. mail, internal Departmental mail, the Internet, facsimile (FAX), or intra-agency systems.
- ◆ Screening and referring applications to the Medicaid program.
- ◆ Determination of *hawk-i* eligibility. This includes, but is not limited to:
  - Obtaining documentation necessary to accurately determine eligibility,
  - Correspondence with the applicant,
  - Providing adequate and timely notice regarding eligibility decisions, and
  - Representing the Department at administrative hearings when an appeal challenging the decision of the TPA is filed.
- ◆ Collection of enrollee premiums, including notification of late payments.
- ◆ Preparing and providing financial statements to the Department.
- ◆ Processing disenrollments, including notification to members.
- ◆ Providing statistical reports to the Department.
- ◆ Providing enrollment and capitation files to participating health and dental plans.

- ◆ Collection and processing of encounter claims data and provider files from participating health and dental plans, if required.
- ◆ Administration of the functional health assessment survey and others.

### **Confidentiality**

**Legal reference:** 441 IAC 9.1(17A, 22), 9.2(17A, 22), 9.3(17A, 22), 9.10(8), and 86.13(16); 42 CFR 431.301 through 431.306

Information about a *hawk-i* applicant or enrollee shall not be released except for purposes directly connected with the administration of the *hawk-i* program unless specifically authorized by the applicant or enrollee or a person acting on behalf of the applicant or enrollee.

See 1-C, [CONFIDENTIALITY AND RECORDS](#), for additional policies and responsibilities regarding confidentiality and the release of information to noncustodial parents regarding their children who do not live with the parent.

### **Nondiscrimination**

**Legal reference:** Title VII of the Civil Rights Act of 1964, as amended; Iowa Civil Rights Act of 1965, as amended; Iowa Executive Order # 15

Department staff and vendors supplying goods or services to enrollees for which the Department makes direct payment may not discriminate based on:

- ◆ Age
- ◆ Color
- ◆ Creed
- ◆ Mental disability
- ◆ National origin
- ◆ Physical disability
- ◆ Political belief
- ◆ Race
- ◆ Religion
- ◆ Sex

## **Appeals**

**Legal reference:** 42 CFR 431.200, 431.220, 441 IAC 7.5(217) and 86.12

The applicant or enrollee has a right to appeal any decision or action, regardless of the decision, and to request an appeal hearing. No one may limit or interfere with this right. All appeal requests must be forwarded to the Department's Appeals Unit. This unit will decide if a hearing will be granted.

1. Mrs. A is unhappy that the TPA's call center is not open on Saturdays so she can talk to a real person, and she tells the call center staff that she wants to appeal that fact.

The call center staff person does not tell Mrs. A that she cannot appeal the operating hours. Instead, the staff person informs Mrs. A how to file an appeal. When Mrs. A files her appeal request with the TPA, the appeal request is forwarded to the Appeals Unit within the designated time frames.

2. Mr. B's *hawk-i* application is approved. Because his application was received in May, *hawk-i* coverage is approved June 1. Mr. B files an appeal request with the TPA because he wanted *hawk-i* coverage to begin May 1, instead of June 1. The TPA forwards Mr. B's appeal request to the Appeals Unit within the designated timeframes.

Examples of adverse actions in which a hearing may be granted include, but are not limited to:

- ◆ The denial or cancellation of coverage under the *hawk-i* program.
- ◆ A delay in acting on an application or renewal with reasonable promptness.
- ◆ The amount of the premium.
- ◆ The effective date of coverage.

The third-party administrator represents the Department in appeal hearing regarding *hawk-i* eligibility.

See 1-E, [APPEALS AND HEARINGS](#), for a complete explanation of the Department's appeal process, including TPA and enrollee or applicant responsibilities, time limits, and appeal decisions.

Appeals regarding covered services are handled by the health plan in which the child is enrolled. Such appeal requests received by the TPA should be forwarded to the appropriate health plan within one business day of receipt.

### **Health or Dental Services Appeal Process**

**Legal reference:** 441 IAC 86.15(7)

Appeals concerning health or dental services provided through providers contracted with a participating *hawk-i* health or dental plans are handled by the participating plan. The appeal process includes:

- ◆ Sending an acknowledgement of receipt of the appeal to the enrollee.
- ◆ Establishment of time frames to ensure that appeals will be resolved within 60 days, except for appeals that involve emergency medical conditions. Appeals involving emergency medical conditions shall be resolved within time frames appropriate to the situations.
- ◆ Ensuring the participation of persons with authority to take corrective action.
- ◆ Ensuring that the decision be made by a physician or clinical peer who has not previously been involved in the case.
- ◆ Ensuring the confidentiality of the enrollee.
- ◆ Ensuring issuance of a written decision to the enrollee for each appeal. The decision shall contain an adequate explanation of the action taken and the reason for the decision.
- ◆ Maintaining an appeal log that is made available to the Department.
- ◆ Ensuring that the participating health and dental plan's written appeal procedures are provided to each newly covered enrollee.
- ◆ Requiring that the participating health and dental plans make quarterly reports to the Department summarizing appeals and resolutions.

## **Application Processing**

This section explains the procedures for processing *hawk-i* applications. The mechanics of filing and handling applications are covered first, followed by verification requirements, timelines for processing, and establishing the effective date of coverage.

### **Who Can Apply**

**Legal reference:** Iowa Code 514I, 441 IAC 86.3

Anyone has right to apply for *hawk-i*. Give an application to anyone who asks for one. If the request is by mail or telephone, send the application in the next outgoing mail. Also, advise people making a telephone request that they may apply and submit an application online at [www.hawk-i.org](http://www.hawk-i.org). An application can also be downloaded and printed from the web site: [www.hawk-i.org](http://www.hawk-i.org).

Mr. E calls *hawk-i* Customer Service to request an application for children who live with his ex-wife. An application is sent to Mr. E and he is directed to the website for more information even though, if Mr. E files an application, it could not be approved because the children do not live with him.

A parent or stepparent who lives with the child should file the application. If a parent is unable to complete the application because the parent is incompetent or disabled, a responsible person may file the application on behalf of the child or may assist the parent in completing the application. The responsible person should be a family member, friend, or other person who has knowledge of the family's financial affairs and circumstances and has a personal interest in the child's welfare.

A legal representative such as a conservator, guardian, executor, or someone with power of attorney may also file an application on behalf of the child. The responsible person assumes the responsibilities of the incompetent or disabled parent in both the application process and the ongoing eligibility determinations when the parent is unable to do so.

If a child does not live with a parent, the person who has the responsibility for the care of the child may apply on the child's behalf. This person assumes the responsibility for providing all information necessary to establish initial and ongoing eligibility for the child.

If the child is under the age of 19 and lives in an independent living situation or is married, the child may apply on the child's own behalf. The child is then responsible for providing all information necessary to establish initial and ongoing eligibility.

The case file should contain an explanation of the child's living situation when it is not apparent from the application.

Do not require a separate application for *hawk-i* when a child is losing or being denied Medicaid eligibility. A referral to the *hawk-i* program is part of the Medicaid automatic redetermination process.

The income maintenance worker is required to make a referral to the *hawk-i* program, unless information in the case file indicates that a referral to *hawk-i* is inappropriate. See 8-B, [APPLICATION PROCESSING](#), and 8-G, [CASE MAINTENANCE](#), for more information on referrals to the *hawk-i* program.

Ms. B receives Medicaid for her son, age 13. At Ms. B's annual Medicaid review on May 14, it is determined that Ms. B's income exceeds 133% of FPL and Medicaid for her son is canceled effective May 31.

Also, on May 14, Ms. B informs her income maintenance worker that her son will be moving to California to live with his father. So, even though Medicaid was canceled due to income exceeding income limits, no *hawk-i* referral will be made for the son, since he will no longer be a resident of Iowa.

### **Joint Custody**

In joint custody situations, a child lives with one parent part of the time and lives with the other parent part of the time. In most situations, you will not be aware there is joint custody because only one parent will be applying. However, when you become aware that both parents have joint custody of the child, it is necessary to determine with which parent the child is living.

To make such a determination, follow these steps:

1. Is the other parent currently receiving Medicaid for the child?
  - ◆ If yes, deny the *hawk-i* application.
  - ◆ If no, go to #2.



2. Is the other parent currently receiving *hawk-i* for the child?
  - ◆ If no, continue processing the *hawk-i* application.
  - ◆ If yes, ask the applying parent if there has been a recent change in the child's living circumstances or is the applying parent alleging that the child really does live with that parent and not the other parent?
3. If there has been no recent change in the child's living circumstances and there is no allegation that the child really does live with the applying parent and not the other parent, deny the *hawk-i* application because the child cannot be considered as "living with" the applying parent.
4. If there has been a recent change in the child's living circumstances, contact the other parent to obtain confirmation of the change.
5. If the applying parent alleges that the child really does live with the applying parent and not the other parent, request a joint statement or individual statements from both parents stating where the child spends the majority of the time.
6. If the parents cannot agree on where the child spends the majority of the time, use the questions that follow as a guide for further discussions with the parent.

These questions may be helpful when deciding who the child is "living with" if the child appears to be spending equal amounts of time in each home. **This is not a complete or final list of questions**, but gives some general guidance:

- ◆ Which parent lives in the school district that the child attends?
- ◆ Who purchases most of the child's clothing?
- ◆ Which parent does the school contact in an emergency?
- ◆ Where are most of the child's clothing and toys stored?
- ◆ Who does most of the child's laundry?
- ◆ Who maintains medical records and sets up routine doctor's appointments?
- ◆ Who has the final say as to what the child can or cannot do if there is a disagreement?

### **Application Form**

**Legal reference:** 441 IAC 86.3(2)

Determine eligibility for the *hawk-i* program based on the filing of any of the following forms:

- ◆ *Healthy and Well Kids in Iowa (hawk-i) Electronic Application Summary*, form 470-4016, filed electronically through the *hawk-i* website;
- ◆ *hawk-i Application*, located in Comm. 156 or Comm. 156(S), *hawk-i: Healthy and Well Kids in Iowa*;
- ◆ A referral from Medicaid filed electronically or on the *Referral to the hawk-i Program*, form 470-3565; or
- ◆ A *hawk-i* renewal form.

### **Who Must Sign the Application**

**Legal reference:** 441 IAC 86.3(4)

To be considered a valid application, an application must have a legible name, address, and signature. An application or renewal is signed electronically when the person completing the form at [www.hawk-i.org](http://www.hawk-i.org) submits the form online.

Before eligibility can be approved, all application forms must contain an original, faxed, or electronic signature and be signed by one of the following:

- ◆ A parent of the child in the home (when the parent is not prevented from acting on behalf of the child).
- ◆ The child on the child's own behalf if the child is married or emancipated.
- ◆ Someone acting responsibly for an incompetent, disabled, or deceased parent. (This includes an individual or organization that has signed form 470-3356, *Inability to Find a Responsible Person*.) The responsible person who assisted in the completion of the application signs the application form, regardless of whether the parent also signed.
- ◆ A guardian or conservator of the child.

### **Where the Application Can Be Filed**

**Legal reference:** 441 IAC 86.3(3)

An application for the *hawk-i* program may be accepted:

- ◆ Electronically via the *hawk-i* website at [www.hawk-i.org](http://www.hawk-i.org).
- ◆ By the TPA responsible for making the eligibility determination.
- ◆ By any office of the Iowa Department of Human Services.

The addresses to which an application should be directed are:

**Mail:** An application may be mailed in the envelope attached to the application. If an envelope is not present, the application should be mailed to:

The *hawk-i* Program  
PO Box 71336  
Des Moines, Iowa 50325-9958

**Fax:** An application may be faxed to:  
1-877-457-7701 or 515-457-7701.

**In person:** An application can also be delivered in person to:

The *hawk-i* Program  
1601 48th St, Suite 100  
West Des Moines, Iowa

Any application not filed directly with the TPA or via the website will be forwarded to the third-party administrator for processing. See [Date of Application](#) for more information.

### **Date of Application**

**Legal reference:** 441 IAC 86.3(4)

The day a valid application is received by the third-party administrator or by any Department of Human Services office is the filing date. The filing date of an application determines the effective date of coverage.

A valid application is one that has a legible name, address, and signature. A faxed application with a legible name, address, and signature is considered a valid application and the original signature is not required.

Applications filed online via the *hawk-i* web site are considered signed electronically and the filing date is the day the form is received by the TPA.

If an application was first filed with Medicaid and is subsequently referred to the *hawk-i* program by DHS, the date of application for *hawk-i* is the Medicaid application date.

### **Withdrawal of Application**

**Legal reference:** 441 IAC 86.3(5)

An application for *hawk-i* can be withdrawn at any time before the eligibility determination is made. The request for voluntary withdrawal of the application may be verbal or in writing.

Do not require a reason or justification for the request. Do not encourage an applicant to withdraw an application. But, when appropriate, explain to an applicant the right to withdraw the application and the consequences of such action.

Accept a verbal request for withdrawal only when it is certain that the person making the request is the parent or responsible person in the child's household.

If the requester's identity is uncertain, ask the person making the request to confirm case information that only the parent or other adult in the child's household should know, such as the parent's own social security number, the social security number or birth date of the child, etc.

Document the request for withdrawal and the reason for withdrawal if known. Issue a notice of decision indicating the application is being denied because the application was withdrawn.

### **When an Application Is Not Required**

**Legal reference:** 441 IAC 86.3(6)

Do not require an application for *hawk-i* when a child becomes ineligible for Medicaid. When this happens, the DHS worker makes a referral to the *hawk-i* program as part of the Medicaid automatic redetermination process. The *Referral to the hawk-i Program*, form 470-3565, or the automated *hawk-i* referral process are accepted in lieu of an application.

When the referral is made using the *Referral to the hawk-i Program*, form 470-3565, it must be accompanied by a copy of the notice of decision stating the reason why the child is ineligible for Medicaid. When the automated *hawk-i* referral process is used, no additional information accompanies the referral.

Do not require an application when adding a child to an active *hawk-i* case. Add the child for the remainder of the current enrollment period. See [Reporting Changes](#) for more information.

### **Referrals from Medicaid to *hawk-i***

**Legal reference:** 441 IAC 86.4(3)

If a child is not eligible for Medicaid due to family income exceeding Medicaid limits or because the child was voluntarily excluded from the Medicaid family size, the Department will make a referral to the third-party administrator for an eligibility determination under the *hawk-i* program.

The referral will be made regardless of whether the child is an applicant whose Medicaid eligibility is being denied or a member whose Medicaid eligibility is being canceled. The referral will be made either by:

- ◆ Submitting an automated referral via the Department's Automated Benefit Calculation (ABC) system, or
- ◆ Completing the *Referral to the hawk-i Program*, form 470-3563, and submitting it along with a copy of the Medicaid notice of decision.

Regardless of the referral method, the referral shall be forwarded to the third-party administrator within 24 hours of the decision to deny or cancel Medicaid eligibility or the next working day, whichever is sooner. If the *Referral to the hawk-i Program*, form 470-3563, is used, date-stamp the referral.

