



Consideration of Criteria and Options for Children's Coverage



Medicaid and CHIP Payment and Access Commission
Joanne Jee and Chris Peterson

Overview

- Review criteria for assessing options
- Recap five options for children's coverage and what is known about the effects of the options
- Next steps

Criteria for assessing options

Criteria	Potential Effects and Considerations
Coverage	What are the effects on coverage?
Affordability	Is the cost of coverage for low- and moderate-income children affordable?
Adequacy of benefits	Are benefits sufficient to meet children's needs?
Impact on states and state flexibility	How much state flexibility is afforded and how much variation results?
Federal and state spending	How much does the option cost?
Simplicity	Does the option promote program simplicity?

Five options for children's coverage

Option 1. Maintain current law

- No new federal CHIP allotments after FY 2017
- States would exhaust federal CHIP funding during FY 2018, and CHIP program as it currently exists would end
 - Separate CHIP coverage ends for 4.2 million children, of whom 1.5 million projected to become uninsured
 - Medicaid-expansion CHIP maintained through at least FY 2019
 - Funded by Medicaid at lower Medicaid matching rate
 - Beginning October 2019, states could roll back children's Medicaid eligibility to 138% FPL (\$33,534 for a family of 4)

Option 1. Maintain current law

Criteria	Potential Effects and Considerations
Coverage	<ul style="list-style-type: none">• Varies by states' use of separate CHIP versus Medicaid-expansion CHIP• Increase nationally in uninsured children
Affordability	<ul style="list-style-type: none">• Out-of-pocket spending higher in subsidized exchange coverage and ESI, compared to CHIP
Adequacy of benefits	<ul style="list-style-type: none">• Most major medical benefits covered• Pediatric dental benefits, some others (e.g., hearing aids) more likely to be covered in CHIP
Impact on states and state flexibility	<ul style="list-style-type: none">• No more separate CHIP; possible transitions to other coverage• Medicaid-expansion CHIP must continue to FY 2020
Federal and state spending	<ul style="list-style-type: none">• Federal spending decreases relative to extending CHIP• State spending effects vary
Simplicity	<ul style="list-style-type: none">• One less coverage source• Families need to assess ESI and exchange options

Option 2. Extend CHIP

- Federal CHIP funding is extended
- CHIP continues in its current form
- Maintenance of effort and 23 percentage point increase in federal CHIP matching rate expire October 1, 2019

Option 2. Extend CHIP

Criteria	Potential Effects and Considerations
Coverage	<ul style="list-style-type: none">• CHIP funding continues for 8 million enrolled children
Affordability	<ul style="list-style-type: none">• Current CHIP rules continue
Adequacy of benefits	<ul style="list-style-type: none">• Current CHIP benefits continue
Impact on states and state flexibility	<ul style="list-style-type: none">• Current state flexibilities continue
Federal and state spending	<ul style="list-style-type: none">• Federal spending increases relative to current law• State spending effects vary
Simplicity	<ul style="list-style-type: none">• No disruptions from loss of CHIP funding• Cliffs between CHIP and other coverage continue

Option 3. Build on CHIP to bridge coverage sources

- Federal CHIP funding is extended
- New state option to use CHIP funding to bridge Medicaid and exchange coverage
- Design parameters to consider
 - Eligibility
 - Affordability standard
 - Alignment with premium assistance for employer-sponsored insurance
 - Maintenance of effort and matching rate

Option 3. Build on CHIP to bridge coverage sources

Criteria	Potential Effects and Considerations
Coverage	<ul style="list-style-type: none">• CHIP funding continues for 8 million children• Bridge: Dependent on eligibility levels
Affordability	<ul style="list-style-type: none">• Current CHIP rules continue• Bridge: Dependent on affordability standard
Adequacy of benefits	<ul style="list-style-type: none">• Current CHIP benefits continue• Bridge: Dependent on benefit standard
Impact on states and state flexibility	<ul style="list-style-type: none">• Current state flexibilities continue, plus additional flexibilities (and requirements) under bridge option
Federal and state spending	<ul style="list-style-type: none">• Federal spending increases relative to current law• State spending effects vary
Simplicity	<ul style="list-style-type: none">• No disruptions from loss of CHIP funding• Bridge: Possible confusion or complexities for families and states

Option 4. Enhance exchange coverage

- CHIP funding expires after FY 2017
- Exchange coverage enhanced to improve coverage, affordability, and adequacy of benefits
- Design parameters to consider
 - Addressing family glitch
 - Altering exchange premiums and cost sharing

Option 4. Enhance exchange coverage

Criteria	Potential Effects and Considerations
Coverage	<ul style="list-style-type: none">• Varies based on design, but likely increase in uninsurance nationally compared to extending CHIP
Affordability	<ul style="list-style-type: none">• Varies based on design
Adequacy of benefits	<ul style="list-style-type: none">• Most major medical benefits currently covered• Enhancements may be necessary for pediatric dental benefits, others
Impact on states and state flexibility	<ul style="list-style-type: none">• No more separate CHIP; possible transitions to other coverage
Federal and state spending	<ul style="list-style-type: none">• Federal: Increases with expanded eligibility for and enhancements to exchange subsidies• State: Likely similar to current law
Simplicity	<ul style="list-style-type: none">• One less coverage source• Families need to assess ESI and exchange options

Option 5. Expand mandatory Medicaid

- CHIP funding expires after FY 2017
- Mandatory Medicaid for children expanded to an income level higher than under current law
- Design consideration
 - Federal matching rates for new mandatory Medicaid expansion and existing Medicaid-expansion CHIP

Option 5. Expand mandatory Medicaid

Criteria	Potential Effects and Considerations
Coverage	<ul style="list-style-type: none">• Varies based on design, but likely increase in uninsurance nationally compared to extending CHIP
Affordability	<ul style="list-style-type: none">• For children newly eligible for Medicaid, lower out-of-pocket spending overall• For other children losing CHIP, similar to current law
Adequacy of benefits	<ul style="list-style-type: none">• For newly eligible, Medicaid benefits covered• For other children losing CHIP, most major medical benefits covered in exchange and ESI plans
Impact on states and state flexibility	<ul style="list-style-type: none">• No more separate CHIP; possible transitions to other coverage• Less state flexibility on benefits and cost sharing
Federal and state spending	<ul style="list-style-type: none">• Depends on federal matching rates
Simplicity	<ul style="list-style-type: none">• One less coverage source• Families not eligible for Medicaid need to assess ESI and exchange options

Next steps

- Further discussion of narrowed set of option(s) at May meeting
- Recommendation(s), including rationale based on criteria, by December 2016



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