



Making the Case for CHIP, Again

Without Congressional action, funding for the Children's Health Insurance Program will expire on September 30, 2017. Unless Congress authorizes an extension, most states will run out of funding by March 2018.¹

What is CHIP?

The Children's Health Insurance Program (CHIP) is a bipartisan program first established in 1997. CHIP provides health insurance to children of low- and moderate-income families who are not eligible for Medicaid and is jointly funded by the federal and state governments. Through Medicaid and CHIP, we have made significant gains in children's health insurance coverage rates.

Who does CHIP Help?

- As of January 2017, 49 states and Washington, D.C. provide coverage through Medicaid and CHIP to children at or above 200 percent of the federal poverty level.² In these states, a child in a family of three with an annual income of \$40,836 would qualify for coverage. Of these states, 19 extend coverage to children up to 300 percent of the federal poverty level (\$61,200 for a family of three).
- Medicaid and CHIP cover a disproportionate share of Hispanic and Black children, who face some of the steepest health inequities.³ In addition, an optional provision in CHIP allows some legally residing immigrant children and pregnant women to access coverage before the five-year waiting period required of adults elapses.⁴ As a result, Medicaid and CHIP are an instrumental tool in reducing health disparities for children.

¹ Medicaid and CHIP Payment and Access Commission, *Federal CHIP Funding: When Will States Exhaust Their Allotments?*, <https://www.macpac.gov/wp-content/uploads/2017/03/Federal-CHIP-Funding-When-Will-States-Exhaust-Allotments.pdf>.

² CHIP covers children in separate CHIP programs in 36 states, while CHIP funding is used to provide coverage for some children in Medicaid in 49 states. See Kaiser Family Foundation, *Medicaid and CHIP Eligibility, Enrollment, Renewal, and Cost Sharing Policies as of January 2017: Findings from a 50-State Survey*, <http://files.kff.org/attachment/Report-Medicaid-and-CHIP-Eligibility-as-of-Jan-2017>.

³ Georgetown Center on Children and Families, *Snapshot of Children's Coverage by Race and Ethnicity*, <http://ccf.georgetown.edu/wp-content/uploads/2017/04/Snapshot-of-Children%E2%80%99s-Coverage-by-Race-and-Ethnicity.pdf>.

⁴ Kaiser Family Foundation, *The Impact of the Children's Health Insurance Program (CHIP): What Does the Research Tell Us?*, <https://kaiserfamilyfoundation.files.wordpress.com/2014/07/8615-the-impact-of-the-children-s-health-insurance-program-chip-what-does-the-research-tell-us.pdf>.

- Medicaid and CHIP play an important role in ensuring that children living in small towns and rural communities have health insurance coverage. In 14 states, a majority of children in small towns and rural areas have coverage through Medicaid and CHIP.⁵

How does CHIP work?

Together with Medicaid, CHIP ensures children have access to coverage.

Medicaid—which covers four times as many children as CHIP—is the foundation of children’s health insurance coverage. The Children’s Health Insurance Program rests on this foundation and extends the reach of children’s health coverage to additional, low- to moderate-income children. Together, Medicaid and CHIP cover nearly 46 million low-income children. In 2016, the Children’s Health Insurance Program covered nearly 8.9 million kids, while Medicaid covered about 37 million.⁶ Medicaid and CHIP coverage have helped lower the uninsured rate for children to a historic low of 4.8 percent.⁷

CHIP ensures children receive high-quality care.

- Children with CHIP have consistent access to preventive and primary care, and they can develop relationships with their health care providers.⁸
- CHIP provides access to prescriptions that children with chronic or complex health care needs—such as asthma, diabetes or behavioral health conditions—require to stay healthy.⁹
- CHIP’s 2015 funding extension included additional funds for the Pediatric Quality Measures Program to develop, test, validate and disseminate new child health quality measures, and to continue revising existing measures for children enrolled in Medicaid and CHIP. The measures states are reporting provide key data about areas for improvement such as ensuring every child has an annual well visit and areas to watch, such as rates of asthmas, diabetes and other chronic illness.¹⁰

⁵ Georgetown Center on Children and Families, *Medicaid in Small Towns and Rural America: A Lifeline for Children, Families and Communities*, <https://ccf.georgetown.edu/wp-content/uploads/2017/06/Rural-health-final.pdf>.

⁶ FFY 2016 Number of Children Ever-Enrolled in Medicaid and Chip, <https://www.medicaid.gov/chip/downloads/fy-2016-childrens-enrollment-report.pdf>.

⁷ Joan Alker and Alisa Chester, *Children’s Health Coverage Rate Now at Historic High of 95 Percent*, <http://ccf.georgetown.edu/wp-content/uploads/2016/11/Kids-ACS-update-11-02-1.pdf>.

⁸ Kaiser Family Foundation, *The Impact of the Children’s Health Insurance Program (CHIP): What Does the Research Tell Us?*, <https://kaiserfamilyfoundation.files.wordpress.com/2014/07/8615-the-impact-of-the-children-s-health-insurance-program-chip-what-does-the-research-tell-us.pdf>.

⁹ Id.

¹⁰ U.S. Department of Health and Human Services, 2015 Annual Report on the Quality of Care for Children in Medicaid and CHIP, <https://www.medicaid.gov/medicaid/quality-of-care/downloads/2015-child-sec-rept.pdf>.

CHIP ensures that states have flexibility to provide children with coverage.

- CHIP is similar to Medicaid, insofar as states operate an insurance program for children in low- and moderate-income families, and the federal government reimburses the state for a percentage of the money the state spends. On average, the federal contribution for CHIP is 15 percentage points higher than for Medicaid in a given state.
- States decide the structure of their CHIP programs. In 8 states and Washington D.C., CHIP is part of Medicaid. In 13 states, CHIP operates separately, and 29 states use a combination of these approaches.¹¹
- States have flexibility when setting the parameters for their CHIP program. States establish their own eligibility criteria, including age and income levels. States also determine administrative and pricing guidelines, such as whether or how much to charge in monthly premiums and cost-sharing.¹²

¹¹Kaiser Family Foundation, “CHIP Program Name and Type.” 2015. <http://kff.org/other/state-indicator/chip-program-name-and-type/>

¹² Kaiser Family Foundation, Medicaid and CHIP Eligibility, Enrollment, Renewal, and Cost Sharing Policies as of January 2017: Findings from a 50-State Survey, <http://files.kff.org/attachment/Report-Medicaid-and-CHIP-Eligibility-as-of-Jan-2017>.