Notify the family of the referral, and complete a *hawk-i* eligibility determination.

The time frame for processing the referral begins with the day the referral is received by the third-party administrator. Under rare circumstances, additional information will be needed in order to make a *hawk-i* eligibility determination.

The time frame for processing the application begins when all information needed for the *hawk-i* determination is received. The time frame for screening applications for the need for additional information within three working days of receipt also applies to referrals.

When a referral from Medicaid contains incomplete or questionable information, or when the income reported in the referral appears to be under Medicaid limits, contact the referring DHS Income Maintenance worker to clarify the family's circumstances.

### **Information and Verification**

**Legal reference:** 441 IAC 86.3(7), 86.3(9), 86.13(5)

Base the eligibility determination primarily on information furnished by the applicant or enrollee.

Notify the applicant or enrollee in writing of additional information or verification that is required to establish eligibility and the date by which the information must be provided. Provide the written notification to the applicant or enrollee in person, by mail, or by facsimile within three business days of receipt of the application. A copy of the request shall be retained in the case record.

Make every effort to ask for all needed information in the initial request in order to avoid subsequent requests for information and delays in processing the application.

Allow the applicant or enrollee a minimum of ten working days to provide the requested information or verification. Extend the deadline for a reasonable period when the applicant or enrollee makes a request before the due date for more time to provide the information.

Offer the applicant or enrollee assistance in obtaining the information or verification when the person indicates, before the due date, that the person is having difficulty obtaining the information or is unsure of how to obtain it.

Do not request the applicant or enrollee to provide proof of information that the Department already has access to, such as Unemployment Insurance Benefits (UIB) or child support income paid through the Iowa Collection Service Center. Request such proof from the co-located DHS income maintenance staff.

Failure of the applicant or enrollee to supply the information or verification by the requested due date or refusal by the applicant to authorize the third-party administrator to secure the information shall serve as a basis for denial of the application.

### **Preferred Language**

The *hawk-i Application*, Comm. 156, the on-line *hawk-i* application, the *hawk-i* annual renewal form, and the online *hawk-i* renewal all ask applicants to indicate if they speak English, Spanish, or another language.

When the preferred language is English or Spanish, issue all correspondence in the language indicated. When the preferred language is a language other than English or Spanish, issue all correspondence in English.

If the applicant fails to indicate a language preference, assume English unless the Spanish version of the application form was submitted. In those situations, issue correspondence in Spanish.

### **Medicaid Screening and Referral Process**

**Legal reference:** 441 IAC 86.4(514I)

Screen all applications, including annual renewals, for potential Medicaid eligibility within one business day of receipt of the application or renewal. EXCEPTION: Do not screen or refer applications that were referred to *hawk-i* by DHS.

When potential Medicaid eligibility is identified, refer the application or renewal to the co-located income maintenance (IM) unit.

The co-located IM unit will first determine if the family has an active case for any DHS-administered program in any DHS office.

- ◆ If an active case is found, the application or renewal will be forwarded to the local DHS office for a Medicaid eligibility determination.
- ◆ If no active case is found, the co-located IM unit will make the Medicaid eligibility determination.

Once the result of the Medicaid eligibility determination is known, process the *hawk-i* application or renewal as follows:

<b>If the Medicaid eligibility decision is:</b>	<b>Take this action on the <i>hawk-i</i> application:</b>
Denial due to income exceeding limits	Continue to determine <i>hawk-i</i> eligibility
Denial due to failure to cooperate	Deny for failing to cooperate with Medicaid
Approval	Deny due to receipt of Medicaid but no <i>hawk-i</i> denial letter needs to be issued
Denial for other reasons, such as the child is not a U.S. citizen or qualified alien	Deny application

#### **Referrals From *hawk-i* to Medicaid**

**Legal reference:** 441 IAC 86.4

At the time of initial *hawk-i* application, if it appears the child may be eligible for Medicaid, make a referral to the Department for a determination of Medicaid eligibility as follows:

1. Forward a scanned copy of the original application and copies of any accompanying information and verification to the Department within 24 hours of receipt of the application, or the next working day, whichever is sooner.
2. Maintain a copy of all documentation sent to the Department and a log tracking the disposition of all referrals.
3. Notify the family that the referral to Medicaid has been made. Return to the family any original verification and information that was submitted with the application and retain a copy in the file record.

The Department will consider the referral as an application for Medicaid. The time limit for processing the referred application begins with the date the original application is date-stamped as being received by the third-party administrator.



### **Cooperation With Medicaid**

**Legal reference:** 441 IAC 86.2(5)

A child who would be eligible for Medicaid except for the parent's failure or refusal to cooperate in establishing initial or ongoing eligibility shall not be eligible for coverage under the *hawk-i* program.

1. Mr. and Mrs. K apply for *hawk-i* for their children. The application is screened and potential Medicaid eligibility is identified. The application is referred to DHS for a Medicaid eligibility determination.

The Department requires the Ks to furnish income verification. The Ks fail to provide the verification and Medicaid eligibility is denied for failure to supply requested information.

Since the Ks did not cooperate with the Department in establishing whether their children would be Medicaid-eligible, the Ks' children are also not eligible for benefits through the *hawk-i* program. Their *hawk-i* application is denied.

2. Mrs. L applies for *hawk-i* for her three children. The application is screened and potential Medicaid eligibility is identified. The application is referred to DHS for a Medicaid eligibility determination.

One of Mrs. L's children has a different father than the other two. Mrs. L is required to provide information regarding the absent parents of her children as a condition of Medicaid eligibility. Mrs. L refuses to provide the information about one of the fathers.

Medicaid policy does not penalize the children for the parent's failure to provide absent parent information. The Department determines, based on the income verification provided by Mrs. L, that her three children are ineligible for Medicaid due to family income being over the limit.

The application is referred back to the third-party administrator. Since the Department has determined Medicaid ineligibility due to excess income, the *hawk-i* application is processed without regard to Mrs. L's refusal to provide absent parent information.

### **Medicaid Match**

**Legal reference:** 441 IAC 86.18(514I)

The Department provides a daily Medicaid enrollment file to the *hawk-i* third-party administrator to identify children who are receiving Medicaid or who have been newly approved for Medicaid.

All *hawk-i* applications are matched against the Medicaid enrollment file to identify children who do not qualify for *hawk-i* due to the receipt of Medicaid. If there is an end date for Medicaid in the Medicaid enrollment file, *hawk-i* can be approved for an enrollment period that begins no earlier than the first day of the month following the month in which Medicaid ended.

The *hawk-i* enrollment file is matched monthly against the Medicaid enrollment file to identify children who no longer qualify for *hawk-i* due to Medicaid being newly approved.

When a child whose *hawk-i* application is still pending is identified as a Medicaid member and there is no Medicaid end date on the Medicaid file, deny the child's *hawk-i* coverage due to receipt of Medicaid.

When a child currently enrolled in *hawk-i* is identified as receiving Medicaid, cancel *hawk-i* coverage using a timely notice. Take actions based on the Medicaid enrollment file as soon as possible but no later than ten working days after receipt of the file.

EXCEPTION: When the Medicaid coverage is through the Iowa Family Planning Network (IFPN), **do not** cancel *hawk-i* coverage. Notify the Department within ten working days of the receipt of the Medicaid enrollment file so the Department can take action to cancel Medicaid. IFPN cases can be identified by the aid type of 90-6.

### **Application Processing Timeframes**

**Legal reference:** 441 IAC 86.3(8)

The decision regarding the applicant's eligibility must be made within ten working days from the date of receiving the completed application and all necessary information and verification.

EXCEPTION: When the *hawk-i* application is referred for a Medicaid eligibility determination and Medicaid eligibility is denied, the *hawk-i* eligibility decision shall be made within ten working days of the date of the notice of Medicaid denial.

### **Effective Date of Coverage**

**Legal reference:** 441 IAC 86.5(514I)

Coverage in the *hawk-i* program shall begin no earlier than the first day of the month following the month in which the application is filed, regardless of the day of the month the application is filed. The effective date of coverage for a child being added to an existing enrollment period is the first day of the month following the month in which the request to add the child is made.

EXCEPTION: When a child who has been determined ineligible for Medicaid is referred to the *hawk-i* program, coverage in the *hawk-i* program shall begin the first day of the month after Medicaid eligibility ends. This ensures that there is no break in coverage.

Ms. G receives Medicaid for her child. It is determined that Ms. G's child is no longer eligible for Medicaid due to income exceeding the limit. Ms. G's child's Medicaid ends September 30. The IM worker forgets to make the referral to *hawk-i* until October 14. If Ms. G's child meets all *hawk-i* eligibility criteria, *hawk-i* coverage will begin October 1.

## **Nonfinancial Eligibility Factors**

**Legal reference:** 441 IAC 86.2, Iowa Code 514I

### **Age**

The child must be under 19 years of age. A child is no longer eligible for the program the first day of the month following the month of the child's 19th birthday regardless of when during the month the birthday falls.

If a child will turn age 19 during the 12-month enrollment period, the child's enrollment period will extend only through the month of the 19th birthday.

Mr. D applies for *hawk-i* for his two children in April. One child is 16 years old and the other child turns age 19 in May. The child turning age 19 in May can be determined eligible for *hawk-i* coverage for only the month of May, if all other eligibility factors are met. The other child will be assigned a 12-month enrollment period.

### **Alien Eligibility**

The policies regarding alien eligibility for the *hawk-i* program are the same as those for the Medicaid program. See 8-L, [ALIENS](#), for more information.

### **Citizenship and Alien Status**

**Legal reference:** 441 IAC 86.2(7)

The child must be a citizen or lawfully admitted permanent resident alien. The citizenship or alien status of the parents or other responsible person is not considered when determining the eligibility of the child to participate in the program.

The requirements of the Medicaid program that persons claiming to be U.S. citizens prove their citizenship and identity do not apply to the *hawk-i* program.

See 8-L, [ALIENS](#), for more information on alien eligibility.

### **Residency**

**Legal reference:** 441 IAC 86.2(6)

The child must be a resident of the state of Iowa. A resident of Iowa is defined as a person:

- ◆ Who is living in Iowa voluntarily with the intention of making that person's home in Iowa and not for a temporary purpose; or
- ◆ Who, at the time of application, is not receiving assistance from another state and:
  - Who entered Iowa with a job commitment or to seek employment, or
  - Who is living with parents or guardians who entered Iowa with a job commitment or to seek employment.

### **Uninsured Status**

**Legal reference:** 441 IAC 86.2(4)

The child must be uninsured to be eligible for the *hawk-i* program. A child who is currently enrolled in an individual or group health plan is not eligible to participate in the *hawk-i* program. However, a child who is enrolled in a plan is considered uninsured for purposes of the *hawk-i* program if:

- ◆ The plan provides coverage only for a specific disease or service (such as a vision, dental, or cancer policy), or
- ◆ The child does not have reasonable geographic access to care under that plan. "Reasonable geographic access" means that:
  - The plan, or an option available under the plan, does not have service area limitations, or
  - If the plan, or option available under the plan, has service area limitations, the child lives within 30 miles or 30 minutes of a network primary care provider.

When the children have reasonable geographic access to the coverage, make a determination of whether the children are otherwise *hawk-i*-eligible.

If the children are *hawk-i*-eligible other than being uninsured, contact the family to verify whether the child's health insurance coverage is ending. The contact must be in writing and must explain the family's options.

- ◆ If the child's health care coverage is not ending, deny the application due to the children being insured.
- ◆ If the child's health care coverage is ending or has ended, the family must provide proof of cancellation. Coverage under *hawk-i* cannot begin any earlier than the first day of the month following the last month the child was covered under the other health care coverage.

### **Health Insurance Data Match**

The Department conducts a health insurance data match for all children applying for and currently enrolled in *hawk-i*. The entity conducting this match is the same entity that conducts the health insurance data match for Medicaid applicants and members.

Disenroll a child from the *hawk-i* program when it is determined, via the data match, that a child is covered by health insurance unless the child does not have geographic access to the coverage. See [Uninsured Status](#), for more information.

See [Disenrollment](#), for more information.

### **Verification of Insurance Cancellation**

When it is established that the child has health care coverage that will be ending or has recently ended, acceptable verification of the insurance cancellation should include:

- ◆ The names of the individual children whose coverage is ending, unless the entire plan has ended, and
- ◆ The effective date of the cancellation.

The source of the verification will depend on whether the health insurance is an individual (private) plan or is coverage offered through an employer group plan.

### **Individual Plans**

When the health insurance is through an individual (private) plan, accept the following verification:

- ◆ A signed statement from the insurance company or insurance agent, on company letterhead, that the coverage has ended or will be ending, or
- ◆ A policy termination notice, or
- ◆ A *Certificate of Creditable Coverage* (sometimes called a *Letter of Coverage, Evidence of Coverage, or a Statement of Service*) that verifies when coverage ended, or
- ◆ Verbal verification of ending coverage if there is a signed release from the applicant to contact the company or agent. The case record will be clearly documented with the date of the contact, the name of the person providing the information, their telephone number, and what was said.

### **Employer Group Plans**

When the health insurance is coverage offered through an employer, accept the following:

- ◆ A signed statement from the employer that the coverage has ended or will be ending, or
- ◆ A signed statement from the insurance company or insurance agent, on company letterhead, that the coverage has ended or will be ending, or
- ◆ A *Certificate of Creditable Coverage* (sometimes called a *Letter of Coverage, Evidence of Coverage, or a Statement of Service*) that verifies when coverage ended, or
- ◆ Verbal verification of ending coverage if there is a signed release from the applicant to contact employer. The case record will be clearly documented with the date of the contact, the name of the person providing the information, their telephone number, and what was said.

Always file copies of documents that have been provided as verification in the case file.

### **Ineligibility for Medicaid**

**Legal reference:** 441 IAC 86.2(5)

In order to participate in the *hawk-i* program, a child must be ineligible for Medicaid due to family income, or a child voluntarily excluded from the Medicaid eligible group due to the income or resources of the child. The family must cooperate in establishing Medicaid ineligibility.

### **Applications and Renewals**

At the time of the *hawk-i* application and at the time of the annual renewal of *hawk-i*, children who meet Medicaid eligibility criteria and children who are receiving Medicaid are not eligible for *hawk-i*.

If a child is referred to *hawk-i* because Medicaid will be ending, *hawk-i* coverage cannot begin until the first day of the month following the month in which Medicaid coverage ended.

### **During the *hawk-i* Enrollment Period**

Once a child has established *hawk-i* eligibility, the child shall remain eligible for the 12-month enrollment period even if family income decreases and no longer exceeds Medicaid limits. Countable income for the family is established at the beginning of the enrollment period and remains the same for the remainder of the enrollment period, regardless of later changes.

However, once a child has established *hawk-i* eligibility, cancel the *hawk-i* coverage if the family applies for and begins receiving Medicaid for the child. The electronic Medicaid match will identify these children. Coverage under *hawk-i* should be canceled with a timely notice.

