Members-Only Webinar

Advocacy Update on Children’s Health Insurance Program (CHIP)

October 12, 2017
Agenda

• Background on CHIP
• Legislative Update
• Messaging
• Questions
Children’s Health Insurance Program

• Established in 1997; 8.9 million children currently enrolled

• Provides funding for uninsured children in low-income families that do not qualify for Medicaid

• Expansions of Medicaid & CHIP have helped reduce the children’s uninsured rate to a record low of 5%

• States receive an enhanced federal match
  o Includes a 23% increase mandated in ACA
  o Required to maintain eligibility levels (MOE) through 2019

• Program operates thru FY 2019 but funding expires 10/1/17
Income Eligibility Levels Vary By State

Figure 2
Income Eligibility Levels for Children in Medicaid/CHIP, January 2017

NOTE: Eligibility levels are based on 2017 federal poverty levels (FPLs) for a family of three. The FPL for a family of three in 2017 was $20,420. Thresholds include the standard five percentage point of the FPL disregard.
SOURCE: Based on results from a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2017.
CHIP Funding peaked in 2015
MACRA Extended it for Two Years While Slightly Lowering Levels

Children's Health Insurance Program (CHIP) funding, by fiscal year

Values in billions

CHIP Funding at State Level

MACPAC Predicts 3 States and DC Will Exhaust Funds by December

<table>
<thead>
<tr>
<th>Quarter of fiscal year</th>
<th>Number of states</th>
<th>States</th>
</tr>
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<tbody>
<tr>
<td>First quarter</td>
<td>4</td>
<td>Arizona, District of Columbia, Minnesota, and North Carolina</td>
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<tr>
<td>(October–December 2017)</td>
<td></td>
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<tr>
<td>Second quarter</td>
<td>27</td>
<td>Alaska, Arkansas, California, Colorado, Connecticut, Delaware, Florida,</td>
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<tr>
<td>(January–March 2018)</td>
<td></td>
<td>Hawaii, Idaho, Kansas, Kentucky, Louisiana, Massachusetts, Mississippi,</td>
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<td></td>
<td></td>
<td>Missouri, Montana, Nevada, New York, Ohio, Oregon, Pennsylvania, Rhode</td>
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<td></td>
<td></td>
<td>Island, South Dakota, Utah, Vermont, Virginia, and Washington</td>
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<tr>
<td>Third quarter</td>
<td>19</td>
<td>Alabama, Georgia, Illinois, Indiana, Iowa, Maine, Michigan, Maryland,</td>
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<tr>
<td>(April–June 2018)</td>
<td></td>
<td>Nebraska, New Hampshire, New Jersey, New Mexico, North Dakota, Oklahoma,</td>
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<tr>
<td>Fourth quarter</td>
<td>1</td>
<td>Wyoming</td>
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<td>(July–September 2018)</td>
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Note: CHIP is the State Children’s Health Insurance Program.
Source: MACPAC 2017 analysis using June 2017 Medicaid and CHIP Budget and Expenditure System data from the Centers for Medicare & Medicaid Services, including quarterly projections provided by states in May 2017.
CHIP Funding at State Level

Kaiser Family Foundation Survey: 11 States Will Exhaust Funding by December

Figure 1
Projected Dates of Exhaustion of Federal CHIP Funds

Source: Kaiser Family Foundation Survey of Medicaid Officials in 50 States and DC conducted by Health Management Associates, Summer 2017. Date of projected exhaustion of federal funds in West Virginia based on Kaiser Family Foundation and Georgetown Center for Children and Families interview with the state CHIP director. Projected date of exhaustion for OH was updated in October 2017 based on revised estimate from the state.
State Contingences

- Nearly all states and DC assumed continuation of federal CHIP funding at enhanced level
- Most states have not developed plans of action if Congress does not extend funding
- States that operate separate CHIP programs can close them if federal funds run out
- Other options are to freeze enrollment or limit coverage (such as for pregnant women)
- States must act soon if they are projected to run out of funding in the first quarter
Key Decisions for Congress:

• Whether to maintain current enhanced funding levels (i.e. 23% “bump”)
• How long to reauthorize funding
• Whether to continue MOE requirements
• Using CHIP bill to address other aspects of health care reform
• Offsets
Legislative Action on CHIP

• Though a bipartisan issue, CHIP funding was set aside for most of 2017 due to ACA repeal and replace efforts
• No legislative proposals released until mid-September
• Republicans and Democrats cannot agree on offsets
Senate Legislation

S. 1827: Keep Kids’ Insurance Dependable and Secure (KIDS) Act of 2017

• Bipartisan Legislation
  – Senate Finance Chairman Orrin Hatch (R-UT) and Ranking Member Ron Wyden (D-OR)

• Five year funding extension
  – Maintain federal matching rate at current statutory levels through FY 2019 (i.e. 23 percent “bump”)
  – change to 11.5 percent for FY 2020
  – return to a traditional CHIP matching rate for FY 2021 and 2022

• Caps income eligibility at 300% of federal poverty level starting in 2019

• Extends express lane eligibility

• Extends Childhood Obesity Demonstration Project & Pediatric Quality Measures Program

• Passed Senate Finance Committee on 10/4/17

• No offsets specified
**House Legislation**


- **Same approach as Senate bill**
- **BUT** decided to include offsets:
  - Lump sum payments counting toward income - “Lottery winners”
  - Increase premiums for high income Medicare beneficiaries
  - Third Party Medicaid Liability
- Other provisions included Medicaid funding for Puerto Rico and the Virgin Islands and a one year delay in the start of the Medicaid DSH cuts
- Passed House E&C Committee on 10/4/17
- Floor action week of October 23?
Failure to extend CHIP could result in coverage loses for millions of children and increased financial pressure on states that may lead to reductions in eligibility and benefits.

- Extend funding for as long as possible

- Efforts to support CHIP should not reduce funding for other health care programs
Questions

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