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CONTACT: **Kathryn Ceja** • 202-350-2033kathryn.ceja@macpac.gov

MACPAC Examines New Links between CHIP and Medicaid and Private Coverage

March 2015 report finds CHIP offers broader coverage than private options; Medicaid premium assistance waivers may reduce uninsurance but deserve a closer look

March 13, 2015—The Medicaid and CHIP Payment and Access Commission (MACPAC) today released its *March 2015 Report to Congress on Medicaid and CHIP*, sharpening its focus on the intersection of Medicaid and the State Children’s Health Insurance Program (CHIP) with private health insurance options.

The March 2015 report—the first of two annual reports to Congress that MACPAC is required by statute to issue in March and June—examines the impact on children and states if CHIP funding is allowed to expire at the end of 2015. The Commission finds that as many as 1.1 million children would become uninsured without an extension of federal CHIP funding; the remainder could find coverage through an exchange or employer-sponsored plan, but with fewer pediatric benefits and higher out-of-pocket costs.

“An abrupt end to CHIP funding would place continued high-quality coverage for millions of low-income children in jeopardy,” said MACPAC Chair Diane Rowland, ScD. “A time-limited extension of CHIP funding would not only minimize coverage disruptions but also enable states and policymakers to plan more thoroughly for children’s transitions from CHIP to other sources of coverage that are affordable and appropriate for children’s health needs.”

CHIP provides health coverage to children in low- to moderate-income families and will run out of federal funds in 2016 if funding is not extended beyond fiscal year 2015. The March report follows up on MACPAC’s June 2014 recommendation to extend CHIP funding for two years to enable Congress to address potential gaps in coverage for families moving their children from CHIP to other forms of insurance.

The March report also examines premium assistance waivers currently approved in Arkansas and Iowa to expand Medicaid coverage to previously ineligible, low-income adults. Rather than a straight expansion of traditional Medicaid under the Patient Protection and Affordable Care Act, Arkansas and Iowa have been using premium assistance to purchase plans on the exchange through Section 1115 research and demonstration waivers. Other states have expressed interest in this approach, and MACPAC will continue to monitor these demonstrations. The report finds that while these approaches are reducing the number of uninsured adults, careful monitoring is needed to ensure that they provide appropriate services to enrollees and value to the taxpayer.

The March report also looks at several aspects of Medicaid payment, including how Medicaid coverage of Medicare cost sharing affects access to care, and an update on the now expired payment increase, which temporarily raised primary care providers' Medicaid fees for primary care services to Medicare levels. Some states are continuing to pay Medicaid primary care providers at higher rates, but it is still too early to assess the impact of the payment

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increase since most states have not evaluated its effect on provider participation and data required for federal evaluations are not yet available. In addition, a new payment framework for analyzing how Medicaid payment and delivery systems meet statutory principles of economy, quality, access, and efficiency that will shape MACPAC's analyses of payment issues is presented.

With the launch of a new and updated MACPAC website, the MACStats statistical supplement that provides comprehensive data on Medicaid and CHIP will no longer be published in each report to Congress, but will be posted on the Commission's website at <http://www.macpac.gov>. According to MACPAC Executive Director Anne L. Schwartz, PhD, "MACStats now will be updated on line. That way, anyone interested in Medicaid and CHIP policy will have the most recent data as soon as it's available and won't have to wait for the update in our March or June report."

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ABOUT MACPAC: *The Medicaid and CHIP Payment and Access Commission (MACPAC) is a non-partisan legislative branch agency that provides policy and data analysis and makes recommendations to Congress, the Secretary of the U.S. Department of Health and Human Services, and the states on a wide array of issues affecting Medicaid and the State Children's Health Insurance Program (CHIP). For more information, please visit: www.macpac.gov.*