1. Ms. P applies for *hawk-i* for her children and *hawk-i* is approved effective April 1. In June, Ms. P calls to report that her income has decreased and it is clear that the countable income is now less than the Medicaid income limit. Ms. P can choose to:
  - ◆ Keep her children on *hawk-i* through the end of the 12-month enrollment period, or
  - ◆ Apply for Medicaid for herself and keep her children on *hawk-i* through the end of the 12-month enrollment period, or
  - ◆ Apply for Medicaid for herself and her children. If Medicaid is approved for the children, cancel *hawk-i* with a timely notice.



2. Mrs. L receives *hawk-i* coverage for her children, ages 12 and 17. The 17-year-old becomes pregnant and applies for Medicaid so that, when her child is born, it will automatically be eligible for Medicaid until the child's first birthday.

Medicaid is approved beginning June 1. The *hawk-i* program is notified of the approval via the Medicaid match. Coverage under *hawk-i* is canceled for the 17-year-old with a timely notice.

### **Children Voluntarily Excluded From Medicaid**

Children voluntarily excluded from the Medicaid household due to the child's income or resources can participate in the *hawk-i* program if otherwise eligible. Children voluntarily excluded from the Medicaid household for other reasons than the child's income or resources are not eligible for *hawk-i*.

1. Ms. M applies for Medicaid for herself and her two children. One of the children, Sally, receives \$750 monthly Social Security benefits because Sally's father is deceased. The Social Security benefits, when added to Ms. M's other income, make both Ms. M and her children eligible only under Medically Needy with a spenddown.

Ms. M chooses to exclude Sally from the Medicaid eligible group so that Ms. M and her other child can be eligible for Medicaid without a spenddown. Sally is referred to *hawk-i*. If all *hawk-i* eligibility factors are met, Sally can receive benefits through the *hawk-i* program.

2. Ms. N applies for Medicaid for herself and her two children, Tim and Jane. Tim and Jane have different fathers. Ms. N does not want to cooperate with the Child Support Recovery Unit regarding Tim's father.

Ms. N chooses to exclude Tim from the Medicaid eligible group. Tim cannot be referred to *hawk-i*, since he has been voluntarily excluded for a nonfinancial reason.

### **Dependents of State Employees**

**Legal reference:** 441 IAC 86.2(8)

A child is not eligible for the *hawk-i* program if the child is eligible for health insurance coverage as a dependent of a state of Iowa employee and the state contributes at least \$10 per month toward the cost of the dependent's coverage.

Graduate students working at the three state universities in Iowa are considered to be employees of the state of Iowa. Therefore, their dependents are not eligible for *hawk-i* unless the state contributes **less than \$10 per month** towards the cost of the dependent's coverage.

NOTE: Graduate students attending any of the three state universities but not working for the university are not considered state employees.

Iowa's three state universities contribute to the cost of health insurance provided to dependents of graduate students who work for the university as follows:

Iowa State University (ISU)	The entire cost of health insurance for dependents of a graduate student is the responsibility of the student. Dependents of graduate students working for ISU <b>are eligible</b> for <i>hawk-i</i> coverage if all other eligibility factors are met.
University of Iowa (U of I)	The university contributes 75-90% of the cost of the health insurance for a graduate student's dependents. Dependents of graduate students working for the U of I <b>are not eligible</b> for coverage under <i>hawk-i</i> .
University of Northern Iowa (UNI)	The entire cost of health insurance for the dependents of a graduate student is the responsibility of the student. Dependents of graduate students working for UNI <b>are eligible</b> for <i>hawk-i</i> coverage if all other eligibility factors are met.

Graduate students working at private colleges and universities in Iowa are not employees of the state of Iowa. Their dependents would be subject to the same *hawk-i* eligibility criteria as any other dependent of a non-state employee.

See [Reporting Changes](#) and [Disenrollment: Employment With the State of Iowa](#), for more information.

### **Residents of Institutions**

An "institution" is an establishment that furnishes (in single or multiple facilities) food, shelter, and some treatment or services to four or more people unrelated to the proprietor.

When an application or renewal form indicates that a child is institutionalized, do not automatically deny coverage for the child. Investigate and document the type of institution and the circumstances under which the child resides there. Require proof only when there is good reason to question the applicant's explanation.

### **Residents of Institutions for Mental Disease**

**Legal reference:** 441 IAC 86.2(10)

A child who is a resident of an institution for mental disease is not eligible for coverage under the *hawk-i* program. An “institution for mental disease” means:

- ◆ a hospital, nursing facility, or other institution of more than 16 beds
- ◆ that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care, and related services.

### **Residents of Nonmedical Public Institutions**

**Legal reference:** 441 IAC 86.2(9)

A child who is a resident of a nonmedical public institution is not eligible for coverage under the *hawk-i* program.

A “public institution” is one that is the responsibility of a government unit or over which a governmental unit exercises administrative control. It includes, but is not limited to, publicly operated penal institutions, jails, work release centers, and wholly tax-supported care facilities, such as some county residential care facilities.

EXCEPTION: A publicly operated community residence that serves fewer than 16 residents is not considered a public institution. For example, a residential care facility (RCF) that is owned and operated by a county but has fewer than 16 beds may be a publicly operated community residence.

To be considered a “publicly operated community residence,” the facility:

- ◆ Must provide services beyond food and shelter, such as social services, help with personal living activities, or training in social and life skills.
- ◆ Must not be a jail, prison, or other holding facility for people who have been arrested or detained pending charges.
- ◆ Must not be located on the grounds of or immediately adjacent to any large institution or multiple-purpose complex.

1. Mr. O applies for *hawk-i* for his two children, Ted and Sue. On the application, Mr. O indicates that Ted is currently in a juvenile detention facility but "will be coming home soon."

The *hawk-i* application is processed for a two-member family, Mr. O and Sue. Mr. O is informed that he should report when Ted actually comes back to the home. At that time, *hawk-i* eligibility will be determined for Ted.

2. Mrs. P applies for *hawk-i* on April 20 for her child, Jay. On April 27, before the application can be approved, Mrs. P reports that her other child, Jane, has returned home after residing in a mental health facility.

The *hawk-i* application is processed for a three-member family. If they are otherwise eligible, enrollment for both Jay and Jane begins May 1.

3. Same as Example 2, except that Jane returns home April 2, before the application can be approved. The *hawk-i* application is processed for a three-member family. If they are otherwise eligible, enrollment for both Jay and Jane begins April 1.

### **Furnishing a Social Security Number**

**Legal reference:** 441 IAC 86.2(12)

A social security number must be provided in order for a child to establish eligibility under the *hawk-i* program.

When a family states that a child does not have a social security number and the family will not apply for one due to religious beliefs, ask them to provide verification from the church elder or other church official that it is against the church doctrine.

Do not require a social security number for adults in the family or for children not applying for *hawk-i*. However, if a social security number is voluntarily provided, record the number in the case file.

## **Family Size**

**Legal reference:** 441 IAC 86.2(3)

Family size is determined by counting all persons living together who are children and parents of those children as defined below. EXCEPTION: Parents or children who are SSI recipients are not counted in the family size, regardless of their relationship to the other family members.

### **Children**

A child under the age of 19 and any siblings under the age of 19 of whole or half blood or adoptive shall be considered together unless the child or a sibling is married or emancipated.

Unborn children are not counted in determining family size. Children, other than SSI recipients, receiving Medicaid are counted in the family size but are not eligible for *hawk-i* coverage.

### **Parents**

Any parent living with the child under the age of 19 shall be included in the family size. This includes the biological parent, stepparent, or adoptive parent of the child and is not dependent upon whether the parents are married to each other. Parents, other than SSI recipients, receiving Medicaid are counted in the family size.

### **Emancipated Children**

A child is considered emancipated and is not counted in the family size with the rest of the family when the child is married or has been married, as long as the marriage has not been legally annulled.

When an emancipated child who lives with the child's parents or siblings applies for *hawk-i*, the parents or siblings of the emancipated child are not counted in determining the size of the emancipated child's family. In addition, the income of parents and siblings of the emancipated child shall not be counted in determining *hawk-i* eligibility of the emancipated child.

If the emancipated child lives with a spouse, the spouse, regardless of age, is counted in determining the size of the emancipated child's family and any income of the spouse is counted.

1. Ms. A, age 17, applies for *hawk-i* for herself. She is married and lives with her spouse, age 20. Ms. A is eligible if the income of Ms. A and her spouse does not exceed the *hawk-i* limit for a family of two and all other eligibility factors are met.
2. Mr. G applies for *hawk-i* for his children ages 8 and 16. The older child is married but is separated from his spouse. Mr. G and the 8-year-old will be one family. The 16-year-old will be a separate family.  
  
The 8-year-old is *hawk-i* eligible if the income of Mr. G and the 8-year-old does not exceed the *hawk-i* limit for a family of two and all other eligibility factors are met. The 16-year-old is *hawk-i*-eligible if the income of the 16-year-old does not exceed the *hawk-i* limit for a family of one and all other eligibility factors are met.
3. Mrs. R applies for *hawk-i* for her children, ages 10 and 15. The older child was married, but since the marriage was legally annulled, that child cannot be a separate family. Both children are *hawk-i*-eligible if the income of Mrs. R and both children does not exceed the *hawk-i* limit for a family of three and all other eligibility factors are met.

### **Absence**

**Legal reference:** 441 IAC 86.2(3)"d"

Any child or parent who is absent from the home and does not meet the temporary absence provision shall not be included in the family size. The following are some examples of people who would **not** meet the temporary absence criteria. See [Temporary Absence](#) for more information.

- ◆ A person committed, imprisoned, or admitted to an institution.
- ◆ A parent who is a convicted offender but is permitted to live at home while serving a court-imposed sentence by performing unpaid public work or unpaid community service during the workday.
- ◆ A parent who is absent because of the performance of active duty in the uniformed services of the United States, including the United States Army, Navy, Air Force, Marine Corps, Coast Guard, National Guard, National Oceanographic and Atmospheric Administration, or Public Health Service.

A parent absent from the home solely because of a pattern of employment, such as a salesperson or a truck driver, is counted in the family size and any income of the parent is counted. Verify absence only when questionable.

1. Mr. And Mrs. P apply for *hawk-i* for their children. Mr. P is employed as a truck driver and is on the road for up to five days during the week. Mr. P is absent solely because of his employment. He must be counted in the family size and his income must be counted in the *hawk-i* eligibility determination.
2. Mr. and Mrs. Q apply for *hawk-i* for their children. Mr. Q is employed by a carnival and is away from home for up to six months. Mr. Q is absent solely because of his employment. He must be counted in the family size and his income must be counted in the *hawk-i* eligibility determination.

### **Temporary Absence**

**Legal reference:** 441 IAC 86.2(3)"d"

If otherwise eligible, a person, who is temporarily out of the home shall be counted in the family size. A temporary absence exists when the person is:

- ◆ Out of the home to secure education or training.
- ◆ In a medical institution for less than a year.
- ◆ Out of the home for another reason and the intent is that the person will return to the home within three months from when the absence began.

### **Absence for Education or Training**

A person who is temporarily out of the home for the purpose of education or training, regardless of the length of the absence will be counted in the family size. A temporary absence exists as long as the parent or guardian retains supervision of the child.

"Education and training" means any academic or vocational training program that prepares the person for a specific professional or vocational area of employment.

Approve or continue eligibility as long as the relative retains supervision if the person was in the home before leaving for education or training.

When a child is attending Job Corps, the Iowa Braille and Sight Saving School, or the Iowa School for the Deaf, consider the child as if the child were in a public educational or vocational training institution and include the child in the eligible group if otherwise eligible.

1. Ms. R applies for *hawk-i* for her two children, ages 15 and 18. On the application, Ms. R states that the 18-year-old attends college and lives on campus.

If Ms. R retains supervision of the 18-year-old and the child is otherwise eligible, the 18-year-old can receive health care coverage through the *hawk-i* program through the month of the child's 19<sup>th</sup> birthday.

2. Mr. S applies for *hawk-i* for his children. On the application, he states that his wife, Mrs. S, is currently attending beauty school in Minneapolis. Mrs. S has an apartment in Minneapolis and comes home one weekend a month.

Mrs. S will graduate six months from now and will return home at that time. Mrs. S will be included in the family size, and if she has any income, it will be counted in the *hawk-i* eligibility determination.

### **Absence in a Medical Institution**

A person who is temporarily absent from the home and in a medical institution will be included in the family size as long as the person:

- ◆ Is anticipated to be in a medical institution for less than a year, as verified by a physician's statement, and
- ◆ Will be returning directly to the home from the medical institution.

When determining the 12-month period, the first full calendar month after the person enters the medical institution is considered "month one."

A "medical institution" is a facility that provides medical care, including nursing and convalescent care, in accordance with accepted standards as authorized by state law and as evidenced by the facility's license. A medical institution may be public or private. Medical institutions include:

- ◆ Hospitals
- ◆ Nursing facilities
- ◆ Intermediate care facilities for mentally retarded
- ◆ Psychiatric medical institutions for children (PMICs)
- ◆ Psychiatric institutions
- ◆ State hospital schools
- ◆ Mental health institutions



1. Mrs. A applies for *hawk-i* for her child, who has been in the hospital for five months. The child entered the hospital from home and is expected to return to the home in two months.

The child is included in the family size because the total time the child is expected to be in a medical institution is less than one year, so this qualifies as a temporarily absent. If the family meets all eligibility factors, the child is eligible even though the child currently resides in a medical institution.

2. Mrs. B applies for *hawk-i* for her child who has been in a nursing facility for ten months. The child is expected to return to the home in four months. There is no *hawk-i* eligibility, because the total length of time the child is expected to be out of the home is greater than one year. Once the child returns home, Mrs. B can re-apply for the child.

3. Mrs. C applies for *hawk-i* for her child. The child was in foster care for two months before entering the medical institution. The child is expected to return to Mrs. C's home within three months.

There is no *hawk-i* eligibility, because the child did not enter the medical institution from Mrs. C's home. Additionally, children in foster care are eligible for Medicaid.

4. Ms. D files her *hawk-i* renewal form for her children, ages 6 and 13. In the comments section, Ms. D reports that the 13-year-old is visiting his father in Texas from June 15 through August 15, when he will return to Ms. D's home. The 13-year-old will be counted in Ms. D's family size since the length of his absence will be less than three months.

### **Children For Whom Benefits Are Not Requested**

Occasionally, a family will list a child on the application or renewal form for whom they are not applying for *hawk-i* coverage. The application requests all information about the child in the same way as children for whom *hawk-i* coverage is requested.

If the family provides this information, the third-party administrator must evaluate the results of including and excluding the child and provide the information to the family in order for the family to make an educated decision about including or excluding the child.

1. Ms. A applies for *hawk-i* for two of her children. She also lists a third child on the application. None of the three children have any income. However, Ms. A states she is not requesting coverage for the third child because the child's father carries health insurance for the child.

Ms. A's countable income exceeds 150 percent of the federal poverty level (FPL) for a family size of three and coverage would be subject to a monthly premium. If Ms. A includes her third child in the family size as a considered person, her countable income would be less than 150 percent of FPL and the two children would be eligible for free *hawk-i* coverage.

