



MACPAC
Medicaid and CHIP Payment and Access Commission



The Future of CHIP and Federally Subsidized Children's Coverage

MACPAC Staff

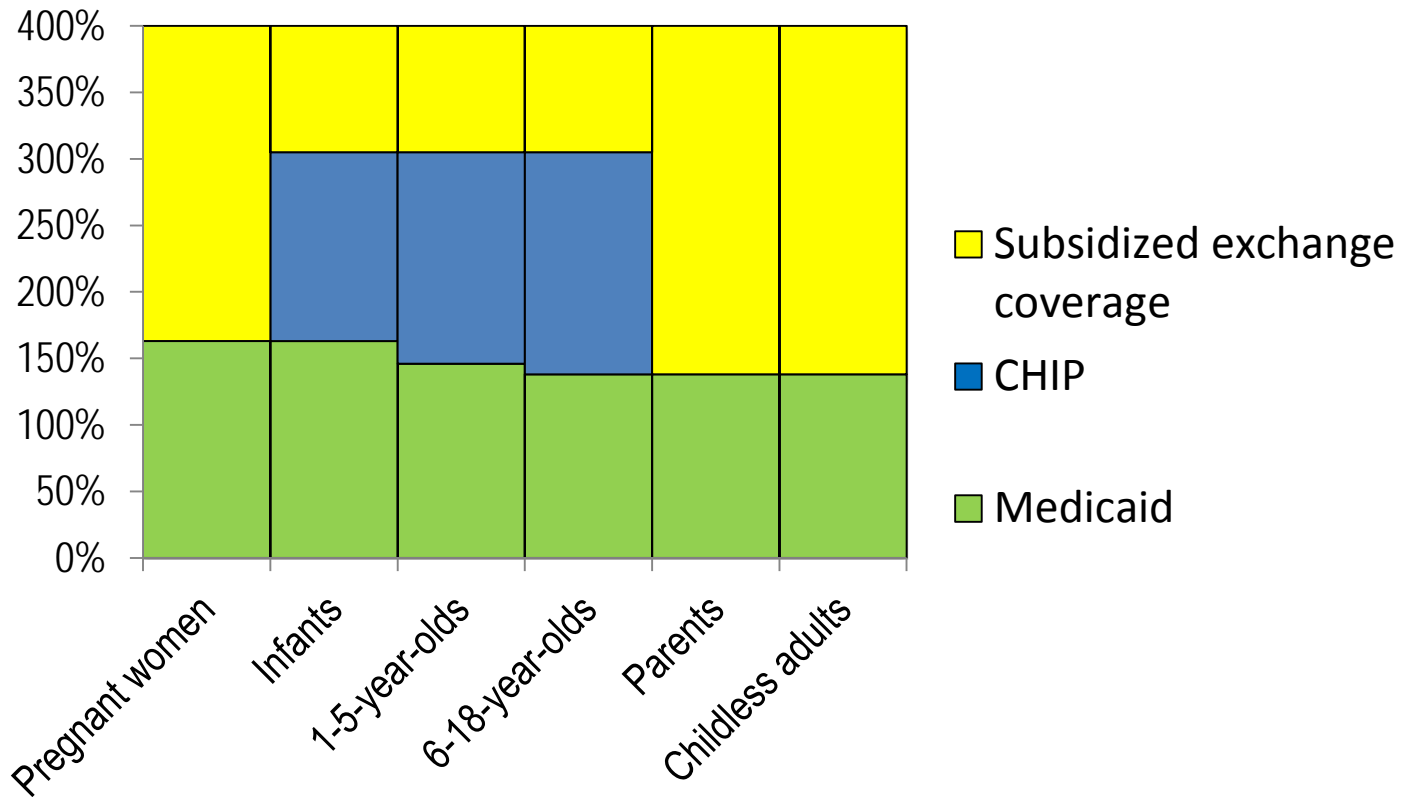
February 20, 2014

Presentations

- Eligibility (Chris Peterson)
- Benefits (Ben Finder)
- Affordability (Lindsay Hebert)
- Network adequacy (Veronica Daher)
- Federal financing (Chris Peterson)

Exchange Coverage Alters Context for Considering CHIP's Future

West Virginia Eligibility Levels, 2014



However, if CHIP ends, many children would not have access to other coverage.

