



## How States Can Leverage the CHIP 23 Percentage-Point Bump

The [Medicare Access and CHIP Reauthorization Act of 2015](#) (MACRA) extends and enhances Children’s Health Insurance Program (CHIP) funding through September 30, 2017. In addition to its ability to maintain a majority of the improvements included in CHIP Reauthorization Act of 2009 and coverage protections included in the ACA, there is potential to offset any state costs associated with closing the coverage gap.

### States Will Receive an Enhanced Matching Rate for CHIP

- On October 1, 2015 (the beginning of federal fiscal year 2016), the matching rate states receive for their CHIP programs will increase by 23 percentage-points. See [Appendix 1 in this report](#) for specific state enhanced matching rates.
  - For example, Maryland’s matching rate for CHIP is 65 percent. This means that, for every dollar Maryland spends on CHIP, it receives 65 cents from the federal government. On October 1, Maryland’s match rate will increase to 88 percent, meaning Maryland will receive 88 cents on the dollar.
  - In 11 states and DC, the federal matching rate for CHIP will be 100 percent—federal funds will cover the entire cost of providing CHIP.

### Freed up State Revenue May be Used for the Medicaid budget

- When states receive this additional federal CHIP funding, it will take the place of state revenue that otherwise would have been needed to run CHIP. This state revenue can still be used for CHIP—for example, states could launch new outreach and enrollment initiatives. Also, state revenue previously assigned to CHIP could be used to fill in gaps in the Medicaid budget.
  - It is important to note that [some state budgets always assumed this scenario would go into effect](#)—in these cases, the budget already assumes increased federal funding for CHIP and already decreased state funding for CHIP accordingly.
  - However, in states that did not already budget for the 23 percentage-point bump, this policy effectively creates an opportunity to redirect state funds to other parts of the budget.

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