



MACPAC
Medicaid and CHIP Payment and Access Commission



Review of Draft Chapter for June Report: The Future of CHIP

MACPAC Staff

April 10, 2014

Overview

- Summarize draft chapter
 - History and impact of CHIP
 - CHIP: Who will be covered now and in the future
 - Affordability of CHIP compared to subsidized exchange coverage
 - Differences in covered benefits
 - Network adequacy
 - Federal CHIP financing issues
- Summarize potential recommendation

History and Impact of CHIP

- Enacted in the Balanced Budget Act of 1997
 - Greater flexibility and enhanced federal matching relative to Medicaid
 - Capped federal CHIP allotments through FY 2007
- CHIPRA provided federal CHIP allotments through FY 2013, and the ACA through FY 2015.
- Since CHIP's creation, the percentage of uninsured children has been cut in half
- CHIP encouraged enrollment of eligible but uninsured children

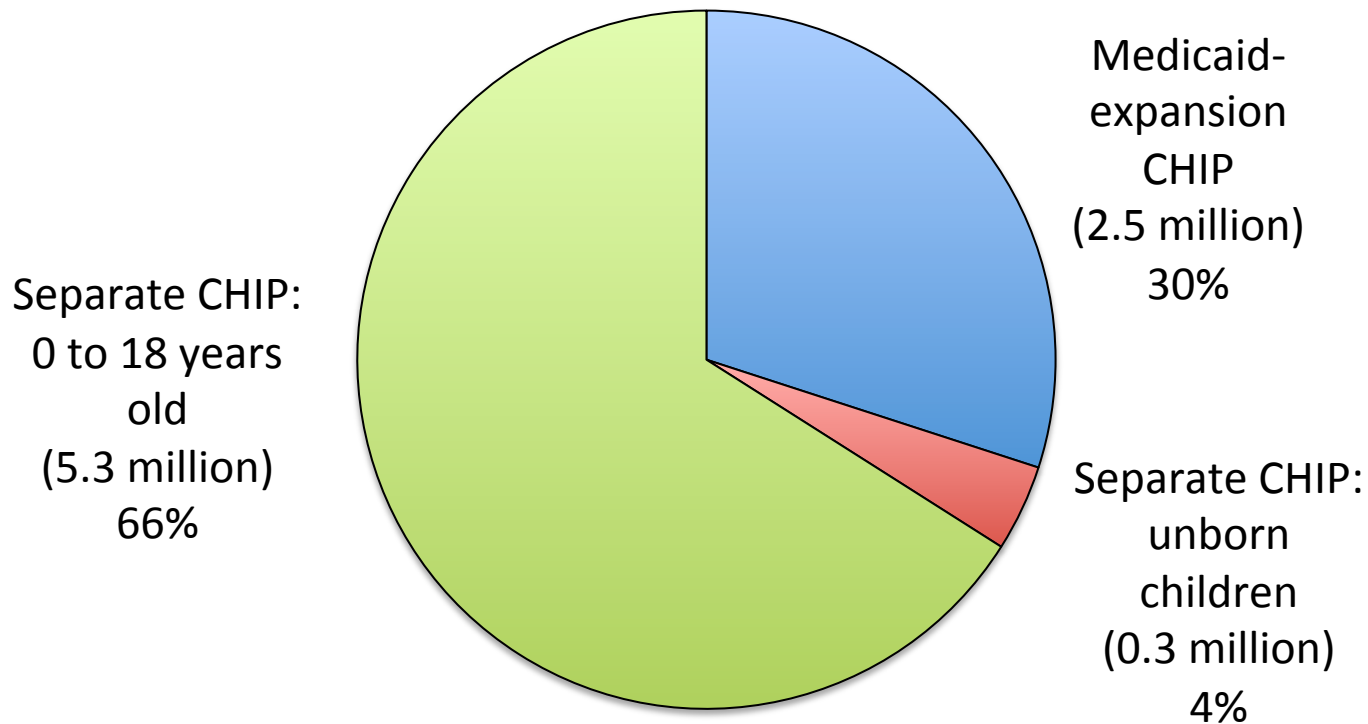
CHIP: Who Will Be Covered Now and in the Future

The ACA's maintenance of effort (MOE) for children applies through FY 2019. If CHIP funding is exhausted, as under current law:

- Medicaid-expansion CHIP programs subject to the MOE must continue Medicaid coverage of these children, at lower Medicaid matching rate
- Separate CHIP programs must transition enrollees to exchange plans that are comparable to CHIP, if available