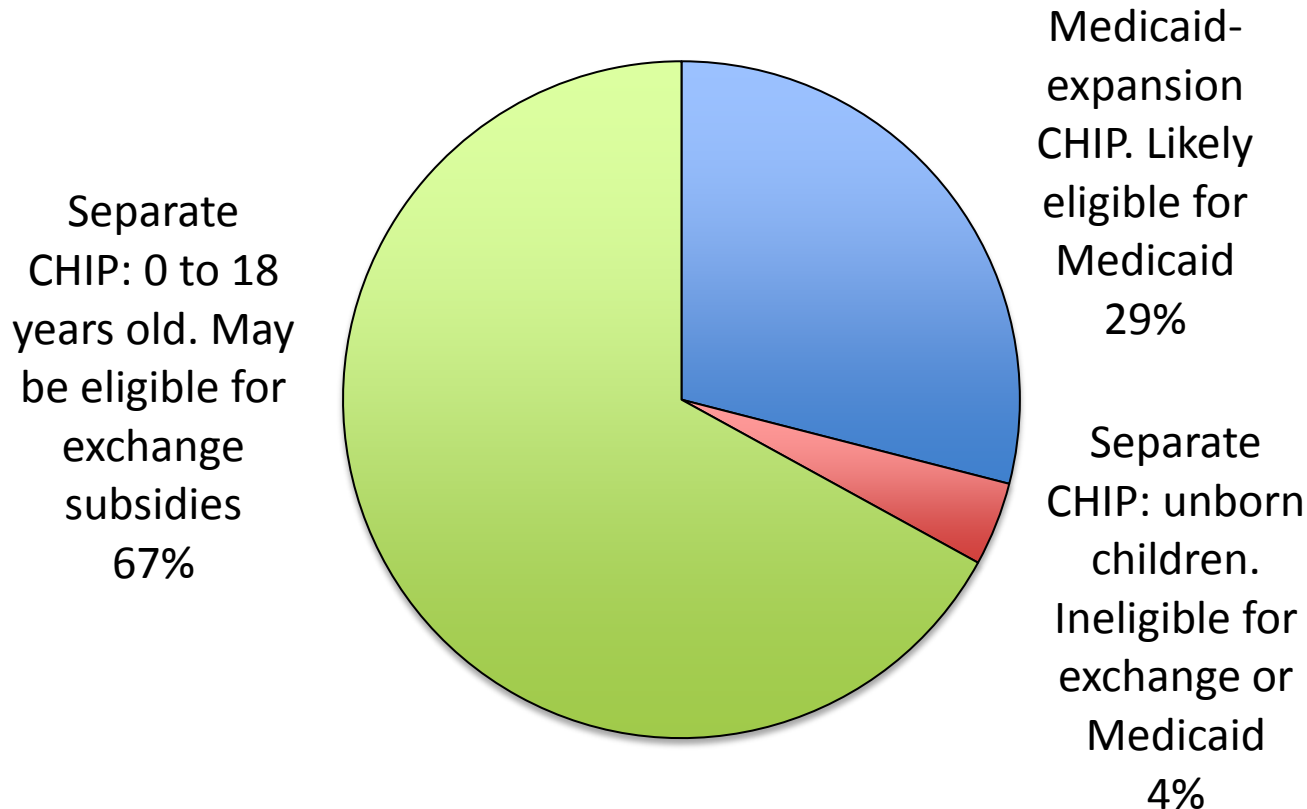
Eligibility in a Post-CHIP Landscape First Depends on the CHIP Program Type

The ACA's maintenance of effort (MOE) for children applies through FY 2019. After CHIP funding is exhausted:

- Medicaid-expansion CHIP (M-CHIP) programs subject to the MOE must continue Medicaid coverage of these children, albeit at lower Medicaid matching rate.
- Separate CHIP (S-CHIP) programs' only requirement is to transition enrollees to exchange plans that are certified by the HHS Secretary as "at least comparable" to CHIP in terms of benefits and cost sharing.

