AMERICAN ACADEMY OF FAMILY PHYSICIANS
STRONG MEDICINE FOR AMERICA

CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP)

What is CHIP?

Since its creation in 1997, the Children's Health Insurance Program (CHIP) has provided health insurance to millions of children and has reduced the percentage of uninsured children nationally from 15 percent in 1997 to 4.5 percent in 2016.[1,2] By design, CHIP allows for significant state flexibility and variation in program design and is administered by the states following federal guidelines.

All CHIP programs, regardless of state, provide health insurance coverage to children through age 19 in families with incomes too high to qualify for Medicaid. States are allowed significant flexibility to expand eligibility to populations beyond that baseline. Currently, 48 states and the District of Columbia cover children in families with incomes of up to 200 percent of the federal poverty level (FPL), and 19 cover children in families with incomes of 300 percent FPL or higher. Furthermore, five states (CO, MO, NJ, RI, and VA) extend CHIP-funded coverage to pregnant women, and sixteen states cover unborn children – most other pregnant women are eligible for coverage under Medicaid.[3] Unlike Medicaid, states are authorized to impose caps and waiting lists for their CHIP programs; 15 states have waiting periods ranging from one month to 90 days, the maximum allowable limit.

Benefits provided by CHIP vary by state. All states are required to cover, among other services, routine check-ups, doctor visits, vision and dental services, inpatient and outpatient hospital care, and emergency services. States with Medicaid expansion CHIP programs are required to provide beneficiaries with the Medicaid benefit and may not charge cost-sharing fees. Eighteen states have elected to provide prenatal care benefits to pregnant women through their CHIP programs.

CHIP is jointly funded by both federal and state governments, with the federal share determined by an "enhanced" federal matching rate approximately 15-20 percent above the Medicaid federal medical assistance percentage (FMAP). This enhanced rate varies by state and is generally tied to per capita income, with wealthier states generally receiving lower FMAPs. Overall, insurance provided by CHIP costs, on average, 40 percent less per child compared to private insurance or Medicaid.[4] States that operate separate CHIP programs independent of Medicaid restrictions are allowed to charge enrollees premiums and other forms of cost-sharing.

State CHIP Programs

Separate CHIP program

Fourteen states (AL, AR, AZ, CT, GA, KS, MS, OR, PA, TX, UT, WA, WV, WY) have adopted independent CHIP programs to provide coverage to allow the state to set its own income eligibility level above the federal minimum standard. This model also gives states the authority to freeze enrollment, establish waiting lists of up to 90 days prior to enrollment, and impose limited cost sharing (not to

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[1] Pew Charitable Trusts. *The Children's Health Insurance Program*. Web.
[2] Alker J, Pham O. "Nation's Uninsured Rate for Children Drops to Another Historic Low in 2016." *Georgetown Center for Children and Families.* Web.
[3] Kaiser Family Foundation. *Where Are States Today? Medicaid and CHIP Eligiblity Levels for Children, Pregnant Women, and Adults.* Web.
[4] Pew Charitable Trusts. (2014). *The Children's Health Insurance Program*. Retrieved from https://www.pewtrusts.org/en/research-and-analysis/reports/2014/10/childrens-health-care-spending-report

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exceed five percent of a family's income). Benefits accrued from this model must be tied to a "benchmark" benefits package, which is often a private plan or state employee's health plan.[5,6]

> Children from families making between 197-318 percent FPL are eligible for **Connecticut's** separate CHIP program, HUSKY (Part B). Premiums are required for enrollees from families making 250-318 percent FPL, while all enrollees have the same cost-sharing rates for office visits and prescriptions. There is no cost-sharing for inpatient services, no waiting period, and no premium assistance. Connecticut does not cover pregnant women under HUSKY B.[7]

Medicaid expansion program
The Medicaid expansion model allows states the least amount of flexibility of the three programs. The eight states (AK, HI, MD, NH, NM, OH, SC, VT) and DC operating under this model must abide by the federal Medicaid rules, which do not allow states the ability to freeze enrollment or establish waiting lists and limits the amount of cost-sharing per enrollee.

> **New Mexico's** Medicaid expansion program, New Mexikids/Mexiteens, covers children aged 0-5 from families making 200-300 percent FPL and children aged 6-18 from families making 138-240 percent FPL. As a Medicaid expansion program, it must follow Medicaid rules and cannot cap enrollment or impose excessive cost-sharing exceeding five percent of a family's income.[8]

Combination program
States that chose the combination model (CA, CO, DE, FL, ID, IA, IL, IN, KY, LA, ME, MA, MI, MN, MO, MT, NV, NE, NJ, NY, NC, ND, OK, RI, SD, TN, VA, WI) enroll certain demographic groups in CHIP, while others, often those from more low-income families, receive CHIP coverage through Medicaid.

> **Texas's** CHIP program incorporates dedicated CHIP and Medicaid funding. Children ages 6-18 up to 138 percent FPL are enrolled in Medicaid. Children above 138 percent FPL have various levels of eligibility, with premiums required for enrollees in families greater than 151 percent FPL with graduated cost-sharing for office visits, inpatient services, and prescriptions. There is a 90-day waiting period for CHIP and the state offers 12-month continuous eligibility following a change in family income. Texas covers pregnant women up to 202 percent FPL under CHIP.[9]

Looking Ahead
Since its inception, CHIP has typically enjoyed overwhelming bipartisan support. In early 2018, after a several-month lapse in which Congress failed to reauthorize CHIP funding, Congress successfully extended CHIP funding for ten years through 2027, after significant AAFP involvement. Other nonpartisan groups, including the National Governors Association (NGA) and the Medicaid and CHIP Payment and Access Commission (MACPAC) also advocated for CHIP reauthorization.

Unfortunately, due in part to the uncertainty surrounding the reauthorization of CHIP funding in late 2017 and early 2018, as well as actions taken by the Administration relating to Medicaid coverage, the number and rate of uninsured children rose in 2018 for the first time in a decade.[10,11] This highly unusual occurrence, during a time of economic growth, underscores the need to promote CHIP coverage options to families with uninsured children, most of whom already qualify for CHIP.

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[5] Cardwell A, Jee J, Hess C, Touschner J, Heberlein M, Alker J. (2014). *Benefits and Cost Sharing in Separate CHIP Programs*. National Academy for State Health Policy and Georgetown University Center for Children and Families. Web.
[6] Harrington M, Kenney G, Smith K, Clemans-Cope L, et. al. (2014). *CHIPRA Mandated Evaluation of the Children's Health Insurance Program: Final Findings*. Mathematica Policy Research and Urban Institute. Web.
[7] National Academy for State Health Policy. (2016). *All 50 States and DC CHIP Fact Sheets*. Web.
[8] Ibid.
[9] Ibid.
[10] Alker J, Pham O. (2018). *Nation's Progress on Children's Health Coverage Reverses Course.* Georgetown University Center for Children and Families. Web.
[11] Berchik E, Barnett J, Upton R. (2019). *Health Insurance Coverage in the United States.* United States Census Bureau. Web.