This information is provided to Ms. A so she can choose whether to include or exclude the third child. Document her decision in the case file.

2. Mr. and Mrs. B apply for *hawk-i* for their child and Mrs. B's child from a previous relationship for whom she receives child support. Both children are uninsured. The countable income of all four family members exceeds *hawk-i* income limits and *hawk-i* coverage for the two children would be denied.

However, if Mrs. B's child from a previous relationship and that child's child support income were excluded, the remaining countable income would be less than 200 percent of FPL and the common child would be eligible for *hawk-i* but subject to a monthly premium.

This information is provided to Mr. and Mrs. B so they can make the decision whether to exclude Mrs. B's child. The third-party administrator cannot assume that the family will decide to exclude the child. Document the family's decision in the case file.

### **Voluntary Exclusion**

**Legal reference:** 441 IAC 86.2(3)"c"

A child whose inclusion in the *hawk-i* family size causes ineligibility for the child's siblings may be voluntarily excluded when determining family size.

The income of any child excluded when determining family size is not counted when determining countable family income.

1. Mrs. D applies for *hawk-i* for two of her three children. The third child has child support income that makes the family's countable income over the limit for a family size of four.

Mrs. D voluntarily excludes the third child so that the child support will not be counted in the *hawk-i* eligibility determination. The eligibility determination is based on a three-member family (Mrs. D and the other two children) and only the income of those three people is counted.

2. Mr. and Mrs. E apply for *hawk-i* for their four children. One of their children receives waiver services under Medicaid. Normally, children receiving Medicaid are counted in the family size but do not receive coverage under *hawk-i*. However, the child also receives income from a trust.

Mr. and Mrs. E can choose to voluntarily exclude this child from the *hawk-i* eligibility determination so that the income from the trust will not be counted. If Mr. and Mrs. E voluntarily exclude the child, the *hawk-i* eligibility determination will be based on a five-member family (Mr. E, Mrs. E, and the other three children) and only the income of those five people will be counted.

### **Waiting List**

**Legal reference:** 441 IAC 86.3(10)

When the Department has established that all of the funds appropriated for the *hawk-i* program are obligated, a waiting list shall go into effect as follows:

1. The third-party administrator shall deny all subsequent applications for *hawk-i* coverage unless Medicaid eligibility exists. The third-party administrator mails a notice of decision, which states either that:
  - ◆ The applicant meets the eligibility requirements but that no funds are available and that the applicant will be placed on a waiting list, or
  - ◆ The person does not meet eligibility requirements (in which case, the applicant is not put on a waiting list).
2. Before an applicant is denied or placed on the waiting list, the third-party administrator refers the application to the Medicaid program for an eligibility determination. If Medicaid eligibility exists, the Department approves the child for Medicaid coverage.

3. The third-party administrator enters applicants on the waiting list based on the date of a valid application or a referral on a canceled Medicaid case as date-stamped by the third-party administrator or based on the Medicaid application date on a referral on a denied Medicaid application.

In the event that more than one application is received on the same day, the third-party administrator enters applicants on the waiting list on the basis of the day of the month of the oldest child's birthday, the lowest number being first on the list.

Any subsequent ties are decided by the month of birth of the oldest child, January being month one and the lowest number.

4. If funds become available, the third-party administrator selects applicants from the waiting list based on the order in which their names appear on the list and notifies them of their selection.
5. After being notified of the availability of funding, the applicant has 15 working days to confirm their continued interest in applying for the program and to provide any information necessary to establish eligibility.
6. If the applicant does not confirm continued interest in applying for the program and does not provide any additional information necessary to establish eligibility within 15 working days, the third-party administrator deletes the applicant's name from the waiting list and contacts the next applicant on the waiting list.

## **Income**

**Legal reference:** 441 IAC 86.2(2)

This section contains income policies and income limits. Policies regarding verification of income are listed first, followed by income limits, and what income to count.

### **Verification of Income**

**Legal reference:** 441 IAC 86.2(2)"c"

Income shall be verified using the best information available. Use a "prudent person concept" in determining if the income verification submitted with an application is sufficient or not. See [Definitions: Prudent-person concept](#).

Eligibility for the *hawk-i* program exists when income anticipated to be received during the 12-month enrollment period is within established limits. Use actual income already received to project income for the enrollment period unless it is not representative of anticipated income.

Income used to determine a child ineligible for Medicaid shall be used in the *hawk-i* eligibility calculation when a referral is made to *hawk-i* from the Medicaid program.

Unearned income shall be verified through data matches when possible, or through award letters, copies of warrants, or other verification.

Self-employment income shall be verified using business records or income tax returns from previous years if they are representative of anticipated earnings.

Earnings from the 30 days before the date of application **may** be used to verify earned income, if it is representative of the income expected in the future. Pay stubs, tip records, tax records, and employer's statements are also acceptable forms of verification of earned income.

The period examined is the period before the date a **valid** application is received, not the period before the date a **complete** application is received. A valid application is one that contains at least a legible name, address, and signature.

1. A *hawk-i* application is received March 3 from Mr. and Mrs. A. The application form contains a name, address, and signature. However, some questions were left blank and income information was not sent with the application.

A request is sent to Mr. and Mrs. A asking them to complete the application and to send in their pay information. The completed application is received March 15. The 30-day period remains the 30 days before March 3.

2. A *hawk-i* application is received April 12 from Mrs. B. The application form contains a legible name and address, but is not signed. A request is sent to Mrs. B asking her to sign the application. The signed application is received April 23. The 30-day period is the 30 days before April 23.

When the household's income is stable, a single pay stub (weekly, bi-weekly, twice monthly, or monthly) may be used to verify income if:

- ◆ Other evidence supports that the pay stub provided is indicative of future income (e.g., information from previous enrollment period, Wage A screens).
- ◆ The applicant indicates that is a good indicator of future income. The applicant's statement does not need to be in writing.

It is not necessary for the single pay stub to have been received in the 30 days before the application date. No additional proof of income is needed unless the income is questionable. This procedure may be used for initial eligibility application and renewal. If applicable, clearly document:

- ◆ That the applicant's confirmation of predictable income is verbal.
- ◆ The reasons that verbal confirmation could not be obtained or relied upon if written confirmation of predictability is required.
- ◆ The reasons why you decided that a single pay stub could not be used to project future income (e.g., the pay stub furnished is too old, or the income statement is questionable).

When income fluctuates from pay period to pay period or is irregular (employee works varying hours in pay period, etc.), it is not appropriate to accept one pay stub to project future income. Document the use of non-consecutive pay stubs or some other type of verification.

### **Income From a Different Period**

The 30 days before the application date may not be the best information available. It may be necessary to use pay stubs or other acceptable verification from a longer period or from an earlier 30-day period.

Circumstances where the 30 days before the application may not be representative of future income include, but are not limited to, seasonal workers, receipt of unemployment insurance benefits (UIB), or persons with ending employment.

NOTE: Situations where pay stubs from a period other than the 30 days before the date of application are submitted will need to be evaluated on a case-by-case basis to determine if the pay stubs submitted are representative of future income.

When using income from a period other than the 30 days before the date of application, the reason shall be documented in the case file.

1. A *hawk-i* application is received February 23 from Mr. C. All questions are answered and Mr. C sends the following pay stubs with the application:

<u>Pay date</u>	<u>Gross Pay</u>
2-13	\$750.00
2-06	\$750.00
1-30	\$750.00
1-23	\$750.00

The 30-day period before the application date would include the pay date of 2-20 and that pay stub is missing. However, since Mr. C says on the application that this income is expected to continue for the next 12 months and, since the pay stubs submitted confirm weekly pay of \$750.00, these pay stubs can be accepted.

If they are accepted, no further income verification is requested. The counselor documents in the case file the reason pay stubs from a period other than the 30 days before the application date were used.

2. A *hawk-i* application is received April 5 from Ms. D. All questions are answered and Ms. D sends the following pay stubs with the application.

<u>Pay date</u>	<u>Gross Pay</u>
3-26	\$1,234.56
3-12	\$987.65
2-27	\$765.43
2-13	\$543.21
1-30	\$450.00
1-16	\$450.00
1-02	\$450.00

In Section 8 on the application, Ms. D writes, "The work in my office picks up during each quarter, so my income goes up. But, when the new quarter begins, I start back at my usual salary. This 'up and down' happens every quarter and will continue to happen for the next 12 months."

Since the income from the 30-day period before April 5 will not continue at the same rate for each of the next 12 months, it cannot be used. Instead, the best information available may be the income from the 90-day period before April 5 or a W-2 form from last year. The counselor documents in the case file the reason income from a period longer than the 30 days before the application date is used.

3. A *hawk-i* application is received July 13 from Mr. E. All questions are answered and Mr. E sends the following pay stubs with the application.

<u>Pay date</u>	<u>Gross Pay</u>
7-09	\$765.00
7-02	\$100.00
6-25	\$765.00
6-18	\$765.00

Mr. E explains on the application that the reduced pay for the July 2 pay stub was due to a temporary plant closing, and that the plant is not expected to close again so his income is expected to continue at its normal rate.

Since it seems clear from the pay stubs submitted that Mr. E's "normal rate" is \$765.00 per week, no further pay stubs are needed. The counselor documents in the case file the reason non-consecutive pay stubs were used.

4. Mr. and Mrs. F apply for *hawk-i* for their children. Mrs. F has regular earned income and Mr. F receives UIB. When annualizing family income, only the remaining balance of UIB will be counted.

### **Complete and Incomplete Income Verification**

Review pay stubs pin combination with the application and the family's circumstances to determine whether they provide sufficient verification. Pay stubs submitted that do not cover the 30-day period before the date of application and pay stubs that cover less than a 30-day period should not automatically be classified as incomplete. Also, pay stubs submitted that cover the 30-day period should not automatically be considered as complete verification.

1. A *hawk-i* application is received January 23 from Mr. and Mrs. F. All questions are answered. Mr. F is unemployed and Mrs. F sends the following weekly pay stubs from her job with the application.

<u>Pay date</u>	<u>Gross Pay</u>
01-07	\$810.00
12-31	\$943.00

Even though Mrs. F did not send all of her pay stubs from the 30-day period before the application date, annualized gross income can be determined from the year-to-date amount showing on the December 31 pay stub.



Since Mrs. F has stated that she has been continuously employed at the same place for the entire calendar year and that she expects her income to continue at the same rate for the next 12 months, the verification is considered complete. No additional pay stubs are needed.

The counselor documents in the case file the reason pay stubs from a period other than the 30 days before the application date were used.

2. A *hawk-i* application is received June 23 from Mr. and Mrs. G. All questions are answered. Mrs. G is unemployed and Mr. G sends the following weekly pay stubs with the application.

<u>Pay date</u>	<u>Gross Pay</u>
6-18	\$1,109.10
6-11	\$159.50
6-04	\$207.34
5-28	\$1,080.76

Mr. G states on the application that he expected his income to continue at the same rate for the next 12 months but does not explain the extreme fluctuation in his weekly amounts. There is no year-to-date information on the pay stubs.

It cannot be determined from the pay stubs submitted if Mr. G's pay fluctuates like this every month. The counselor contacts the G family before requesting additional pay stubs. The Gs explain that Mr. G was ill during the weeks with the low pay amounts and that he has little sick leave accrued.

Mr. G is now back to work, so the counselor explains that either the pay stubs dated May 14 and May 21 will be needed or that Mr. G could obtain a signed and dated statement from his employer. Mr. G chooses to submit the pay stubs.

Annualized gross income is determined using the pay stubs dated May 14, 21, 28, and June 18. The counselor documents in the case file the reason nonconsecutive pay stubs were used.

3. A *hawk-i* application is received May 27 from Ms. H. The application contains a name and address but is not signed. Ms. H states on the unsigned application that she is paid \$1,250 every two weeks and that she expects her income to continue at this rate for the next 12 months. Ms. H sends the following biweekly pay stubs with the unsigned application.

<u>Pay date</u>	<u>Gross Pay</u>
5-21	\$1,250.00
5-07	\$1,250.00

While the 30-day period will 30 days from when the signed application is received, **not** from May 27, it seems clear from the pay stubs and Ms. H's statements on the application that Ms. H's pay stubs do not vary.

The application is sent back to Ms. H for her signature. No further pay stubs are requested. The counselor documents in the case file the reason pay stubs from a period other than the 30 days before the application date were used.

4. Mr. and Mrs. J receive coverage under *hawk-i* for their children. The Js' annual renewal was received January 11. They sent in one pay stub for Mr. J's job. At their last annual renewal, the Js submitted four weekly pay stubs for Mr. J's job showing he was paid \$750 gross per week.

The pay stub submitted with this annual renewal shows \$750 weekly gross pay. Since this pay stub is consistent with those submitted last year, no addition pay stubs are requested. Countable family income will be determined using \$750 weekly gross income from Mr. J's job.

### **Income Limits**

**Legal reference:** 441 IAC 86.2(2)

For a child to have initial and ongoing eligibility for the program, countable income shall not exceed 300 percent of the federal poverty level for a family of the same size. When determining initial and ongoing eligibility, all earned and unearned income shall be countable unless specifically exempted. Countable income is always annualized.

<b><u>Family Size</u></b>	<b>Annual Income</b>		
	<b><u>133% of Poverty</u></b>	<b><u>150% of Poverty</u></b>	<b><u>300% of Poverty</u></b>
1	\$14,404	\$16,244	\$32,490
2	\$19,379	\$21,854	\$43,710
3	\$24,353	\$27,464	\$54,930
4	\$29,327	\$33,074	\$66,150
5	\$34,301	\$38,684	\$77,370
6	\$39,275	\$44,294	\$88,590
7	\$44,250	\$49,904	\$99,810
8	\$49,224	\$55,514	\$111,030
For each person over 8, add:	\$4,974	\$5,610	\$11,220

### **Income Considered**

**Legal reference:** 441 IAC 86.2(2)"a"(1) & (2)

Count the earned and unearned income of all parents, spouses, and children under the age of 19 who are not students and who are living together, unless the income is specifically exempted.

### **Earned Income**

**Legal reference:** 441 IAC 86.2(2)"a"(1)

Earned income is the income a person produces as a result of the performance of services. Earned income is income in the form of a salary, wages, tips, bonuses, and commissions earned as an employee or net profit from self-employment.

### **Earned Income From Employment**

"Earned income from employment" means total gross income.

### **Earned Income From Self-Employment**

"Earned income from self-employment" means the net profit determined by comparing gross income with the allowable costs of producing the income.

A person is considered "self-employed" when any of the following conditions exist:

- ◆ The person is not required to report to the office regularly except for specific purposes such as sales training meetings, administrative meetings, or evaluation sessions; or
- ◆ The person establishes the person's own working hours, territory, and methods of work; or
- ◆ The person files quarterly reports of earnings, withholding payments, and Federal Insurance Contribution Act (FICA) payments to the Internal Revenue Service.

The allowable costs of producing self-employment income are determined by the costs allowed for income tax purposes, including the cost of depreciation of capital assets identified for income tax purposes.

See [Self-Employment Income](#) for more information.