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

CHIP Enrollment FY 2013 = 8.1 million children



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

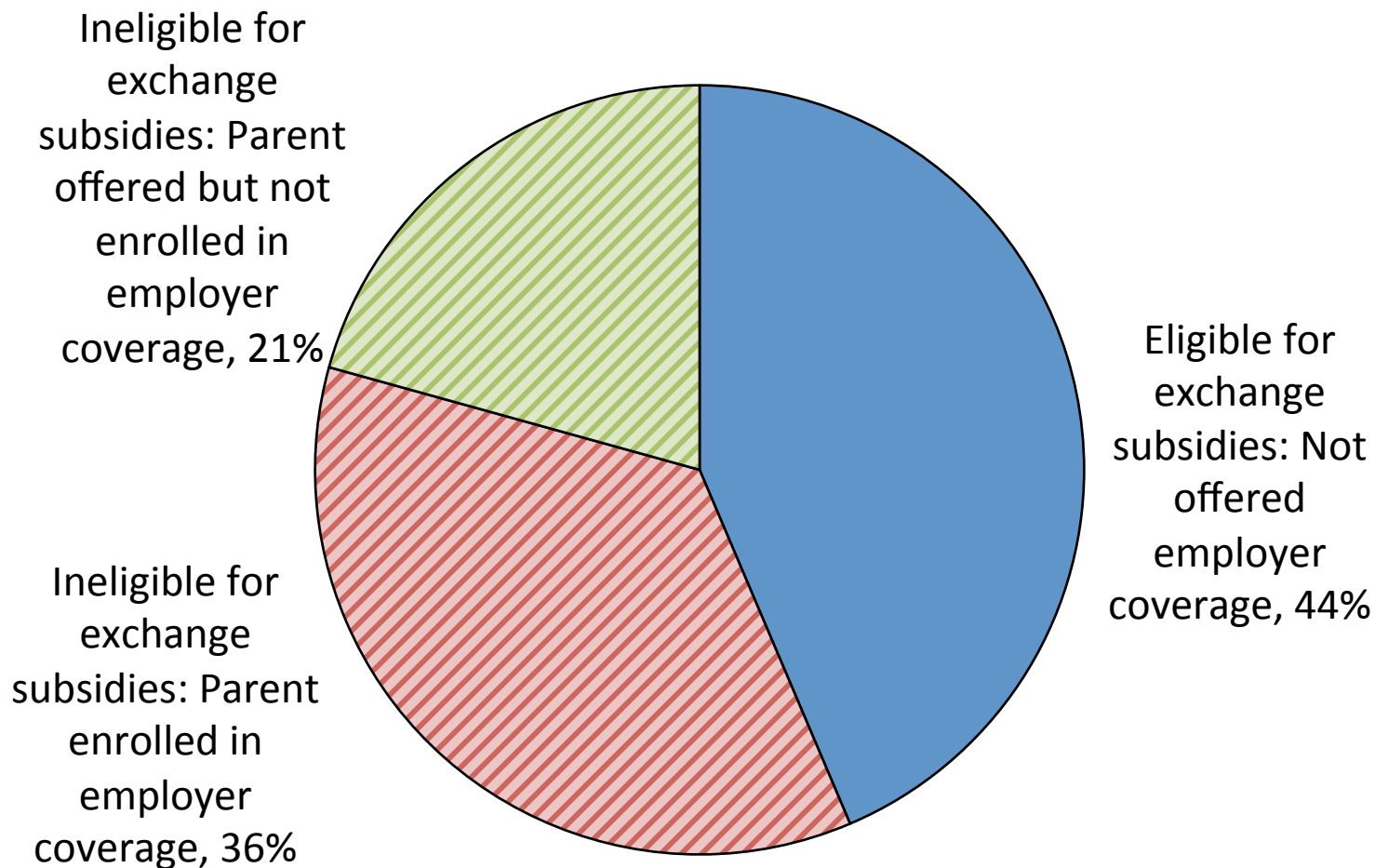
If CHIP Ended, Exchange Subsidies May Not Be Available as an Alternative

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

- Some parents are currently enrolled in employer coverage, with children in CHIP
- Other parents are offered but not enrolled in employer coverage, with children in CHIP

Two million more children could be uninsured

Projected Eligibility Among 5.3 Million 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.

Affordability of CHIP Compared to Subsidized Exchange Coverage

If CHIP funding runs out, separate CHIP programs are required to transition enrollees to exchange plans that have been certified by the HHS Secretary as “at least comparable” to CHIP in terms of benefits and cost sharing

- Estimated actuarial values (AVs) of 5 states’ separate programs
- Compared them to the prescribed AVs of exchange plans

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%

Differences in Covered Benefits

- Most benefit categories were covered in separate CHIP and EHB benchmark plans
- Separate CHIP programs generally include fewer benefit limits relative to EHB benchmark plans
- The approach to providing dental coverage is different in separate CHIP and exchange plans
- Now that exchanges are online, new information will become available with which to better assess these differences

Network Adequacy

- There is an assumption that CHIP networks are better for children than QHP networks, but limited information to support or refute it
- Comparison of Medicaid, CHIP, and QHP network adequacy standards finds they are similar, but QHP networks are untested
- Another issue to watch is how these standards are enforced and how state and plan compliance is monitored
- MACPAC will work to develop additional information to shed light on CHIP and QHP network adequacy

Federal CHIP Financing Issues

If Allotments Run Out

- Under current law, federal CHIP funds will run out shortly after FY 2015
- The ACA's 23-point increase to the CHIP matching rate for FY 2016 will accelerate the exhaustion of CHIP funds
- States with Medicaid-expansion programs on March 23, 2010, must maintain these enrollees' Medicaid coverage, resulting in higher state expenditures for these children
- States with separate CHIP programs would no longer be required to finance coverage

Key Issues for Children's Coverage If CHIP Funding Ends Shortly After FY 2015

- Uninsurance among children would increase significantly.
- Cost sharing for affected children's health care services would increase significantly for many families
- During the MOE, Medicaid-expansion states would be required to continue funding those children at Medicaid's lower matching rate, while separate CHIP programs would be relieved of any financial obligations
- Unclear whether or not exchange plans are ready to serve as an appropriate alternative
- CHIP funding should be temporarily extended while these issues are considered and addressed

Potential Recommendation

The Congress should extend federal CHIP allotments through FY 2019



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