Eligibility in a Post-CHIP Landscape First Depends on the CHIP Program Type

CHIP Enrollment FY 2012



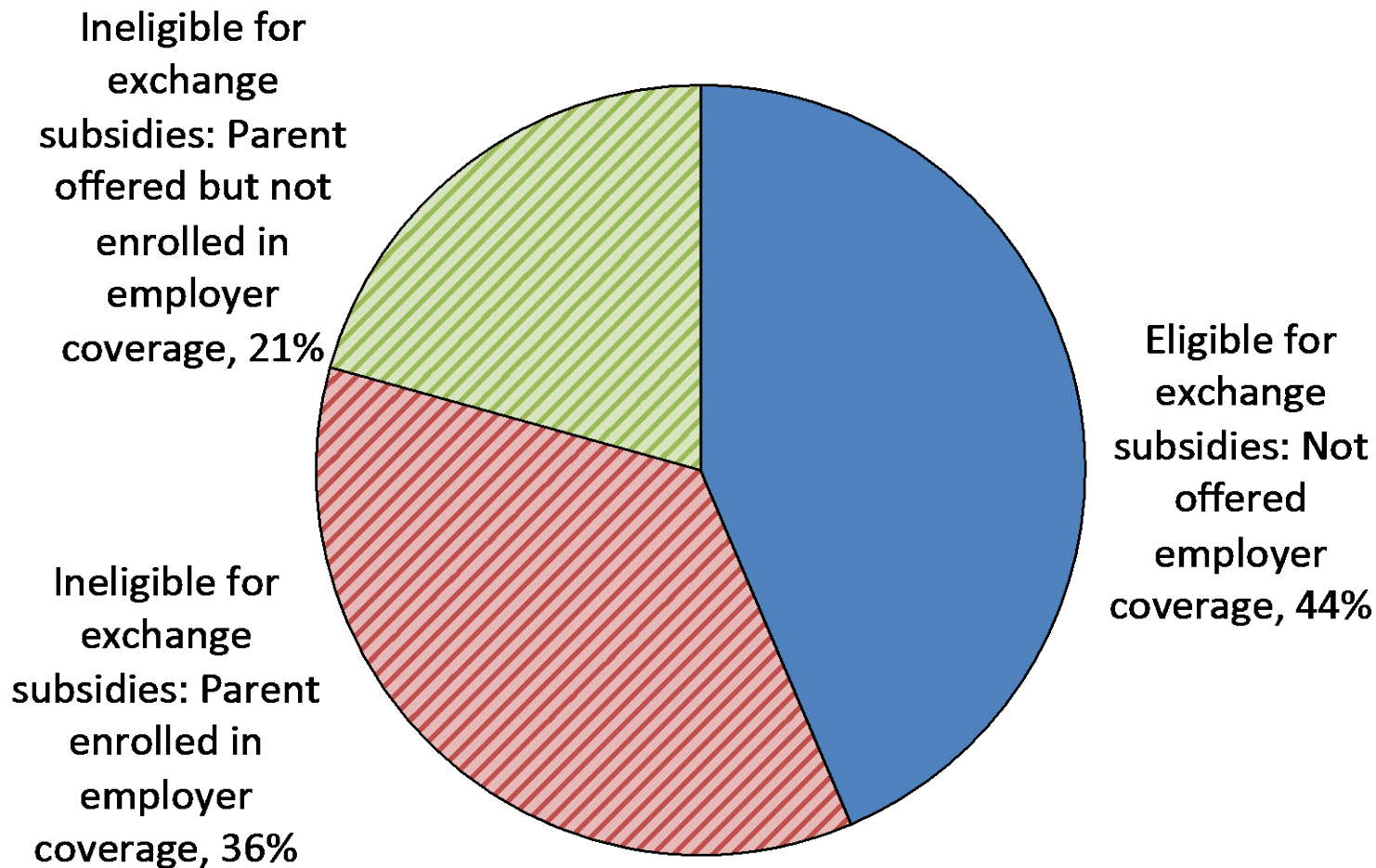
Source: MACPAC analysis of CHIP Statistical Enrollment Data System (SEDS) data

If CHIP Ended, Exchange Subsidies May Not Be Available as an Alternative

Many former separate CHIP children would be ineligible for exchange subsidies because they are eligible for a parents' employer-sponsored coverage:

- Some parents are currently enrolled in employer coverage, with children in CHIP.
- Other parents may be offered but not enrolled in employer coverage, with children in CHIP. Very few would be eligible for exchange subsidies because employer coverage is not “affordable.”

