



Future of CHIP and Children's Coverage

Discussion of Draft Recommendations



Medicaid and CHIP Payment and Access Commission

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Agenda

- Context for MACPAC's deliberations on the future of CHIP and children's coverage
- Overview of key Commission analyses and findings
- Review draft recommendations package on the future of CHIP and children's coverage
- Commission vote

Context for MACPAC's deliberation on the future of CHIP

- Bipartisan support for CHIP since its enactment in 1997
- CHIP is a relatively small program
- MACPAC's vision is for a seamless system of children's coverage across sources
 - Coverage must be affordable and comprehensive
 - State flexibility should be maintained
- Health insurance markets are likely to face substantial changes in the coming years

Key Commission Analyses and Findings

- CHIP has reduced uninsurance among low- and moderate-income children
 - Uninsurance rates among CHIP-eligible children fell from 22.8 percent in 1997 to 6.7 percent in 2015
 - In FY 2015, 8.4 million children were enrolled, 89 percent had family income at or below 200 percent FPL
- In the absence of CHIP, MACPAC projected that 1.1 million children would become uninsured (in 2016)

Key Commission Analyses and Findings

- CHIP is more affordable than other sources of coverage.
 - In 2015, premiums and cost sharing combined averaged \$158 per child in CHIP vs. \$891 in employer-sponsored coverage and \$1,073 in exchange coverage
- CHIP benefits are generally better than other sources of coverage
 - Dental benefits
 - Audiology exams and hearing aids
- Children with CHIP coverage have greater access to care compared to uninsured children

Draft Recommendations

December 15, 2016

Draft Recommendation 1.1

Congress should extend federal CHIP funding for a transition period that would maintain a stable source of children's coverage and provide time to develop and test approaches for a more coordinated and seamless system of comprehensive, affordable coverage for children.

Draft Recommendation 1.2

Congress should extend federal CHIP funding for five years, through fiscal year 2022 to give federal and state policymakers time to develop policies for and to implement and test coverage approaches that promote seamlessness of coverage, affordability, and adequacy of covered benefits for low- and moderate-income children.

Draft Recommendation 1.3

Two options:

1. Retain current law maintenance of effort (MOE) and increase to CHIP matching rate for five year period of CHIP funding extension
2. Two phase approach:
 - Years 1-3 of CHIP funding extension period: Retain current law MOE and increase to CHIP matching rate
 - Years 4-5 of CHIP funding extension period: Modify MOE and reduce CHIP matching rate

Draft Recommendation 1.4

To reduce complexity and to promote continuity of coverage for children, Congress should eliminate waiting periods for CHIP.

(This recommendation was first made in the Commission's March 2014 report to Congress.)

Draft Recommendation 1.5

In order to align premium policies in separate CHIP with premium policies in Medicaid, Congress should provide that children with family incomes below 150 percent of the federal poverty level not be subject to CHIP premiums.

(This recommendation was first made in the Commission's March 2014 report to Congress.)

Draft Recommendation 1.6

Congress should create and fund a children's coverage demonstration grant program, including planning and implementation grants, to support state efforts to develop, test, and implement approaches to providing, for CHIP-eligible children, seamless health coverage that is as comprehensive and affordable as CHIP.

Draft Recommendation 1.7

Congress should permanently extend the authority for states to use Express Lane Eligibility for children in Medicaid and CHIP.

(The Commission noted its support for this policy in a 2014 letter to the Secretary of HHS.)

Draft Recommendation 1.8

The Secretary of Health and Human Services, in consultation with the Secretaries of Agriculture and Education, shall not later than September 30, 2018, submit a report to Congress on the legislative and regulatory modifications needed to permit states to use Medicaid and CHIP eligibility determination information to determine eligibility for other designated programs serving children and families.

Draft Recommendation 1.9

Congress should extend funding for five years for grants to support outreach and enrollment of Medicaid and CHIP eligible children, the Childhood Obesity Research Demonstration projects, and the Pediatric Quality Measures program, through fiscal year 2022.

Budget Implications

- Congressional Budget Office (CBO) estimate: about \$13.2 billion in new federal spending, over 5 years
- The Commission is providing a list of savings options for consideration without endorsing specific options.
 - Options come from legislative proposals, President's budget, and recommendations from Government Accountability Office and Department of Health and Human Services Office of Inspector General
 - Enacted proposals and ones without quantifiable cost savings are excluded

Next Steps

- Discussion and vote on final language of recommendation
- Revised recommendation language will be available following the commission meeting
- Full report on the recommendation package will be issued mid-January



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