### **Earned Income Deduction**

Each person in the household whose nonexempt income earned as an employee or from self-employment is considered in determining *hawk-i* eligibility is entitled to a 20% earned income deduction before the determination whether a premium should be assessed and the amount of the premium.

The deduction is intended to include work-related expenses other than child care, such as taxes, transportation, meals, and uniforms.

### **Unearned Income**

**Legal reference:** 441 IAC 86.2(2)

Unearned income is any income in cash that is not gained by labor or service. The available unearned income shall be the amount remaining after the withholding of taxes (FICA and state and federal income taxes). Examples of unearned income include, but are not limited to:

- ◆ Veterans' benefits.
- ◆ Unemployment compensation.
- ◆ Child support and alimony payments received for a member of the family.
- ◆ Social security benefits (the amount of the entitlement before withholding of a Medicare premium).

When taxes (FICA and state and federal income taxes) are actually withheld from unearned income, the amount of income to count in the eligibility determination is the gross amount of unearned income **minus the taxes**. Evaluate any other deductions from unearned income on a case-by-case basis to determine if the deduction is an allowable deduction.

When no taxes are actually withheld from the unearned income, the amount to count in the eligibility determination is the gross amount, even if the unearned income is taxable and must be reported on state or federal tax returns.

## **Types of Income**

This section contains information about various types of income and how they are handled in the *hawk-i* eligibility determination process.

### **Adolescent Pregnancy Prevention Payments** 441 IAC 86.2(2)"b"(36)

Exempt income payment from state-funded-adolescent pregnancy prevention programs, such as the "Dollar-A-Day" program. These programs focus on preventing subsequent pregnancies for mothers who are 18 or younger by providing a monetary incentive.

The participants are required to attend weekly support meetings. As long as the mother attends the weekly sessions and does not become pregnant, she receives an incentive payment.

### **Adoption Subsidy** 441 IAC 86.2(2)"a"(2)

Count adoption subsidy payments as unearned income of the child for whom the subsidy is received. (Most children receiving adoption subsidies are eligible for Medicaid.)

If the adopted child is voluntarily excluded from the *hawk-i* family size, the subsidy is not counted in determining eligibility of other children in the family.

If the adopted child is included in the *hawk-i* family size, the subsidy is counted as unearned income in the eligibility determination. If the adopted child is not eligible for Medicaid and the family, including the adopted child, meets all *hawk-i* eligibility criteria, *hawk-i* eligibility can be granted to the child.

### **Alimony** 441 IAC 86.2(2)"a"(2)

Count alimony payments received by a parent as unearned income.

**AmeriCorps**  
Public Law 103-82, 441  
IAC 86.2(2)"b"(11)

The National and Community Service Trust Act of 1993 amends the National and Community Service Act of 1990 and establishes a Corporation for National Community Service. The Corporation administers national service programs including AmeriCorps.

AmeriCorps is designed to engage Americans in a year or two of national service in exchange for an educational award for each year of completed service. It includes three programs:

- ◆ AmeriCorps\*USA for participants 17 years and older
- ◆ AmeriCorps\*VISTA for participants 18 years and older
- ◆ AmeriCorps\*NCCC for participants 16 to 24 years of age

Payments to AmeriCorps participants may also include a living allowance and a child care allowance, if child care is needed to participate in the program.

Participants may be provided health insurance if they are not otherwise covered by health insurance. People with disabilities are provided reasonable accommodations, supplies, and services they need to participate.

The living allowance payments made to participants in the AmeriCorps VISTA program are exempt as income as long as the Director of ACTION determines they do not exceed the minimum wage. See [VISTA Payments](#) for more information.

Count payments made to participants in other AmeriCorps programs as follows:

- ◆ Treat the living allowance (stipend) as earned income. If the AmeriCorps participant is a child under age 19, treat the earnings as described in [Child's Earnings](#).
- ◆ Do not consider the child care allowance as income.
- ◆ Exempt the educational award as income.
- ◆ Exempt as income the health insurance and reasonable accommodations, supplies, and services made available for AmeriCorps participants who have disabilities.

**Blind Training Allowance**  
441 IAC 86.2"b"(31)

Exempt training allowance issued by the Department for the Blind to cover the cost of training, such as tuition, books, transportation, lodging away from home, and other related items.

**Blood Plasma**  
441 IAC 86.2"a"(1)

Count the sale of blood plasma as earned income. The plasma center is considered the employer.

**Cafeteria or Flexible Benefit Plans**  
441 IAC 86.2"a"(1)

Cafeteria or flexible benefit plans use either the employee's or employer's money to pay certain expenses, such as child care, medical care, health insurance, annual leave, or sick leave. (These benefits are not displayed in the same way on all pay stubs. The best source of information regarding them is the employer.)

Count the employee's gross wages, including any amount withheld for these plans, even if the employee loses any money left over at the end of the year.

Count as earned income any cash an employee receives of the employer's money because the employee did not use all of the money for benefits covered by the plan.

**Car Pool Payments**  
441 IAC 86.2"b"(32)

Exempt payments to *hawk-i* applicants or enrollees from a passenger in a car pool.

**Census Earnings**  
441 IAC 86.2"b"(45)

Exempt earnings of temporary employees from the U.S. Bureau of the Census. Also exempt reimbursements for travel expenses of these employees. See [Reimbursements](#) for more information.

**Child's Earnings**  
441 IAC 86.2"b"(35)

Count earnings of a child who is not a full-time student, subject to applicable earned income exemptions, deductions, or diversions. See [Student Earnings](#) for more information.

<b>Community Self-Sufficiency Grants</b> 441 IAC 86.2“b”(41)	Exempt assistance through a Community Self-Sufficiency Grant administered by PROMISE JOBS.  Assistance under this program is intended to help PROMISE JOBS participants with employment-related expenses and shorten their reliance on FIP. Assistance is issued directly to the vendor or provider of services and is exempt when determining <i>hawk-i</i> eligibility.
<b>Corporation Income</b> 441 IAC 86.2(2)“a”(1)	Count the income of a person who receives a salary from a corporation as earned income. The person is considered as an employee of the corporation. An owner or employee of a corporation is not a self-employed person.  All corporations are separate legal entities that are responsible for their debts and obligations. The income and resources of a corporation belong to the corporation. A closely held corporation is one that has only a few shareholders.
<b>Crime Victim Compensation</b> Public Law 103-322	Exempt payments received from a crime victim compensation program that is funded by the Crime Victim’s fund under Public Law 103-322.
<b>Disability Benefits</b> 441 IAC 86.2(2)“a”(1) and (2)	Count the amount of an employee’s disability benefits as unearned income when the payment comes from an insurance company.  Count an employee’s disability payments as earned income when the payment is paid out of the employer’s funds.
<b>Disaster and Emergency Assistance</b> 441 IAC 86.2“b”(22)	Exempt disaster and emergency assistance payments as provided under the Disaster Relief Act of 1974, as amended by Public Law 100-707, the Disaster Relief and Emergency Assistance Amendments of 1988. This exemption includes: <ul style="list-style-type: none"><li>◆ Payments provided by the Federal Emergency Management Agency (FEMA), including payments from the Individual and Family Grant Program.</li></ul>



- ◆ Disaster and emergency assistance under the 1988 Amendments to the Disaster Relief and Emergency Assistance Act of 1974, and comparable assistance provided by states, local governments, and disaster assistance organizations.

Exempt vendor payments made under Iowa's Emergency Assistance program. The source of the payments must be verified before exempting them.

**Dislocated Worker  
Project Payments**  
441 IAC 86.2(2)"a"(1),  
86.2"b"(35)

Count earnings received by a parent from the Dislocated Worker Project, under Title III of the Job Training Partnership Act (JTPA) and amended by Public Law 97-100 as earned income.

The policies under [Student Earnings](#) are applied when a full-time student under age 19 receives JTPA earnings.

**Diversion Programs**  
441 IAC 86.2"b"(41)

Exempt financial assistance from the diversion programs operated in certain areas of the state, including cash payments to the family.

The diversion programs provide immediate, short-term financial assistance or services to enable families to become or remain self-sufficient by removing barriers to obtaining or retaining employment. The programs are intended to:

- ◆ Help families to avoid the need for ongoing FIP assistance.
- ◆ Allow FIP participants to leave the program sooner.
- ◆ Help families leaving FIP stabilize their employment status and reduce the likelihood of returning to FIP.

Participation in the diversion programs is voluntary. The programs are designed to divert families only from cash assistance under FIP. They are not designed to divert families from other types of benefits, such as Medicaid, Food Assistance, or *hawk-i*.

However, cash assistance provided to a family from the program results in a period of ineligibility for FIP for the family. The local DHS office that provided the diversion cash assistance determines the period of ineligibility. But there is no period of ineligibility for Medicaid or *hawk-i*.

**Dividend Income**  
441 IAC 86.2“b”(9)

See [Interest Income](#).

**Domestic Volunteer Services Act**  
441 IAC 86.2“b”(12)

Exempt payments from programs under Titles II and III of the Domestic Volunteer Services Act made to volunteers for support services or reimbursement of out-of-pocket expenses. Programs under this act include:

- ◆ University Year for Action (UYA)
- ◆ Service Corps of Retired Executives (SCORE)
- ◆ Active Corps of Retired Executives (ACE)
- ◆ Foster Grandparents

**Earned Income Credit**  
441 IAC 86.2(2)“a”(1)  
and 86.2(2)“b”

Count an earned income credit (EIC) received as income on the person’s regular paychecks as earned income.

Exempt an EIC when received as part of a federal or state tax refund.

**Energy Assistance Support and Maintenance**  
441 IAC 86.2“b”(7)

Exempt energy assistance support and maintenance when the assistance is based on need and is furnished by a:

- ◆ Supplier of home heating gas or oil, whether in cash or in kind.
- ◆ Municipal utility providing home energy, whether in cash or in kind.
- ◆ Rate-of-return entity providing home energy, whether in cash or in kind. “Rate-of-return” means that revenues are primarily received from charges to the public for goods or services, and the charges are based on rates regulated by a state or federal governmental agency.
- ◆ Private nonprofit organization **if** the assistance is in kind.

“Support and maintenance” assistance is assistance designed to meet day-to-day living expenses. This includes home energy assistance to pay for heating or cooling a home.

“Based on need” means that assistance is issued to or on behalf of a person according to income limits at or below 150% of the federal poverty level.

There may be other assistance for home energy costs provided to *hawk-i* households. When other assistance meets the criteria above, that assistance is also exempt.

**Family Investment  
Program Assistance**  
441 IAC 86.2“b”(40)

Exempt any FIP cash assistance received by people in the *hawk-i* eligible group.

**Family Self-  
Sufficiency Grants**  
441 IAC 86.2“b”(41)

Exempt PROMISE JOBS payments through Family Self-Sufficiency Grants. These are intended to help PROMISE JOBS participants with employment-related expenses. Assistance is intended to enable recipients to overcome barriers to employment and become self-sufficient.

While the payments are not PROMISE JOBS expense allowance payments, they are considered in the same way. They are exempt as income, including when in the form of cash payments made directly to the family.

**Family Support  
Subsidy**  
441 IAC 86.2“b”(18)

Exempt payments made through the Iowa Family Support Subsidy Program to families with children who have special educational needs due to physical or mental disabilities. The purpose of the program is to reduce the need for out-of-home placements or to facilitate the return of the child from an out-of-home placement.

**Federal Payments**  
441 IAC 86.2“b”(21)

Exempt the following specialized types of federal payments:

- ◆ Payments received through the **Agent Orange Settlement Fund** or any other fund established because of the settlement in the In re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.).

- 441 IAC 86.2“b”(13)      ♦ Distributions by a Native Corporation established under the **Alaska Native Claims Settlement Act**, Public Law 92-203 when distributed to an Alaskan Native or a descendent of an Alaskan Native. The exemption applies to the following:
- Cash payments up to \$2,000 per year. Count any excess.
  - Stock (including stock issued or distributed by a Native Corporation as a dividend or distribution on stock).
  - A partnership interest.
  - Land or any interest in land (including land received by a Native Corporation as a dividend or distribution of stock).
  - An interest in a settlement trust.
- 441 IAC 86.2“b”(14)      ♦ **Experimental Housing Allowance Program** payments under annual contribution contracts entered into before January 1, 1975, under Section 23 of the U.S. Housing Act of 1936, as amended.
- 441 IAC 86.2“b”(23)      ♦ **Wartime Relocation of Civilians** payments made under Public Law 100-383 to certain United States citizens of Japanese ancestry (Section 105) and certain eligible Aleuts (Section 206):
- 441 IAC 86.2“b”(24)      ♦ **Radiation Exposure Compensation Act** payments made under Public Law 101-426. The program compensates people for injuries or deaths resulting from exposure to radiation from nuclear testing and uranium mining. After the affected person’s death, payments are made to the surviving spouse, children, or grandchildren.
- 441 IAC 86.2“b”(8)      ♦ **Relocation Assistance** payments received under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and the Federal-Aid Highway Act of 1968.

**Financial Assistance  
for Education or  
Training**  
441 IAC 86.2“b”(19)

Exempt all earned and unearned financial assistance received for education or training. Apply the exemption to educational assistance of an undergraduate or graduate student.

**Focus Group, Survey  
or Study Income**  
441 IAC 86.2(2)“b”(17)  
& (25)

Count payments received for participating in a focus group, survey, or study unless the payment is a reimbursement or a gift certificate. Whether the payment is considered earned or unearned income depends on how it is described by the entity providing it. Also see [Welfare Reform Evaluation Payments](#) for more information.

**Food Programs**  
441 IAC 86.2“b”(3-6)

Exempt the value of the following:

- ◆ Food Assistance.
- ◆ Commodities donated by the U.S. Department of Agriculture.
- ◆ Supplemental food assistance received under the Child Nutrition Act of 1966 and the special food service program for children under the National School Lunch Act (Public Laws 92-433 and 93-150).
- ◆ Benefits received under Title III-C, Nutrition Program for the Elderly, of the Older Americans Act of 1965, such as the Congregate Meals Program administered through the Iowa Department of Elder Affairs.

**Food Stamp  
Employment and  
Training Allowance**  
441 IAC 86.2“b”(19)

Exempt Food Stamp Employment and Training (FSET) component allowances.

**Foster Care  
Payments**  
441 IAC 86.2“b”(26)

Exempt foster care payments, including therapeutic foster care payments, made to a *hawk-i* family operating a licensed foster family home. “Therapeutic foster care” payments are higher payments made on behalf of special needs foster children.