Projected Eligibility Among Separate CHIP Children If CHIP Funding Ended



Source: Preliminary analysis for MACPAC by the Agency for Healthcare Research and Quality of 2005-2010 Medical Expenditure Panel Survey (MEPS) data with simulated 2014 eligibility, among children not enrolled in employer-sponsored coverage or Medicare, assuming all employer-sponsored coverage is considered affordable and is offered to dependents.

Key Policy Questions: Eligibility

Do the gaps in the post-CHIP structure for children's coverage merit extending CHIP or altering the post-CHIP structure—or both?

- If CHIP ends, should children losing CHIP eligibility be eligible for subsidized exchange coverage, regardless of the availability of employer-sponsored coverage?
- Should there be a new Medicaid eligibility group for unborn children?

Benefit Design in Qualified Health Plans

Qualified health plans (QHPs) offered in health insurance exchanges must cover at least the ten essential health benefits (EHBs).

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services
- Prescription drugs
- Rehabilitative and habilitative services
- Laboratory services
- Preventive and wellness services
- Pediatric services (including oral and vision)

Defining the 10 Essential Health Benefits

- States define EHBs by selecting a benchmark plan.
 - A state can supplement if the selected benchmark is missing any EHBs.
- States have four options for supplementing habilitative benefits if the benchmark does not define them.
- States have two options for supplementing pediatric services if the benchmark does not define them.

Key Differences in Benefits Between CHIP and Exchange Benchmarks

- Most benefit categories were covered in both programs (GAO 2013).
- Coverage of outpatient habilitative therapies and pediatric hearing services was inconsistent across separate CHIP programs and exchange benchmarks.
- Separate CHIP programs generally include fewer benefit limits relative to exchange benchmark plans.

Key Policy Questions: Benefits

- Should benefits be similar across separate CHIP programs and QHPs?
- If the differences between CHIP and QHP benefits are considered significant, is this reason to maintain CHIP either in the short term or long term?
- Should policymakers consider alternatives, such as a requirement that child-only plans cover an enhanced pediatric benefit? Or amend the law to allow Medicaid to supplement subsidized exchange coverage?

Overview of Affordability Issues in Post-CHIP Landscape

Federal CHIP allotments will be exhausted after fiscal year 2015. When CHIP funding ends:

- Children in Medicaid-expansion CHIP programs will generally continue in Medicaid coverage.
- Children in separate CHIP programs may only enroll in subsidized exchange coverage if they are eligible and if the coverage is certified by the HHS Secretary as comparable to CHIP in terms of cost sharing (and benefits).

Actuarial Values (AVs) as a Measure of Cost Sharing

AVs measure the percentage of covered benefits paid for by an insurance plan for a standard population.

- The higher the AV, the lower the cost sharing required of enrollees on average.
- Two plans may have the same AV, even though one may have a higher deductible but lower copayments.

CCIIO's proposed 2015 AV calculator uses 2010 claims data from 54 million individuals enrolled in commercial insurance plans, and is used by exchange plans to determine their AVs.

Cost Sharing

Subsidized exchange plans do not appear comparable to separate CHIP plans in terms of cost sharing.

Table 1. Actuarial values (AVs) of five states' separate CHIP plans

	Colorado			Illinois			KS	NY	Utah		
% FPL	101-150%	151-200%	201-250%	134-150%	151-200%	201-300%	0-250%	0-400%	0-99%	100-150%	151-200%
AV	99.5%	98.1%	96.8%	99.2%	98.9%	98.4%	100%	100%	99.4%	98.2%	90.0%

Table 2. Prescribed AVs of exchange plans for individuals qualifying for cost-sharing reductions

% FPL	101-150%	151-200%	201-250%
AV	94%	87%	73%

CHIP Premiums

44 percent of CHIP-funded children (3.4 million) faced premiums in 33 states, including in some Medicaid-expansion states.

- In states that charge premiums, CHIP premiums are universal when eligibility is extended beyond 200 percent FPL.
- The amount of those premiums increases with family income.
- In states charging CHIP premiums, the combination (or stacking) of both CHIP and exchange premiums could be substantial for families.

