



**MACPAC**

Medicaid and CHIP Payment and Access Commission



# **Affordability of Exchange Coverage for Children Now Covered by CHIP**

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# Context for Affordability Analysis

MACPAC's affordability analysis of children's coverage includes:

- How the costs of premiums and cost sharing affect a family's willingness to sign up for coverage
- How these costs compare to CHIP
- How these costs relate to other expenses that low-income families face

Data on exchange plan costs are more readily available than data on employer-sponsored coverage

# CHIP and Exchange Premium and Cost Sharing Rules

- Most separate CHIP states charge premiums and cost sharing that varies by income
- Exchange premiums do not vary by the number of family members enrolled
- Exchange premium tax credits do not account for stand-alone dental coverage
- Exchange cost-sharing reductions increase actuarial value of silver exchange plans, but not to the current level of CHIP

# Effect on Families

MACPAC estimated the marginal costs for CHIP and exchange coverage for families with two children at 160 and 210 percent FPL, including:

- Family premium contribution (including dental)
- Average cost sharing
- Out-of-pocket cost-sharing maximums

A variety of family circumstances were assessed

# Effect on Families: Premiums

Children with parents enrolled in the exchange will have little or no change in premium costs

If the children's parents are not enrolled in an exchange, premium costs are 6 to 11 times higher than CHIP in the examples studied:

- 5.2 percent of family income at 160 percent FPL
- 7.2 percent of family income at 210 percent FPL

Most families will face additional costs for pediatric dental coverage

# Effect on Families: Cost Sharing

Average cost sharing for exchange coverage is 7 to 15 times higher than CHIP in the examples studied

Out-of-pocket cost-sharing maximums for exchange coverage also exceed CHIP:

- 6.6 percent of family income at 160 percent FPL
- 13.3 percent of family income at 210 percent FPL

# Effect on Families: Overall Cost of Children's Exchange Coverage

In the examples studied, the total average costs for children's exchange coverage are:

- More than twice that of CHIP, if parents are enrolled in an exchange
- More than seven times that of CHIP, if parents are not enrolled in an exchange

Total potential financial exposure could exceed:

- 11.8 percent of family income at 160 percent FPL
- 20.5 percent of family income at 210 percent FPL

Exchange coverage may still cost less than available employer-sponsored coverage

# Possible Approaches for Addressing Affordability

The chapter outlines approaches for addressing premiums, cost sharing, or both

Possible policy approaches to consider:

- Augmenting existing exchange subsidies
- Providing wrap-around coverage
- Other alternatives, such as expanding Medicaid