<b>Gambling Winnings</b> 441 IAC 86.2(2)"a"(1)	Count recurring winnings from gambling (such as casino winnings) as unearned income. The winnings are not offset with any amount lost. (See <a href="#">Nonrecurring Lump-Sum Income</a> for treatment of one-time winnings, such as lottery winnings.)
<b>Home Produce for Personal Consumption</b> 441 IAC 86.2(2)"a"(1) and "b"(2)	Exempt the value of home-produced garden products, orchards, domestic animals, etc., which are eaten by the household. When home produce is raised for sale or exchange, it is considered a business operation and is treated as self-employment income.
<b>Housing Supplements</b> 441 IAC 86.2(2)"b"(27)	<p>Exempt housing supplements received as a result of an urban renewal or low-cost housing project from any governmental agency (federal, state or local).</p> <p>Housing supplement payments or subsidies may be issued to help meet the costs of both shelter and utilities. Those payments are exempt as income regardless of whether they are paid to a vendor or directly to the client. The most common housing supplement payments are issued by Low-Rent Housing or HUD.</p>
<b>Income of an Ineligible Child</b> 441 IAC 86.2(2)"b"(16)	Exempt all income of a child who the family chooses to not include in the determination of eligibility. See <a href="#">Voluntary Exclusion</a> for more information.
<b>Income Tax Refunds</b> 441 IAC 86.2(2)"b"(25)	Exempt income tax refunds since they are considered a nonrecurring lump sum, and are exempt as income.
<b>Indian Funds</b>  441 IAC 86.2(2)"b"(10)	<p>Two types of income received by Native Americans have been identified. They are handled as follows:</p> <p><b>Indian Tribe Judgment Funds</b> are exempt as income when they have been or will be distributed to each member or held in trust for members of any Indian tribe.</p>

441 IAC 86.2(2)"a"(2)

**Casino profits** distributed to members of the tribe are not "judgment funds" and, therefore do not meet the criteria for exemption. So, when Native American family members are receiving a share of casino profits, this income is countable as unearned income when determining *hawk-i* eligibility and when screening for Medicaid.

It may not be clear from the application whether the family is receiving judgment funds or casino profits. In either case, the type of income should be verified.

In order to determine if the income is exempt or countable, ask the family to obtain a statement from the tribe that explains the type of income and, for casino profits, the frequency of the payments.

If the family already has a letter from the tribe explaining the situation, ask the family for a copy to determine if the letter contains sufficient information. If the letter does not contain sufficient information, ask the family to obtain a statement from the tribe that contains the sufficient information.

NOTE: Casino profits are not distributed only to **adult** members of the tribe. Children may also receive them. Some tribes withhold a portion of the payment and place it in an inaccessible trust for the child, payable only when the child reaches a certain age. If so, count as unearned income only the amount actually received by the child. The amount withheld by the tribe is exempt as income.

**Individual  
Development  
Accounts**

441 IAC 86.2(2)"a"(1)  
and (2)

An IDA is an optional, interest-bearing account much like an Individual Retirement Account (IRA), but it is not a pension plan. IDAs are established and managed by the Department-approved organizations. IDAs are opened in financial institutions and are set up in an individual's name.

Any Iowan whose family income is below 200% of the federal poverty level and who lives in an area where there is an IDA project can open an IDA.

Count income deposited into an Individual Development Account (IDA) when determining *hawk-i* eligibility. The income is countable at the time it is received. The fact that the person may choose to deposit some or all of it in an IDA does not make the income exempt.

**In-Kind Earned  
Income**

441 IAC 86.2(2)"b"(17)

Exempt earnings in kind. "In-kind" earnings means:

- ◆ The person performs a service and, in exchange, receives something the client would normally have to pay for, and
- ◆ The person for whom the service is provided would normally have to pay for the service.

1. Mrs. T works in a restaurant and receives meals as part of her salary. Her paycheck stub lists the value of the meals as \$10 per week. Exempt the \$10 as earned income in kind.
2. Mr. K receives reduced rent in exchange for managing an apartment building. His apartment would normally rent for \$350, but Mr. K pays only \$200. Exempt the difference of \$150 as earned income in kind.

**In-Kind Unearned  
Income**

441 IAC 86.2(2)"b"(17)

Exempt unearned income in kind. Monies paid to a third party on the client's behalf are considered as unearned income in kind.

1. Ms. A's mother pays Ms. A's rent directly to Ms. A's landlord. This is unearned income in-kind and is not considered in determining eligibility for Ms. A.
2. Ms. B's mother, who does not live with Ms. B, gives Ms. B \$200 to use to pay her rent. Ms. B pays this money to her landlord. However, since this money passes through Ms. B's hands, count it as a gift when determining her eligibility.



**Interest Income**  
441 IAC 86.2(2)"b"(9)

Exempt the following types of interest and dividend income:

- ◆ Interest from savings.
- ◆ Interest on payments from property sold on contract.
- ◆ Interest payments from conservatorships and trusts.

1. Ms. A has a savings account that pays \$5 interest per month. This interest is exempt as income.
2. Ms. B receives \$400 each month from property sold on contract. Of the payment, \$250 is interest income. The remaining \$150 is payment on the principal. Both the principal and the interest part of the payment are exempt as income.

Any amount that is **identifiable** as interest or dividend income is exempt as income. Unless the interest portion is identified, the entire payment is counted as income. If the interest portion is not identified separately, but the client indicates that the payment includes interest, ask the client to provide necessary verification to exempt the interest portion.

**Job Corps**  
441 IAC 86.2(2)"a"(1) &  
(3)

Job Corps participants may work toward a GED or high school diploma, or be involved in postsecondary education or vocational pursuits.

Participants receive room and board, and a monthly salary. Part of the salary is received when it is earned, and part of it withheld until the participant completes or otherwise leaves the program after at least a six-month stay. Participants may also receive a bonus based on their performance in the program.

Count as earned income the ongoing part of the salary in the month in which the participant receives it.

Count both the lump-sum salary payout and the performance bonus as earned income in the month in which the payment is received. (See [Recurring Lump Sum Income](#) for details.)

Exempt as income the value of the room and board. Also exempt the clothing allowance, because it is a vendor payment. Job Corps makes the payment directly to the stores.

NOTE: Job Corps participants are considered full-time students, but may be in high school or post-secondary education. Accept the participant's word as to which it is. If the participant's statement is questionable, the participant must obtain verification from Job Corps.

Exempt as income only the earnings of participants 19 or younger who are in high school. See [Student Earnings](#) for more details.

**Loans**

441 IAC 86.2(2)"b"(20)

Exempt bona fide loans from any source, including undergraduate and graduate student loans when:

- ◆ The loan is from an institution or person engaged in the business of making loans, and
- ◆ There is a written agreement to repay the money within a specified time.

When the loan is from a person who is not normally engaged in the business of making loans, consider the loan legitimate or bona fide when it meets at least one of these criteria:

- ◆ There is a borrower's acknowledgment of obligation to repay (with or without interest). There must be an agreement between the person making the loan and the borrower that the money is a loan. This agreement may be oral or in writing.
- ◆ The borrower expresses intent to repay the loan when funds become available.
- ◆ There is a timetable and a plan for repaying the loan.

**Low Income Home Energy Assistance Payments (LIHEAP)**  
441 IAC 86.2(2)"b"(7)

Exempt energy assistance benefits paid to eligible households under the Low-Income Home Energy Assistance Act of 1981. This program is administered through the Department of Human Rights, Division of Community Action Agencies. It covers costs such as:

- ◆ Insulation
- ◆ Home energy assistance
- ◆ Emergency lodging because utilities have been shut off
- ◆ Winterizing old or substandard dwellings. (The cost of the materials and labor is not counted as income.)

**Nonrecurring Lump-Sum Income**  
441 IAC 86.2(2)"b"(1)

Exempt nonrecurring lump-sum income when determining countable family income. Nonrecurring lump-sum income is income that is not expected to be received more than once. Examples include, but are not limited to:

- ◆ Gifts
- ◆ Severance pay
- ◆ An inheritance
- ◆ A one-time bonus
- ◆ Lump sum lottery winnings
- ◆ Insurance or lawsuit settlements
- ◆ Refunds of security deposits on rental property or utilities
- ◆ State or federal tax refunds (including the EIC)
- ◆ Retroactive payments of benefits such as social security, veterans' benefits, workers' compensation, job insurance, and child support

**PROMISE JOBS Payments**  
441 IAC 86.2(2)"b"(30)

Exempt payments from the PROMISE JOBS program for childcare or transportation expenses that are incurred as a result of participating in PROMISE JOBS.

**Recurring Lump Sum Income**  
441 IAC 86.2(2)"a"(3)

Count earned and unearned lump-sum income that is received on a regular basis and prorate it over the time it is intended to cover. Examples of such payments are annual bonuses and lottery winnings that are paid out annually.

**Reimbursements**

441 IAC 86.2(2)"b"(25)

Exempt reimbursements from the employer for job-related expenses, including travel expenses, food, and uniform allowances.

Exempt as income third-party reimbursements when the payment is to pay or repay the client for an expense that was billed to the client, but owed by the third party. Exempt the payments whether the third-party is living in the home or out of the home.

Examples include reimbursement for long-distance calls made by a friend using the client's phone and payments on utilities by a person in a shared living arrangement.

Exempt as income payments received from other public and private assistance programs when the payments represent reimbursement for expenses incurred for participating in these programs. Reimbursable expenses may include rent reimbursement, travel, childcare, meals, and lodging.

The purpose of the program must be verified with the source of the payments before applying the exemption. The action taken must be documented in the case record.

**Representative Payee**

**Income**

441 IAC 86.2(2)"b"(44)

Exempt any income restricted by law or regulation that is paid to a representative payee living outside the home (other than a parent), unless the representative payee actually makes the income available to the client.

Social Security and other federal benefits are sometimes required by law or regulation to be paid to a representative payee (for example, when the beneficiary is a minor).

The representative payee is to use the funds in the best interest of the beneficiary. The payee may decide to save the money for future use or may make only a part of the funds available for the current needs of the eligible group.

When such income is paid to a representative payee who lives outside the home, only the amount actually made available to the applicant or enrollee is counted. A signed statement from both parties is obtained to verify the amount of income the payee makes available.

When the representative payee is a parent, count the total income, even if the parent is temporarily absent from the home. If the representative payee is living with the *hawk-i* family, count the total income when determining eligibility.

1. Ms. A is 15 and lives with her aunt. The aunt applies for *hawk-i* for Ms. A. The aunt receives a \$250 monthly Social Security payment for Ms. A. The aunt keeps \$150 each month in an emergency account in the aunt's name and gives Ms. A \$100.

Because Ms. A is living with her representative payee, consider the total \$250 Social Security per month as available to Ms. A.

2. Ms. B, who is 17 and lives alone, applies for *hawk-i* for herself. Ms. B's grandmother receives \$210 a month Social Security for Ms. B. The grandmother keeps \$100 each month in an account for Ms. B's college education and gives Ms. B \$110. The \$110 is countable income to Ms. B.

**Retirement Benefits**  
441 IAC 86.2(2)"a"(2)

Count retirement payments received on a monthly or more frequent basis as unearned income to determine eligibility.

Medicare premiums are withheld from Black Lung and Railroad Retirement benefits. However, Medicare premiums are not taken out of civil service pensions.

Retirement payments may be further reduced due to recovery of an overpayment. Only the actual income received (plus the Medicare premium, if applicable) is counted.

When the client receives an early lump-sum payment from a retirement fund, determine which portion of the payment represents the client's contribution plus accumulated interest, and which portion represents the employer's contribution.

Consider the employer's portion as exempt nonrecurring lump-sum income. See [Nonrecurring Lump-Sum Income](#) for more information.

When a person under age 55 leaves public employment covered by IPERS, the employer's contribution to the IPERS fund reverts to the employer when the employee requests an early withdrawal of the benefits.

**Retroactive  
Corrective  
Payments**  
441 IAC 86.2(2)"b"(28)

Exempt retroactive corrective payments.

**Retroactive SSI  
Payments**  
441 IAC 86.2(2)"b"(1)  
and (15)

Exempt as income a retroactive SSI payment whether or not the client is an SSI recipient when the lump sum is received. It is considered a nonrecurring lump sum.

**Social Security  
Income**  
441 IAC 86.2(2)"a"(2)

Count social security benefits as unearned income when determining eligibility. When a social security recipient is enrolled in Medicare Part B, the premium is deducted from the person's entitlement. Count the gross amount of the entitlement before a Medicare premium is withheld.

If the Department pays the Medicare premium ("buys in") because the person is Medicaid eligible, the person receives the full social security entitlement and a refund for the months the person paid the premium while receiving Medicaid. The refund is not counted as income.

Mr. Z's Social Security payment decreased when he enrolled in Medicare, Part B. However, the amount before the decrease is used to determine Medicaid and *hawk-i* eligibility while the buy-in procedure is in process.

When the buy-in takes place, Mr. Z's Social Security check increases, and he receives a refund for the number of months he was in the eligible group and paid his own premium. The refund is not considered as income, since the amount of his check before the decrease was used to determine Medicaid eligibility during the buy-in process.

If the Social Security Administration is recouping for a prior overpayment, only the amount the person actually receives (plus the Medicare premium, if applicable) is counted.

If the Social Security Administration is deducting an amount from disability payments for a child support arrearage, the gross payment is counted.

**Social Security  
Benefits Extended for  
Education**

441 IAC 86.2(2)"a"(2)

Count as unearned income extended Social Security benefits. The entire amount received is countable.

A person aged 18 can receive extended Social Security benefits based on disability or death of a parent if attending high school full time.

The benefits stop at the end of the fourth month after the month the person turns 19 or completes high school, whichever occurs first.

**Strike Benefits or  
Picket Pay**

441 IAC 86.2(2)"a"(1)  
and (2)

Count strike benefits as unearned income.

If a union on strike considers picket pay to be payment for work performed (such as walking the picket line), the income is counted as earned. If the union does not consider the picket pay to be payment for work performed, it is a strike benefit and is unearned.

**Student Earnings**  
441 IAC 86.2(2)"b"(35)

Exempt the earnings of a person aged 18 or younger who is a full-time student in high school or in an equivalent program. The school the child attends defines "full-time" student status. NOTE: A person who has completed high school and is a student in postsecondary education is not eligible for this exemption.

Employment does not alter a student's status. The person may be employed during school vacation periods. If the person qualified as a full-time student in the term preceding the vacation period, the earnings are exempt.

When a family indicates on the application or renewal form that a child who has earnings is a full-time student, the child's earnings are exempt for the entire enrollment period.

If the family reports during the enrollment period that the child is no longer a full-time student, document this the case file to clarify the child's status at the annual review. The child's earnings continue to be exempt for the remainder of the enrollment period.

When a family indicates on the application or renewal form that a child who has earnings is not a full-time student, the child's earnings are counted as earned income for the entire enrollment period.

If the family reports during the enrollment period that the child has become a full-time student, and the family currently pays a premium, a determination will be made to see if exempting the child's earnings would lower the family's countable income below 150%. If it would, the child's earnings will be exempt starting with the month following the report that the child has become a full-time student.

If exempting the child's earnings would not lower the family's countable income below 150%, the case file will be documented to clarify the child's status at the annual review. The child's earnings will continue to be counted for the remainder of the enrollment period.