Key Policy Questions: Affordability

If the Secretary finds that exchange plans are not comparable to CHIP plans because of higher cost sharing, what are the coverage options for children formerly eligible for separate CHIP?

Alternatively, if the Secretary defines comparability loosely so that children may enroll in subsidized exchange coverage, how would children's access to care be affected by the increased cost sharing?

CHIP Networks: Better for Children?

Assumption: CHIP networks are better than Medicaid and QHP networks.

- Limited evidence to support this assumption.
- Comparison of Medicaid, CHIP and QHP network adequacy provisions finds that they are similar.
- CHIP and Medicaid beneficiaries report good access to care; QHP networks are untested.

Medicaid Managed Care Network Adequacy Requirements

- Network of providers must be “sufficient in number, mix, and geographic distribution to meet the needs of the anticipated number of enrollees in the service area” (§1932(b)(5)(B) of the Social Security Act (the Act), 42 CFR 438.207).
- Medicaid managed care is required to cover services provided at federally qualified health centers and Rural Health Clinics (§1902(bb) of the Act).
- Children in Medicaid receive Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services.

CHIP Network Adequacy Requirements

Network adequacy requirements include:

- Covered services must be available within reasonable timeframes and MCOs must have adequate capacity to serve their enrollees with an appropriate range of services.
- An MCO must provide access to out-of-network providers when the network cannot provide adequate care for the enrollee's medical condition.
- Comparing CHIP to Medicaid, the same federal network adequacy requirements apply, and both provide access to out-of-network services, though the mechanism differs.

QHP Network Adequacy Requirements

- QHP provider networks must be sufficient “to permit access to care without unreasonable delay” and must also include sufficient essential community providers (ECPs) (45 CFR 156.230; 45 CFR 156.235).
- ECPs are defined as providers who serve low-income, medically underserved individuals (45 CFR 156.235).
- Oversight of network adequacy and ECP inclusion depends on type of exchange. Standards will be adjusted for 2015.

QHP Network Adequacy and Access Compared with CHIP

- Unlike CHIP, QHP network adequacy provisions do not specifically require access to out-of-network care if the network is not sufficient for the enrollee's condition.
- In contrast with QHPs, CHIP programs are not required to contract with ECPs, though many do.
- A fuller picture of QHP network adequacy for children will emerge in the coming months as enrollees begin to access care.

Overview of Federal CHIP Financing

States receive annual federal CHIP allotments.

- Federal matching rate in CHIP is enhanced relative to Medicaid.
- If states exhaust their federal CHIP allotments, other CHIP funds may be available.
- If these funds are not available or adequate, states with Medicaid-expansion programs can fall back to Medicaid funding.

The final CHIP allotment under current law will be provided October 1, 2014.

The ACA increases CHIP's matching rate by 23 percentage points for FY 2016–2019.

Timing of States' Exhaustion of Federal CHIP Funds

While no FY 2016 allotment will be available, states may spend leftover FY 2015 allotments.

- States will exhaust their federal CHIP funds at various points during FY 2016.
- CHIP contingency funds are not authorized for FY 2016.
- The ACA's 23-point increase to the CHIP matching rate will accelerate the exhaustion of CHIP funds.

Federal Funding for Children When CHIP Ends

- Because of the MOE, states with Medicaid-expansion programs on March 23, 2010, must maintain those enrollees' Medicaid coverage, albeit at the Medicaid matching rate.
- States with separate CHIP programs would no longer be required to provide coverage after federal CHIP funding ends, although they could choose to expand Medicaid.

Key Policy Questions

If CHIP is extended:

- For how long?
- Should the 23-point increase to the CHIP matching rate remain in effect for FY 2016–2019?
- Should maintenance of effort continue, or should states be able to reduce their CHIP eligibility levels?

If CHIP is not extended:

- Should funding for exchange coverage be increased to promote comparable benefits and cost sharing for all formerly CHIP-eligible children?
- Should states with Medicaid-expansion CHIP programs be required to continue enroll those children in Medicaid at the Medicaid matching rate?

Issue Areas

- Eligibility
- Benefits
- Affordability
- Network adequacy
- Financing