

# Clean Reauthorization of Federal Children’s Health Insurance Program (CHIP) Needed NOW

With much of the first year of the Trump administration being focused on the harmful repeal and replacement of the Affordable Care Act (ACA), Congress should instead turn its attention to the reauthorization of the Children’s Health Insurance Program (CHIP). The deadline for reauthorization has passed, meaning states may be forced to make difficult budget decisions and the healthcare of Michigan children at risk.

CHIP was created in 1997 with the intention of extending health insurance to children of low- and moderate-income families that may not be eligible for Medicaid. Nationwide, CHIP programs cover nearly 9 million children and continued funding for the pro-gram was needed by **September 30, 2017**.

In Michigan, CHIP is known as MICHild and it provides coverage to nearly 120,000 children. There is high participation in the program in Michigan: In 2014, 94.7% of eligible children participated in either Medicaid or MICHild.

MICHild provides traditional medical and dental benefits, but also provides:

- Inpatient and outpatient behavioral health services;
- Physical and occupational therapy;
- Durable medical equipment;
- Vision exams and corrective lenses;
- Hearing exams and hearing aids; and
- Services for speech, hearing and language disorders.

Michigan operates both a Medicaid-expansion CHIP program and a separate CHIP program through a combination of fee-for-service and managed care delivery systems that

allows states more flexibility around benefits and cost-sharing. Once federal CHIP funding are exhausted, states are not obligated to continue covering children in the separate CHIP, but must continue covering those in the Medicaid-expansion CHIP.



It is expected that many of these children would be eligible for employer-sponsored insurance or subsidized coverage on the healthcare exchange. If CHIP funding for this program is exhausted, the federal matching rates simply fall back from the CHIP enhanced rates to the regular Medicaid matching rate.

In the midst of the Flint water crisis, Michigan expanded CHIP for affected children with family incomes between 212-400% of the federal poverty level.

Since its creation, CHIP has repeatedly had bipartisan support.

Modified Adjusted Gross Income Eligibility (2017)		
Ages 0-1	Ages 1-5	Ages 6-18
0-212% FPL	143-212% FPL	109-212% FPL

(Federal Poverty Level is an indicator used by the federal government to determine who is eligible for federal subsidies. In 2017, 212% of poverty is equivalent to a family of four making \$52,152)

The extension under the Affordable Care Act in 2010 required states to maintain Medicaid and CHIP eligibility standards for children through 2019 and increased the federal CHIP matching rate by 23%. CHIP funding was reauthorized through September 2017. Under the

## Recent Occurrences of Successful CHIP Reauthorization

2009

The Children's Health Insurance Program Reauthorization Act provided for reauthorization and funding of \$32.8 billion for five years.

2010

The Affordable Care Act extended authorization through 2019 and funding through September 30, 2015.

2015

The Medicare Access and CHIP Reauthorization Act was passed, extending CHIP funding through September 30, 2017.

added vital funding for community health centers but also worrisome provisions related to abstinence-only sex education and funding offsets—this version of the bill passed the House Nov. 3. To date, the Senate has not taken action on either the House version or their own version of CHIP reauthorization.

As debate in Congress has shifted to tax reform and government spending, notions of an end-of-year package that would include clean reauthorization of CHIP seem bleak.

As of Oct. 31, five states (Minnesota, Arizona, Washington, California and Oregon) have already run out of funding for their CHIP programs. Fortunately, additional redistribution money is available for states from the Centers on Medicare and Medicaid Services (CMS). CMS works with states to determine how much funding they receive through redistribution and if there are not sufficient funds to cover shortfalls, amounts available to states are prorated.

At this time, Michigan is expected to exhaust CHIP funding by April 2018, with redistribution funding expected to keep the program going through May 2018. That leaves Congress with only six months to save healthcare for 120,000 kids.

Should Congress not act, the Michigan Department of Health and Human Services may need to begin contacting families to inform them of potential changes to coverage. The Michigan Legislature will also need to look at how it will continue to provide insurance to those who receive coverage through the Medicaid expansion CHIP (which they are required to continue covering) with reduced federal funding. This could come by reducing provider payments, making additional General Fund investments, or increasing requirements for prior authorization. The state, however, is not required to continue coverage for those in the separate CHIP program—so it is possible that those children could lose coverage altogether.

CHIP has always had bipartisan support in the past, and Michigan kids are too important for Congress to be playing politics with their healthcare. Federal lawmakers should not delay in reauthorizing CHIP, and they should do so cleanly without any political catches or conditions. Contact your members of Congress today and tell them to act now to reauthorize CHIP.

maintenance of effort requirement in the ACA, states are required to continue 2010 Medicaid and CHIP eligibility levels for children through 2019.

Current law allows states to continue to use unspent allocation and redistribution funds from prior fiscal years. According to the Medicaid and CHIP Payment and Access Commission (MACPAC), Michigan is expected to exhaust its federal CHIP funds during the third quarter of 2018 (April-June 2018). Some states are expected to exhaust their funding much earlier—and with the current delay, some states already have.

If action is not made to reauthorize CHIP, there will be a negative effect on state budgets, forcing states to make decisions on coverage levels. States would also have to consider freezing enrollment or sending termination letters to enrollees.

It is imperative that Congress pass a clean CHIP authorization bill free from ACA repeal language, cuts to Medicaid or changes to health-insurer taxes. Healthcare for 120,000 Michigan kids hangs in the balance.

### UPDATE DECEMBER 2017

In early October, the House Energy and Commerce Committee passed funding legislation for the CHIP program for five years. The House bill included offsets to pay for CHIP that the Senate version did not. The House Republican leadership introduced a substitute bill that