<b>Taxes</b> 441 IAC 86.2(2)"a"(2)	<p>Exempt taxes (FICA, state, and federal income taxes) that are actually withheld from unearned income.</p> <p>The net amount of income after the taxes were withheld is counted. Some types of unearned income may be taxable but do not have taxes withheld. A deduction for this type of tax is not allowable.</p>
<b>Tip Income</b> 441 IAC 86.2(2)"a"(1)	<p>Count the amount of tips an applicant or enrollee anticipates receiving as earned income.</p> <p>When tips are reflected on the pay stubs, count the amount shown.</p> <p>When tips are not reflected on the pay stubs, ask the person to provide a signed and dated statement attesting to the amount of tips anticipated. Obtain a new statement at renewal even if the amount of tips anticipated to be received in the new enrollment period remains unchanged.</p>
<b>Trust Payments</b> 441 IAC 86.2(2)"a"(2)	<p>Count payments from trusts or conservatorships as unearned income.</p>
<b>Unemployment Insurance Benefits</b> 441 IAC 86.2(2)"a"(2)	<p>Count unemployment insurance benefits as unearned income. If unemployment benefits are reduced due to recoupment or because state or federal taxes are being withheld, the actual amount the person receives is counted.</p> <p>It cannot be assumed that benefits will continue for the entire enrollment period. Only the amount of remaining benefits payable during the enrollment period is counted.</p> <p>The screen print provided by the DHS IM unit will indicate when taxes are being withheld from unemployment insurance benefits. The INCTAX field shows if taxes are being withheld as follows:</p>

Code:	Meaning:	You should:
NO	No taxes are being withheld.	Use the amount shown in the BAL field.
IA	State taxes are being withheld.	Use the amount shown in the BAL field minus 5%.
FE	Federal taxes are being withheld.	Use the amount shown in the BAL field minus 10%.
FE/IA	Federal and state taxes are being withheld.	Use the amount shown in the BAL field minus 15%.

**Veterans' Benefits**  
 441 IAC 86.2(2)"a"(2)

Count veterans (VA) benefits as unearned income except for the following:

- ◆ Payments made under the aid and attendance program,
- ◆ The housebound allowance, or
- ◆ The amount attributable to unusual medical expenses.

When a person receives VA benefits, determine if the benefit includes any of these three types of payments. The person's award letter may provide clarification.

If the award letter does not address these payments and the person is unsure, ask the person to either provide clarification from the Department of Veterans Affairs or sign a release to allow contact with the Department.

When a person's VA benefit includes any of these three types of payments, only the portion of the VA benefit that represents the exempt payment is exempt. The remainder of the person's benefit is countable as unearned income.

If a VA benefit is reduced due to recoupment, count only the actual amount the client receives.

**Veterans' Benefits for Education or Training**  
 441 IAC 86.2(2)"b"(19)

Exempt as income the amount designated for the veteran's education. A person eligible for financial assistance under the GI Bill may also receive additional assistance for each dependent. To determine eligibility, count as unearned income the amount for the dependents who are included in the *hawk-i* eligible group.

**VISTA Payments**  
441 IAC 86.2(2)"b"(11)

Exempt Title I VISTA volunteer payments, as long as the Director of ACTION determines the value of all such payments is less than the federal or state minimum wage when dividing payment by the hours of service.

To date, the Director of ACTION has determined no VISTA payments to equal or exceed the minimum wage. The Department will issue notification when these payments are no longer exempt.

When notification is issued that VISTA payments exceed the minimum wage limit, the entire VISTA payment will be counted as unearned income. This is because people receiving VISTA payments are considered volunteers rather than employees.

**Vocational  
Rehabilitation  
Training Allowance**  
441 IAC 86.2(2)"b"(29)

Exempt training allowances issued by the Division of Vocational Rehabilitation Services of the Department of Education.

The vocational rehabilitation counselor establishes an allowance amount that meets the client's needs for items relating to the rehabilitation program, such as tuition, books, transportation, lodging away from home, and similar items.

**Wages**  
441 IAC 86.2(2)"a"(1)

Count all wages and salaries as earned income.

When an employer **holds** wages at the employee's request, the wages are counted as income in the month when the employer would normally pay the wages. However, when the employer holds wages as a general practice, the wages are counted as income in the month the household actually receives them.

Wage **advances** are counted as income only if the wage advance is anticipated to continue and is representative of future income.

**Welfare Reform  
Evaluation Payments**  
441 IAC 86.2(2)"b"(39)

Exempt any payments made to households with a *hawk-i* eligible child for participating in the Iowa welfare reform evaluation conducted by Mathematica Policy Research, Inc. Randomly selected people who agree to participate may be interviewed, participate in focus groups and complete surveys.

**Work Force  
Investment Project  
Incentive Allowance  
Payments**  
441 IAC 86.2(2)"b"(38)

Exempt incentive allowance payments received from the Work Force Investment Project, a state-funded program administered by the Department of Economic Development.

The purpose of the program is to provide support services to pregnant teens and teen parents. It serves people who are traditionally underrepresented in the labor force, and people who usually have great difficulty entering the labor force. Participants attend high school, GED classes, workshops, and training at program work experience sites.

When participants successfully achieve the objectives of their training program, they receive an incentive allowance. For example, a recipient can receive an incentive allowance for perfect attendance at school and program workshops during a 15-day period.

**Work Investment Act  
(WIA) Compensation  
in Lieu of Wages**  
441 IAC 86.2(2)"b"(33)

WIA programs (formerly known as JTPA) may provide compensation instead of wages for participating in tryout employment at a public or private work site. The amount of this compensation may vary from person to person. Exempt as income this income, when paid to a child. Count this income as unearned income when paid to an adult.

**Work Investment Act  
(WIA) Training  
Expenses**  
441 IAC 86.2(2)"b"34"

Exempt any training expenses included in a payment issued through WIA (formerly known as JTPA). WIA may help pay for expenses such as transportation, childcare, and meals, required for a person to participate in the training. Both adults and children may receive these payments.

**Worker's  
Compensation**  
441 IAC 86.2(2)"a"(2)

Count workers compensation payments as unearned income. See [Nonrecurring Lump-Sum Income](#) for information on retroactive payments.

## **Self-Employment Income**

**Legal reference:** 441 IAC 86.1(514I), 86.2(2)

### **Determination of Self-Employment**

Consider a person to be self-employed when that person:

- ◆ Is not required to report to the office regularly except for specific purposes, such as sales training meetings, administrative meetings, or evaluation sessions.
- ◆ Establishes the person's own working hours, territory, and methods of work.
- ◆ Files quarterly reports of earnings, withholding payments, and FICA payments to the Internal Revenue Service.

If it is difficult to identify whether a person is an employee or self-employed, ask the applicant to provide a written statement from the person or agency for whom that person works. If the person or agency considers the person to be self-employed, consider the income as self-employment income. You can also contact the IRS to determine if the IRS would consider the person to be self-employed or an employee.

Frequently a new employee is considered to be in an employee-employer relationship until that employee gains sufficient experience and knowledge of the company's mode of operation. The employee may then move to the status of a self-employed person.

A self-employed person may not file quarterly reports or an income tax return, but that does not change the person's self-employed status. For example, people who baby-sit in their own home are considered self-employed, even though they may not file any reports.

### **Determination of Net Profit**

"Net profit" means gross income minus allowable business expenses. Determine countable income (net profit) from self-employment using the best information available. Usually, the expenses allowed by the Internal Revenue Service (IRS) are allowed when determining net profit for *hawk-i*.

**Important:** When the self-employment enterprise claims an expense of “wages,” do not allow the expense if the wages are paid to a member of the family included in the *hawk-i* family size when determining eligibility. Instead, consider the wages paid to the member of the family as earned income for that person.

1. Mr. A owns a restaurant. He lists wages paid to his wife, Laura, and several other non-related employees as a business expense for income tax purposes.

When determining the net profit from Mr. A’s restaurant business for *hawk-i* eligibility for the A’s two children, the worker does not allow Laura’s wages as a business expense deduction. Instead, Laura’s wages are treated as earned income for the household and added to Mr. A’s net profit when comparing income to the limits for a four-member household.

2. The household includes Mr. and Mrs. S, their 20-year-old son, and 16-year-old twin daughters. Mr. S owns a towing service and lists wages paid to his 20-year-old son as a business expense.

Since the 20-year-old is not included in the household size when establishing *hawk-i* eligibility of the 16-year-old daughters, the wages are allowed as a business expense when determining the net profit of Mr. S’s self-employed business. The net profit and any other countable income of Mr. or Mrs. S and their two daughters is compared to the income limits for a four-member household when determining *hawk-i* eligibility.

Usually, the best information will be the most recent federal income tax return. However, when the applicant says that the most recent federal income tax return is not a good indicator of future income, determine the reason why the most recent federal income tax return is not a good indicator of future income.

If there has been a change in the costs or nature of the self-employment enterprise, work with the applicant to determine an estimated net profit.

If the net profit from the self-employment enterprise fluctuates from year to year, the net profit for the most recent two or three years can be averaged.

Do not offset the loss from a self-employment enterprise against either the net profit from another self-employment enterprise or against any other type of income. Use a net profit of zero in the *hawk-i* eligibility calculation for a self-employment enterprise that shows a loss.

## **Approval of *hawk-i* Coverage**

This section explains the procedures for approving *hawk-i* coverage once eligibility has been determined. The selection of a health plan is covered first, followed by participating health and dental plans, required services, effective date of coverage, enrollment, information provided to enrollees, and notice requirements.

### **Selection of a Health and Dental Plan**

**Legal reference:** 441 IAC 86.6, 86.7(1), 86.13(8), 86.3(12)

If the applicant lives in a county where there is more than one participating health and dental plan, the applicant must select a health and dental plan upon receiving notice of eligibility for the *hawk-i* program.

Send the family an information sheet that gives a brief description of the participating plans. This information sheet contains the phone numbers and e-mail addresses of the plans so the family can obtain more information.

You may provide participating health and dental plan information to families of eligible children by telephone or mail and, if necessary, offer unbiased assistance in the selection of plans.

The applicant may designate the plan choice verbally or in writing.

If the applicant fails to select a health or dental plan within ten working days of the written request to make a selection, select the plan and notify the family of the enrollment. Select the plan on a rotating basis to ensure an equitable distribution between participating plans.

If you assign a child to a health or dental plan, the family has 30 days to request enrollment into another participating plan. All changes are made prospectively and are effective on the first day of the month following the month of the request.

If the family has not requested a change of enrollment into another available plan within 30 days, the child will remain enrolled in the assigned plan for the remainder of the enrollment period.

Once enrolled in a plan, the child remains enrolled in the selected plan for a period of 12 months unless the child is disenrolled from the program. If a child is disenrolled from the plan and subsequently reapplies before the end of the original 12-month enrollment period, the child is enrolled in the plan from which the child was originally disenrolled unless the child moves from the service area.

The enrollee may change plans only at the time of the annual review unless the child moves to an area of the state in which the plan does not have a provider network established. In that case, the child shall be enrolled in a participating plan in the new location. The period of enrollment is the number of months remaining in the original certification period.

If a child traditionally travels to another county to receive medical care, the applicant may choose to participate in the plan available in the county in which the child receives medical care. When such a request is made, the Department will review the request and, if approved, notify the third-party administrator.

When there is no participating health plan in the applicant's county of residence, the application shall be held until a plan is available. The application shall be processed when a plan becomes available and coverage shall be effective the first day of the month the plan becomes available.

### **Participating Health Plans**

**Legal reference:** 441 IAC 86.15(514I)

There are two health plans participating in the *hawk-i* program, Wellmark Health Plan of Iowa (WHPI) and United Health Care. A map of Iowa counties identifying which plans serve each county can be found at [www.hawk-i.org](http://www.hawk-i.org).

### **Participating Dental Plans**

**Legal reference:** 441 IAC 86.15(514I)

There is one dental plan participating in the *hawk-i* program, Delta Dental of Iowa.



### **Required Services**

**Legal reference:** 441 IAC 86.14(1)

The participating health plan shall cover the following medically necessary services:

- ◆ Inpatient hospital services (including medical, surgical, intensive care unit, mental health, and substance abuse services).
- ◆ Physician services (including surgical and medical, and including office visits, newborn care, well-baby and well-child care, immunizations, urgent care, specialist care, allergy testing and treatment, mental health visits, and substance abuse visits).
- ◆ Outpatient hospital services (including emergency room, surgery, lab, and x-ray services and other services).
- ◆ Ambulance services.
- ◆ Physical therapy.
- ◆ Nursing care services (including skilled nursing facility services).
- ◆ Speech therapy.
- ◆ Durable medical equipment.
- ◆ Home health care.
- ◆ Hospice services.
- ◆ Prescription drugs.
- ◆ Dental services (including restorative and preventative services).
- ◆ Hearing services.
- ◆ Vision services (including corrective lenses).
- ◆ Abortion. Payment for abortion shall be made only when either:
  - The pregnancy was the result of an act of rape or incest; or
  - The physician certifies that the pregnant enrollee suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would place the enrollee in danger of death unless an abortion is performed.

Each participating health and dental plan may have requirements in order for services to be paid. These may include but are not limited to:

- ◆ Use of participating providers.
- ◆ Prior approval.
- ◆ Limits on the frequency or amount that can be paid.

### **Effective Date of Coverage**

**Legal reference:** 441 IAC 86.5

For children determined eligible for the *hawk-i* program from an initial *hawk-i* or Medicaid application, the effective date of coverage is the first day of the month following the month in which the application is filed, regardless of the day of the month the application is filed.

1. A valid *hawk-i* application is received June 30. The earliest date *hawk-i* coverage can begin is July 1.
2. A valid *hawk-i* application is received July 1. The earliest date *hawk-i* coverage can begin is August 1.

For children determined eligible for the *hawk-i* program from a referral from Medicaid, the effective date of coverage is:

- ◆ The first day of the month after Medicaid eligibility is lost, regardless of the date of the referral, in order to ensure that there is no break in coverage when Medicaid was canceled, or
- ◆ The first day of the month following the month of application when Medicaid was denied.

1. A *hawk-i* referral from Medicaid is received May 23. The Medicaid end date for the children is May 31. The earliest date *hawk-i* coverage can begin is June 1.
2. A *hawk-i* referral from Medicaid is received July 7. The Medicaid end date for the children is May 31. The earliest date *hawk-i* coverage can begin is June 1.
3. A *hawk-i* referral from Medicaid is received May 12. The Medicaid application date on the denial is March 29. The earliest date *hawk-i* can begin is April 1.

### **Enrollment**

**Legal reference:** 441 IAC 86.13(9)

Send a file of new *hawk-i* enrollees to the health and dental plans on a daily basis once the following occurs:

- ◆ The family makes its health and dental plan choices, or
- ◆ The family is randomly auto-enrolled in health and dental plans because the family failed to make a choice, or
- ◆ The family is automatically enrolled in a health and dental plan because only one health or dental plan covers the county where the family resides.

### **Information Provided to Enrollees by Participating Plans**

**Legal reference:** 441 IAC 86.15(6)"c"

The health and dental plans issue medical identification cards to the enrollees for use in securing covered services. The health plan also provides to each enrollee a current handbook that fully explains the services available, how and when to obtain them, and special factors applicable to the *hawk-i* enrollees.

