

## The Issue

**The Children's Health Insurance Program (CHIP) was established 20 years ago to provide coverage for uninsured children living in low-income families that do not qualify for Medicaid coverage.** CHIP helped reduce the uninsured rate for children from a high of 14 percent in 1997 to today's low of 5 percent.<sup>1</sup> Today, 8.9 million children are enrolled in the program.<sup>2</sup>

CHIP is jointly financed by the federal and state governments. States receive an enhanced federal match under CHIP, including an additional 23 percentage point increase that was mandated as part of the Affordable Care Act (ACA). The program operates as a block grant with each state receiving capped federal funding through allotments. With regard to program and benefit design, states have considerable flexibility, and they may operate CHIP as an expansion of their Medicaid program, as a separate CHIP program or a combination of the two programs.

While CHIP is authorized to operate through fiscal year (FY) 2019, the program is funded through FY 2017 only; new legislative authority is required to continue funding for CHIP beyond September 2017.

## AHA Position

The AHA recommends that policymakers extend the funding for CHIP – without reducing funding for other health care programs – to ensure critical health coverage for vulnerable children.

## Why?

According to the Medicaid and CHIP Payment and Access Commission (MACPAC), failure to extend CHIP funding would likely result in more than 1 million children losing their health insurance coverage.<sup>3</sup> MACPAC also estimates that by the second quarter of FY 2018, more than half of states would exhaust all available federal CHIP funding (see table below).<sup>4</sup>

### Projected Exhaustion of Federal CHIP Funds in Fiscal Year 2018

Quarter Fiscal Year	# of States	States
1st Quarter (Oct. - Dec. 2017)	4	AZ, DC, MN, NC
2nd Quarter (Jan. - Mar. 2018)	27	AK, AR, CA, CO, CT, DE, FL, HI, ID, KS, KY, LA, MA, MS, MO, MT, NV, NY, OH, OR, PA, RI, SD, UT, VT, VA, WA
3rd Quarter (Apr. - Jun. 2018)	19	AL, GA, IL, IN, IA, ME, MI, MD, NE, NH, NJ, NM, ND, OK, SC, TN, TX, WV, WI
4th Quarter (Jul. - Sept. 2018)	1	WY

Note: CHIP is the State Children's Health Insurance Program. Source: MACPAC 2017 analysis using June 2017 Medicaid and HCIP Budget and Expenditure System Data from the Centers for Medicare & Medicaid Services, including quarterly projections provided by states in May 2017

## Key Facts

For states that operate separate CHIP programs, they can choose to close their program when federal funds run out. Currently, only two states, Connecticut and Washington, operate separate CHIP programs. For the remaining 48 states and the District of Columbia that operate their CHIP program as either an expansion of their Medicaid program or as a combination program, they are subject to an eligibility maintenance of effort (MOE) requirement that requires them to maintain their 2010 Medicaid and CHIP eligibility levels for children through FY 2019.

### The questions before Congress are whether to:

- Extend CHIP funding, for how long, and at what level (including whether to extend the ACA's enhanced funding of an additional 23 percent)?; and
- Continue the ACA MOE requirements?

1. *Kaiser Facts Sheet, June 2017, <http://files.kff.org/attachment/Fact-Sheet-Next-Steps-for-CHIP-What-is-at-Stake-for-Children>*
2. *Kaiser State Health Facts CHIP Enrollment, <http://www.kff.org/other/state-indicator/annual-chip-enrollment/?currentTimeframe=0&sortModel=%7B%22collid%22:%22Location%22,%22sort%22:%22asc%22%7D>*
3. *MACPAC, Future of CHIP, March 2017 Report To Congress, P. 10. [www.macpac.gov/wp-content/uploads/2017/03/The-Future-of-CHIP-and-Childrens-Coverage.pdf](http://www.macpac.gov/wp-content/uploads/2017/03/The-Future-of-CHIP-and-Childrens-Coverage.pdf)*
4. *MACPAC, July 2017, Issue Brief, Federal CHIP Funding: When Will States Exhaust Allotments? [https://www.macpac.gov/wp-content/uploads/2017/03/Federal-CHIP-Funding\\_When-Will-States-Exhaust-Allotments.pdf](https://www.macpac.gov/wp-content/uploads/2017/03/Federal-CHIP-Funding_When-Will-States-Exhaust-Allotments.pdf)*