



Making the Case for CHIP: Why CHIP Is Still Crucial in a Post-ACA Environment

CHIP Matters—Even with the ACA

The Children's Health Insurance Program (CHIP) is a partnership between the federal government and states to provide health insurance for children of low- and moderate-income families who are not eligible for Medicaid. The Affordable Care Act (ACA) ensured funding for the federal share of CHIP costs would be in place through 2015; it also extended the authorization for the program until 2019.

Through CHIP, we have made significant gains in children's health insurance coverage rates and access to care. From the time CHIP enrollment data collection began in 1999 to 2013, CHIP enrollment rose from 2 million to 8.1 million; the outreach and enrollment efforts around this program halved the children's uninsurance rate.¹ The ACA was designed assuming CHIP would continue, so reforms—such as the essential health benefits package—that make comprehensive private coverage more accessible to millions of Americans were conceived with adults, not children, in mind.

Marketplace Plans Are Essentially Untested for Children

Altering children's coverage options while the ACA is ramping up would create unnecessary confusion for families, and such a change could compromise the robustness and affordability of coverage available to low- and moderate-income children. Research on the comparability of CHIP and Marketplace plans in terms of benefits and network adequacy is limited at present; that said, we know that private insurance has fewer safeguards than Medicaid and CHIP to guarantee robust coverage of pediatric services. Moreover, a growing body of evidence indicates that CHIP affordability greatly exceeds Marketplace plan affordability for children, particularly once cost-sharing is considered.^{2,3} Shifting more children onto private insurance plans is risky, as it remains unclear how these products will serve them. The current environment necessitates that we work toward stable coverage for children via proven programs.

Family Glitch Still Looms, and Children Are Vulnerable Without CHIP

Beyond the possibility of shifting children onto plans that serve them less effectively and are less affordable than CHIP, many children would be at risk for becoming uninsured—estimates range from approximately half a million to 2 million—due to the family glitch, the faulty affordability test that deems a whole family ineligible for Marketplace tax credits if one member has an offer of affordable individual coverage through an employer. In aggregate, ending CHIP funding in 2015 would destabilize coverage for children and risk the enrollment gains we have made since the program's inception.

¹ Wynne, Billy. "Whither CHIP?" Health Affairs blog. (19 August 2014) http://healthaffairs.org/blog/2014/08/19/whither-chip/?utm_source=rss&utm_medium=rss&utm_campaign=whither-chip

² Brooks, Tricia, Martha Heberlein, and Joe Fu. "Dismantling CHIP in Arizona: How Losing KidsCare Impacts a Child's Health Care Costs." Georgetown Center for Children and Families and Children's Action Alliance. (May 2014) <http://ccf.georgetown.edu/wp-content/uploads/2014/05/Dismantling-CHIP-in-Arizona.pdf>

³ Wakely Consulting Group. "Comparison of Benefits and Cost Sharing in Children's Health Insurance Programs to Qualified Health Plans." (July 2014) www.wakely.com/wp-content/uploads/2014/07/FINAL-CHIP-vs-QHP-Cost-Sharing-and-Benefits-Comparison-First-Focus-July-2014-.pdf

How CHIP Works

CHIP ensures children have access to 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 11 states and Washington D.C., CHIP is part of Medicaid. In 16 states, CHIP operates separately, and 23 states use a combination of these approaches.⁴ States establish their own eligibility criteria, including age and income levels. In many states, the youngest children have the broadest eligibility parameters.
- States determine administrative and pricing guidelines, such as whether and how much to charge in monthly premiums and cost-sharing. States can also choose to impose waiting periods before a child can begin receiving insurance through the program and lock-out periods to sanction families who fail to pay premiums or fall behind on payments.

CHIP ensures children receive high-quality care.

- Children with health insurance have consistent access to preventive and primary care, and they can develop relationships with their health care providers.
- Health insurance 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.
- CHIP's 2009 extension included funds for Centers of Excellence to develop pediatric quality measures and demonstration projects in 18 states to improve care coordination for children with complex needs, increase the effectiveness of electronic health records for children, and increase families' involvement in care.

Who CHIP Helps

- As of January 2012, 25 states and D.C. provide CHIP coverage to children at or above 250 percent of the federal poverty level. In these states, a child in a family of three with annual income of \$46,325 would qualify for CHIP coverage. Of these states, 18 extend coverage to children up to 300 percent of the federal poverty level (\$55,590 for a family of three).⁵
- Medicaid and CHIP cover over half of Hispanic and Black children, who face some of the steepest health inequities. Also, an optional provision in CHIP allows some legally residing immigrant children to access coverage before the five-year waiting period required of adults.⁶ CHIP therefore is instrumental in bridging health gaps and reducing disparities for children.

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⁴Kaiser Family Foundation (KFF). "CHIP Program Name and Type." 2011. kff.org/other/state-indicator/chip-program-name-and-type

⁵KFF and Georgetown Center for Children and Families. "Performing Under Pressure: Annual Findings of a 50-State Survey of Eligibility, Enrollment, Renewal, and Cost-Sharing Policies in Medicaid and CHIP, 2011-2012." January 2012. kff.org/medicaid/report/performing-under-pressure-annual-findings-of-a

⁶KFF. "The Impact of the Children's Health Insurance Program (CHIP): What Does the Research Tell Us?" 2014. kff.org/medicaid/issue-brief/the-impact-of-the-childrens-health-insurance-program-chip-what-does-the-research-tell-us/