The handbook includes covered services, network providers, exclusions, emergency services procedures, a 24-hour toll free number for certification of services, a daytime number to call for assistance, appeal procedures, enrollee rights and responsibilities, and definitions of terms.

### **Notice Requirements**

**Legal reference:** 441 IAC 86.11, Iowa Code 514I

Provide the applicant an adequate written notice of the decision regarding the applicant's eligibility for the *hawk-i* program. Notify the enrollee in writing of any decision that adversely affects the enrollee's eligibility or the amount of benefits.

The notice shall clearly explain the action being taken in regard to an application or an existing enrollment. Denial notices and cancellation notices shall clearly explain the appeal rights of the applicant or enrollee. All notices are available in English and Spanish.

## **Premiums and Copayments**

**Legal reference:** 441 IAC 86.8(514I)

This section contains information on the following:

- ◆ [Premiums](#)
- ◆ [Due date for initial premiums](#)
- ◆ [Due date for ongoing premiums](#)
- ◆ [Failure to pay](#)
- ◆ [Reinstatement](#)
- ◆ [Copayment](#)

### **Premiums**

**Legal reference:** 441 IAC 86.8(514I)

Participation in the program is contingent upon payment of a monthly premium when the countable income is equal to or greater than 150 percent of the federal poverty level for a family of the same size. The monthly premium is determined by applying the following formula:

$$\begin{array}{r} \text{Gross earned income} \\ - \quad 20\% \text{ earned income deduction} \\ + \quad \text{Unearned income} \\ \hline = \quad \text{Countable income used to determine premium} \end{array}$$

If the countable income is equal to or less than 200% of the federal poverty level, the premium will be \$10 per month per child with a \$20 monthly family cap.

If the countable income is equal to or greater than 201% of the federal poverty level, the premium will be \$20 per month per child with a \$40 monthly family cap.

No premium is assessed:

- ◆ When countable income is less than 150% of the federal poverty level for a family of the same size.
- ◆ For eligible Native American or Alaskan Native children regardless of family income.

The third-party administrator is responsible for:

- ◆ Calculating premiums,
- ◆ Issuing premium payment coupons or monthly billing statements to the family,
- ◆ Tracking the status of the premium payments, and
- ◆ Mailing a reminder notice to the family if the premium is not received by the due date.

Premiums may be submitted in the form of cash, personal checks, or money orders. All premium payments are deposited into an interest-bearing account maintained by the Department for periodic transmission of the funds and any accrued interest to the *hawk-i* trust fund in accordance with state accounting procedures.

### **Premiums on Initial Applications**

When an initial application is approved and the family will owe a premium, the first month for which a premium will be due is the third month following the month in which the approval letter is dated. An "initial application" is defined as any application that is not considered an annual renewal.

Notify the health and dental plan of the enrollment upon approval.

Mrs. T applies for *hawk-i* for her two children. The application is received on April 12. The children are not currently covered by *hawk-i*. Mrs. T's application is approved with a premium on May 2.

Coverage for the children begins May 1, the first day following the month in which the application was received. The first month for which Mrs. T will owe a premium is August. The premium will be due on July 10.

### **Premium Due Dates**

All premiums must be postmarked no later than the last day of the month before the month of coverage. Failure to pay the premium by the last day of the month before the month of coverage shall result in disenrollment.

Families may choose to pay premiums in advance (e.g., on a quarterly or semiannual basis) rather than a monthly basis. Any premium balance will be refunded to the family if the case is closed before all premiums paid in advance being used. Also, refund any premium submitted on a closed case to the family.

### **Failure to Pay**

Failure to pay a premium shall result in disenrollment from the health and dental plan and cancellation from the program unless the reinstatement provisions apply.

Once a child is disenrolled and canceled from the program due to nonpayment of premiums, the family must reapply for coverage unless they are eligible for a grace period.

### **Reinstatement**

A child may be reinstated once in a 12-month period when the family fails to pay a premium by the last day of the month before the month of coverage. The premium must be postmarked within the calendar month following the month of nonpayment and the premium must be paid in full before reinstatement.

1. The four children of Mr. and Mrs. B are enrolled in *hawk-i*. The Bs pay a monthly premium of \$20. The Bs' February premium, which is due January 10, is not postmarked by January 31. The children are disenrolled effective February 1.

However, the premium is received on February 5. Since the enrollment for the Bs' children has not previously been reinstated for a late premium during the current enrollment period, *hawk-i* coverage for the children is reinstated effective February 1.

2. Mrs. D's child is enrolled in *hawk-i*. Mrs. D pays a monthly premium of \$10. The May premium, which is due April 10, is not received by April 30. Mrs. D's child is disenrolled effective May 1.

However, the premium is received on June 2 showing a postmark of May 29. Since the premium payment is postmarked during the calendar month following the month of nonpayment, *hawk-i* coverage for Mrs. D's child can be reinstated. This action is not counted towards the one-time grace period.

### **Copayment**

A \$25 copayment is imposed for each emergency room visit if the child's medical condition does not meet the definition of emergency medical condition when family income is equal to or greater than 150 percent of the federal poverty level. The participating health and dental plan determines if the definition of emergency medical condition is met.

A copayment shall not be imposed when family income is less than 150% of the federal poverty level for a family of the same size or when the child is an eligible American Indian or Alaskan Native.

### **Case Maintenance**

#### **Reporting Changes**

**Legal reference:** 441 IAC 86.10, 86.13(12), 86.2(2)"d"

The *hawk-i* enrollee shall report any changes that may affect eligibility to the third-party administrator as soon as possible, but within ten working days, with day one being the date of the change.

Ensure that all changes reported by the enrollee are acted upon no later than ten working days from the date the change is reported.

#### **◆ Changes in Income**

Once initial eligibility is established, changes in income during the 12-month enrollment period do not affect the child's eligibility to participate in the *hawk-i* program.

If the family reports a **decrease** in income, determine if the change affects the premium obligation of the family. If the change is such that the family is no longer required to pay a premium, premiums will no longer be charged beginning with the month following the month of the report of the change. However, even if family income has decreased to below the Medicaid income limit, the children will not be moved to Medicaid until the next annual renewal.

◆ **Pregnancy**

When the pregnancy is reported, encourage the family to file an application for Medicaid for the pregnant child. However, the family is not required to apply for Medicaid and may choose to have the pregnant child remain covered under *hawk-i* until the next annual renewal. The unborn child is not counted in the *hawk-i* family size.

◆ **Entry to a Nonmedical Public Institution**

When a family reports a child has moved into a nonmedical public institution, such as a penal institution, cancel *hawk-i* coverage with a timely notice. See [Residents of Nonmedical Public Institutions](#) for more information.

◆ **Moving out of the State**

When a family reports a child covered under the *hawk-i* program has moved outside of Iowa, cancel *hawk-i* coverage with a timely notice.

◆ **Other Insurance Coverage**

Coverage by other health insurance may also become known through the state data match with health plans. Regardless of how the health insurance coverage is reported, cancel *hawk-i* coverage with a timely notice.

◆ **Employment With the State of Iowa**

When a family reports employment with the state of Iowa and it has been determined that the state will pay at least \$10 per month toward the cost of health insurance for the employee's dependents, cancel *hawk-i* coverage with a timely notice.

◆ **Adding a Child to an Existing Enrollment Period**

Do not require the family to complete a new application when they request that another child be added to the existing enrollment period. Collect from the family the necessary demographic information (such as name, date of birth, relationship of the child to all members of the family, and social security number, if the family chooses to provide it).

Do not request any new information regarding family income or any information about any income of the child being added. The countable family income for the current enrollment period was set at the time the current enrollment period was established. Changes in family income during the enrollment period are not taken into consideration until the next annual renewal. See [Changes in Income](#), for more information.



### **Failure to Report Changes**

**Legal reference:** 441 IAC 86.19(514I)

Any benefits paid during a period in which the child was ineligible due to unreported or untimely reported changes are subject to recoupment. See [Recovery](#) for more information.

### **Annual Reviews**

**Legal reference:** 441 IAC 86.4(2), 86.9, 86.13(11)

Eligibility for the *hawk-i* program is reviewed every 12 months. "Month one" is the first month in which coverage is provided. An application form is sent to the family on which the answers are preprinted, except for income. The preprinted information is the information provided by the family at the beginning of the current enrollment period and any reported changes.

The preprinted application form is sent to the family 60 days before the end of the current enrollment period. A postcard is sent to the family one week before the preprinted application to alert the family that the form is coming.

If a completed and signed renewal is not received, send a reminder letter 45 days before the end of the current enrollment. Additionally, make two attempts to contact the family by phone if the completed and signed renewal is not received 30 days before the end of the current enrollment.

The family is required to provide verification of income in order to project income for the next enrollment period. The family reviews the completed information for accuracy, fills in the income section of the form, and signs and dates the form attesting to its accuracy as part of the review process. The family may complete the paper renewal form or may complete their renewal online at [www.hawk-i.org](http://www.hawk-i.org).

### **Failure to Provide Information**

Do not enroll a child for a new enrollment period if the family fails to provide information and verification of income or otherwise fails to cooperate in the annual renewal process.

### **Change in Health and Dental Plan**

If more than one plan is available in the county in which the child resides at the time of the annual review of eligibility, the child may be enrolled in another plan. The plan choice may be designated verbally or in writing. Form 470-3574, *Selection of Plan*, may be used for this purpose.

The child remains enrolled in the current plan if the family does not notify the third-party administrator, either verbally or in writing, of a new plan choice by the end of the current 12-month enrollment period.

### **hawk-i Enrollee Appears Eligible for Medicaid**

At the time of the annual review, if it appears the child may be eligible for Medicaid with the exception of meeting a spenddown under the Medically Needy program, make a referral to the Department for a determination of Medicaid eligibility.

However, the child remains eligible for the *hawk-i* program pending the Medicaid eligibility determination unless the 12-month certification period expires first.

### **Disenrollment**

**Legal reference:** 441 IAC 86.7, Iowa Code 514I

A child may be disenrolled from the selected plan before the end of the 12-month enrollment period for any of the following reasons:

- ◆ [Child moves from the service area](#)
- ◆ [Child turns age 19](#)
- ◆ [Nonpayment of premiums](#)
- ◆ [Moving out of the state](#)
- ◆ [Eligible for Medicaid](#)
- ◆ [Enrolled in other health insurance coverage](#)
- ◆ [Admission to a nonmedical public institution](#)
- ◆ [Admission to an institution for mental disease](#)
- ◆ [Employment with the state of Iowa](#)

Notify the participating health and dental plan when an enrollee is disenrolled. Timely notice is required unless otherwise noted.

### **Child Moves From the Service Area**

Disenroll a child from the plan when the child moves to an area of the state in which the plan does not have a provider network established.

If a child is disenrolled, the child is enrolled in a participating plan in the new location. The period of enrollment is the number of months remaining in the original certification period.

### **Child Turns Age 19**

Disenroll a child from the plan and cancel *hawk-i* coverage as of the first day of the month following the month in which the child attained the age of 19. The approval notice explains that the enrollment period for the child turning age 19 only continues through the month of the 19<sup>th</sup> birthday. Timely notice is not required at the end of the enrollment period for the child turning age 19.

### **Nonpayment of Premiums**

Disenroll a child from the plan and cancel *hawk-i* coverage as of the first day of the month for which premiums are not paid.

### **Moving Out of the State**

Disenroll a child from the plan and cancel *hawk-i* coverage as of the first day of the month following the month in which the child relocated to another state. Do not disenroll a child when the child is temporarily absent from the state.

### **Eligible for Medicaid**

Disenroll a child from the plan and cancel *hawk-i* coverage as of the first day of the month following the month in which you are notified of Medicaid eligibility. If there are months during which the child is covered by both the Medicaid and *hawk-i* programs, the *hawk-i* program is the primary payer and Medicaid is the payer of last resort.

### **Enrolled in Other Health Insurance Coverage**

Disenroll a child from the plan and cancel *hawk-i* coverage as of the first day of the month following the month in which you are notified that the child has other health insurance coverage. If there are months during which the child is covered by both another insurance plan and the *hawk-i* program, the other insurance plan is the primary payer and *hawk-i* is the payer of last resort.

### **Admission to a Nonmedical Public Institution**

Disenroll a child from the plan and cancel *hawk-i* coverage as of the first day of the month following the month in which the child enters a nonmedical public institution unless the temporary absence provisions apply.

### **Admission to an Institution for Mental Disease**

Disenroll a child from the plan and cancel *hawk-i* coverage if the child is a patient in an institution for mental disease at the time of annual review.

### **Employment With the State of Iowa**

Disenroll a child from the plan and cancel *hawk-i* coverage as of the first day of the month in which the child's parent became eligible to participate in a health plan available to State of Iowa employees.

## **Recovery**

**Legal reference:** 441 IAC 86.19(514I)

The Department may recover from the enrollee or the enrollee's representative the amount of premiums incorrectly paid to a health and dental plan on behalf of the enrollee due to client error, minus any premium payments made by the enrollee.

"Client error" is defined as an intentional or negligent action attributed to the enrollee that results in incorrect payment of benefits, including premiums paid to a health and dental plan, because the enrollee or the enrollee's representative:

- ◆ Failed to timely report a change; or
- ◆ Failed to disclose information or gave a false or misleading statement, oral or written, regarding income or another eligibility factor.

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Premiums incorrectly paid to a health plan on behalf of an enrollee due to an administrative error are not subject to recovery from the enrollee. An “administrative error” is defined as an action attributed to the Department or to the *hawk-i* third-party administrator that results in incorrect payment of benefits, including premiums paid to a health and dental plan, due to one or more of the following circumstances:

- ◆ Misfiled or lost a form or document.
- ◆ An error in typing or copying.
- ◆ A computer input error.
- ◆ A mathematical error.
- ◆ Failure to determine eligibility correctly when all essential information was available to the *hawk-i* third-party administrator.
- ◆ Failure to request essential verification necessary to make an accurate eligibility determination.
- ◆ Failure to make timely revision in eligibility following a change in policy requiring application of the policy change as of a specific date.
- ◆ Failure to issue timely notice to cancel benefits, resulting in benefits continuing in error.
- ◆ Failure of the Department to provide correct information to the *hawk-i* third-party administrator regarding a child’s Medicaid eligibility.

Complete form 470-0464, *Overpayment Recovery Information Input*, when you determine that premiums have been incorrectly paid to a health and dental plan due to a client error, regardless of the amount. In addition, complete form 470-0465, *Overpayment Recovery Supplemental Information*, when the amount incorrectly paid to a health and dental plan due to client error exceeds \$1,000.00.

Send these completed forms along with documentation of the overpayment calculation and any written proof substantiating the client error to:

Iowa Medicaid Enterprise  
Bureau of Adult and Children’s Medical Programs  
ATTN: *hawk-i* Overpayments  
100 Army Post Rd.  
Des Moines, Iowa 50325

Please mark the envelope “DO NOT SCAN.”

The enrollee has the right to appeal a decision to recover an overpayment. See [Appeals](#) for more information.