



CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP)

What is CHIP?

The Children's Health Insurance Program (CHIP) is administered by the states and is jointly funded by federal and state government. States are permitted to use funds to create a separate CHIP program, expand their Medicaid program, or adopt an approach using a combination of CHIP and Medicaid. Federal CHIP funding is provided via a Medicaid-like matching program, however matching rates are higher for CHIP and federal funds are capped. Unlike Medicaid, states are authorized to impose caps and waiting lists for their CHIP programs. Many states have utilized this option in the past and 15 states currently have waiting periods ranging from one month to 90 days.ⁱ

CHIP eligibility standards vary from state to state; however, all states provide coverage for children up to age 19 in families with incomes too high to qualify for Medicaid. Upper limits of eligibility range from 170-400% of the federal poverty level (FPL). Currently, forty-six states and the District of Columbia cover children up to 200% FPL with 24 of these states covering up to 250% or higher. Benefits provided by CHIP also vary by state. States may choose to provide benchmark coverage, benchmark-equivalent coverage, or Secretary-approved coverage. All states are required, however, to cover dental services, well-baby and well-child 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. States can also elect to provide prenatal care benefits to pregnant women through their CHIP programs. There are 18 states which have opted to provide prenatal care to pregnant women under CHIP.ⁱⁱ

History of CHIP

CHIP was included as a part of the Balanced Budget Act of 1997 and was signed into law on August 5, 1997. The program has always received bipartisan support. All states and the District of Columbia had children enrolled in CHIP-financed coverage by 2000.ⁱⁱⁱ Ahead of program expiration in 2007, two versions of the Children's Health Insurance Program Reauthorization Act (CHIPRA) were passed in Congress with bipartisan support. Both bills were vetoed by President George W. Bush. The Medicare, Medicaid, and SCHIP Extension Act of 2007 was signed into law on December 21, 2007 as a temporary reauthorization of CHIP and extension of the program through April 2009. Ultimately CHIPRA was the second bill signed into law by President Barack Obama on February 4, 2009. This expanded funding for the program and allowed states the option to expand coverage to documented immigrants with no waiting periods.

The Patient Protection and Affordable Care Act (ACA), signed into law by President Obama on March 23, 2010, extended CHIP funding through September 30, 2015. The ACA also increased CHIP federal matching rates and required states to maintain eligibility standards through September 30, 2019. Further, the ACA limited CHIP waiting periods and established a minimum Medicaid eligibility level of 138% FPL for all children up to 19. This led to many states providing CHIP enrollees ages 6 to 19 in families with incomes below 138% FPL with the Medicaid benefit. Ahead of funding expiration in 2015, the Medicare Access and CHIP Reauthorization Act (MACRA) was passed and signed into law on April 16, 2015. MACRA further extends CHIP funding through September 30, 2017.

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State CHIP Programs

There are nine states and the District of Columbia who provide CHIP coverage through an expansion of their Medicaid programs, two states have entirely separate CHIP programs, and 39 states utilize a combination approach. Following are examples of a separate and combination program currently being implemented by Connecticut and Texas, respectively:

Connecticut operates their CHIP program, HUSKY B, separate from their Medicaid program. Washington, is currently the only other state that operates a completely separate CHIP program. The HUSKY B program was approved on April 27, 1998. HUSKY B eligibility is 197-318% FPL for children ages 0 to 18. Premiums are required for enrollees in families from 250-318% FPL and all enrollees have the same cost-sharing rates for office visits and prescriptions. There is no cost-sharing for inpatient services. The program has no waiting period and does not offer premium assistance. Connecticut does not cover pregnant women under HUSKY B.^{iv}

Texas operates their CHIP program, CHIP, as a combination program using both CHIP and Medicaid. The Texas CHIP program was approved on June 15, 1998. Children ages 6-18 up to 138% FPL are enrolled in Medicaid. Children ages 0 up to 1, 1-5, and 6-18 have eligibility levels of 199-201%, 145-201%, and 138-201% FPL, respectively. Premiums are required for enrollees in families >151% FPL with graduated cost-sharing for office visits, inpatient services, and prescriptions based on family FPL. 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% FPL under CHIP.^{iv}

Facing pressure from state budget cuts, Arizona froze new enrollment in its separate CHIP program, KidsCare, on January 1, 2010. They became the only state to close enrollment of their CHIP program. Existing beneficiaries were permitted to stay on the program if they remained eligible, their eligibility was renewed annually, and their monthly premiums were paid. Nevertheless, the KidsCare waiting list grew dramatically. Enrollment was opened for a second CHIP, KidsCare II, following approval of a Section 1115 demonstration waiver. KidsCare II opened in May 2012 and ended on January 31, 2014. Following passage of [legislation](#) and approval from Gov. Doug Ducey (R) on May 6, the KidsCare enrollment freeze was ultimately lifted on July 22, 2016.ⁱ The rate of uninsured children grew from 2010 to 2013 but declined following full ACA implementation in 2014. Despite the decline, Arizona remained 49th out of all states and the District of Columbia in terms of children's uninsurance rates in 2014. As of 2014, 10% of all children and 16.5% of children in the former KidsCare income eligibility range were uninsured. The national rate for uninsured children during the same period was 6%.^v

Looking Ahead

CHIP funding expired on September 30, 2017. The American Academy of Family Physicians (AAFP) has [urged](#) Congress to pass an extension of CHIP to ensure the continuation of funding for the program. The National Governors Association has also [urged](#) Congress to provide a five-year extension for the program at the current federal matching levels. This has been [recommended](#) by the Medicaid and CHIP Payment and Access Commission (MACPAC). Congressional action regarding CHIP funding is expected before the end of the year, when states begin to run out of funding for the program.

ⁱ Centers for Medicare and Medicaid Services. (n.d.). Children's Health Insurance Program (CHIP). Retrieved from <https://www.medicare.gov/chip/index.html>.

ⁱⁱ Baumrucker, E.P. & Mitchell, A. (2015, March 20). *State Children's Health Insurance Program: An Overview* (CRS Report No. R43627). Retrieved from <https://fas.org/sgp/crs/misc/R43627.pdf>

ⁱⁱⁱ MACPAC. (n.d.). CHIP. Retrieved from <https://www.macpac.gov/topics/chip/>.

^{iv} National Academy for State Health Policy. (2016). All 50 States and D.C. CHIP Fact Sheets. Retrieved from <http://www.nashp.org/all-50-states-and-washington-d-c-chip-fact-sheets-for-all-years/>.

^v Burak, E.W. & Fu, J. (2016, January). *Children's Health Coverage in Arizona: How are Children Doing Without KidsCare?* (Issue Brief). Retrieved from http://ccf.georgetown.edu/wp-content/uploads/2016/01/20160107_arizona_children_health_coverage_without_kidscare.pdf