

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

With much of the first nine months 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 program 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. The separate CHIP program covers about 90,000 Michigan children. Once federal CHIP funding is exhausted states are not obligated to continue covering these children.

It is expected that many of these children would be eligible for employer-sponsored insurance or subsidized coverage on the healthcare exchange. In Michigan, 30,000 children are enrolled in the state’s Medicaid-expansion CHIP program. If CHIP funding for this program is exhausted, the federal matching rates fall back from the CHIP enhanced rates to the regular Medicaid matching rate.

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)

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

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 20, 2017.

Since its creation, CHIP has repeatedly had bipartisan support.

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 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—some as soon as October 2017.

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.

In Sept. 2017, Sen. Orrin Hatch and Sen. Ron Wyden announced a five-year funding extension. This deal as discussed would maintain the enhanced funding allowed by the ACA for 2018 and 2019 but would eventually ramp down in 2020 and totally eliminated starting in 2021.

However, as Republicans continued their last-ditch effort to repeal and replace the ACA along with their busy fall schedule, CHIP reauthorization got caught in the political crosshairs. 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.