



CHIP Basics

Alliance for Health Reform Briefing



Medicaid CHIP Payment and Access Commission

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Who is MACPAC?

- Non-partisan legislative branch agency
- 17 commissioners appointed by GAO
- Required to submit March and June reports to Congress
- Public meetings in DC
- Publications and data at www.macpac.gov

Topics in MACPAC Statute

Sec. 1900 of the Social Security Act

- Payment (including factors affecting spending)
- Eligibility
- Enrollment and retention
- Benefits
- Quality of care
- Interaction with health system generally
- Interaction with Medicare
- Other access policies (enabling services, LTSS)

What is CHIP?

State Children's Health Insurance Program

- Enacted in 1997
- 8.1 million children ever enrolled in FY 2013 (compare to 72 million people covered by Medicaid)
- \$13 billion (\$9 billion federal and \$4 billion state) in FY 2014 (compare to >\$400 billion for Medicaid)
- Similar state-federal partnership design
- Can be operated as Medicaid expansion or separate program (or both)

How does CHIP differ from Medicaid?

From the perspective of the enrollee

- Not an entitlement to individuals: states can establish waiting periods, waiting lists
- Income eligibility is higher; upper limit ranges from 175% of federal poverty level (FPL) (North Dakota) to 405% FPL (New York)
- Modeled on private insurance with options for:
 - Monthly premiums
 - Benefits may be pegged to commercial benchmark
 - Branding

How does CHIP differ from Medicaid?

From the perspective of the state

- Funding is capped and allotments to states set in statute
- Matching rate is enhanced at 65–82% (compared to Medicaid's match of 50-74%)
- Choice of design (Medicaid expansion, separate CHIP)

Current CHIP debate

- Congress last considered CHIP as part of ACA
- Extended CHIP funding until FY 2015
- Created maintenance of effort requirement through FY 2019
- Increased CHIP matching rate by 23 percentage points for FY 2016 to FY 2019

Implications for States

- Although no CHIP allotments after FY 2015, states have 2 years to use funds so nearly all states expected to begin FY 2016 with some funding
- Increased matching rates means that states will spend funds faster
- When CHIP funds are exhausted:
 - Medicaid-expansion CHIP eligibility must continue through FY 2019 because of MOE—at regular Medicaid match (higher state cost)
 - Separate CHIP programs can be closed down

Implications for Children

- Kids with Medicaid expansion CHIP remain covered through FY 2019
- 3.7 million children will need new source of coverage (exchange or employer)
- 1.1 million projected to be uninsured due to high premium costs
- Kids that get covered elsewhere will experience much higher cost sharing and slimmer benefits (particularly dental)

Choices for Congress

- Extend CHIP funding (2 vs. 4 years)
- Change other aspects of how the program operates (eligibility, enrollment procedures, matching rates, incentives for states)
- Consider long-term vision for children's coverage



For more information, visit

www.macpac.gov



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