What Will the New Medicaid and CHIP Funds Do? What are the Remaining Gaps?

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National Academy for State Health Policy

Universal Coverage of Children as Part of National Health Care Reform
The National Medicaid Congress
May 31, 2009
Overview

- About NASHP
- State momentum toward universal children’s coverage
- What CHIPRA does
- What ARRA does
- Remaining Gaps
Non-partisan, non-profit focused on promoting excellence in state health policy and practice

Conduct policy analysis and research, interactive forums for problem solving and assistance for executive and legislative branch officials

Offices in Portland, ME & Washington, DC

Annual Conference: Oct. 5-7, 2009 in Long Beach, CA
Major focus on child health and coverage
Support and report on state CHIP from ‘98
Focus on Covering All Kids; including adolescents

National Program Office for RWJF program to maximize enrollment of eligible children
Quality initiatives include ABCD, Medical Homes, and convening EPSDT coordinators
GAPS IN BOTH ELIGIBILITY AND ENROLLMENT

Total Uninsured: 8.9 million
62% Eligible (5.4 million children)
38% Ineligible (3.5 million children)

State Momentum to Improve Coverage for Children and Youth

45 - number of states that enacted legislation or implemented programs to cover children at or above 200% of the FPL; 24 states above 250% of the FPL

25 - number of states that have considered, developed or implemented initiatives aimed at covering all children

16 - number of states actively working towards the goal of all
States Working to Cover All Kids
States working toward all children: Coverage Approaches

- Building on the bases – Medicaid & CHIP
  - Expand eligibility to support working families

- Creating new coverage opportunities
  - Buy-in programs
  - State-only funded programs
  - Premium Assistance programs
States working toward all children: Challenges

- Policy Issues
  - Enrolling kids who were already eligible
  - Public-private intersection (crowd-out, adverse selection)
  - Immigrant children

- Current economic situation
  - Shrinking state budgets
  - Increased need for services
Recent barriers that have been resolved

- **August 17 2007 CMS letter** – rescinded
  - Stalled eligibility expansions
  - Imposed difficult if not impossible requirements

- **Delay in CHIP Reauthorization**
  - Left states uncertain about future funding
Renewed Federal Commitment: Children’s Health Insurance Program Reauthorization of 2009 (CHIPRA)
Children’s Health Insurance Program Reauthorization 2009

- Increased, multi-year funding, covering estimated 4.1 M children otherwise uninsured
- Focus on outreach, enrollment and retention
- New coverage flexibility
- Improvements and tools for benefits and quality
CHIPRA 2009: Funding

- Increases total allotments
- Revamps state distribution formula
- “Re-bases” state allotments every two years to support states using $ to cover more
- Funding over 4 1/2 years (April 2009-end FY 2013)
- Financed largely by 62 cent cigarette tax increase

Source: Matt Broaddus Presentation, Center on Budget and Policy Priorities, April 2009
CHIPRA will cover over 4 million children, 83% of which were already eligible...


**Figure 1: CHIPRA Will Cover Over 4 Million Children Who Otherwise Would Be Uninsured**

CHIPRA 2009: Reaching Eligible but Unenrolled Children

Performance Bonuses
- Encourage states to enroll more Medicaid eligible children
- Requires 5 of 8 policies and enrollment above target

Outreach Funding
- $100 million for outreach and enrollment, with focus on reaching children already eligible and hardest to reach
- $90 million of total is for outreach and enrollment grants

Express Lane
- Tools and flexibility for enrolling children who participate in other public programs for initial eligibility and for renewal.
CHIPRA 2009: Reaching Eligible but Unenrolled Children

Enhanced administrative funding for translation and interpretation to better target enrollment and retention

Application of citizenship and identity documentation requirements
- Allows states to submit information to the Social Security Administration to document citizenship
CHIPRA 2009: Eligibility Changes

• **Reinforces state flexibility** to set income eligibility, but **reduces federal match for children at or above 300% FPL**

<table>
<thead>
<tr>
<th>Program</th>
<th>Income, by % FPL</th>
<th>Matching Rate from Fed to State</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHIP</td>
<td>≥ 300</td>
<td>Medicaid FMAP</td>
</tr>
<tr>
<td>CHIP</td>
<td>≤ 300</td>
<td>Enhanced CHIP matching rate</td>
</tr>
<tr>
<td>Medicaid</td>
<td>Depends on state</td>
<td>Medicaid FMAP</td>
</tr>
</tbody>
</table>

• **Allows** Medicaid & CHIP coverage of **legally residing immigrant children and pregnant women** during first 5 years in the country

• **Allows** coverage of **pregnant women in CHIP** up to state income levels for children, provided states meet certain base requirements for covering children and pregnant women
CHIPRA 2009: Premium Assistance

- Reduces barriers for states to provide subsidies for purchase of Employer-Sponsored Insurance (ESI)

- State option to establish a purchasing pool for employers with fewer than 250 employees and at least one employee who is CHIP-eligible or has a CHIP-eligible child and/or families wishing to purchase coverage.
CHIPRA 2009: Benefits

New Dental Benefits:

- **Mandates coverage** equivalent to benchmark dental standards in frequently selected Federal or State Employee Plans, or state commercial dental plan with most non-Medicaid enrollees.

  - **Dental-only supplemental coverage** – for otherwise eligible children with ESI that does not include dental coverage

Mental Health Parity:

IF states include mental health/substance abuse benefits, financial requirements and treatment limitations cannot be more restrictive than for medical coverage.
CHIPRA 2009: Quality

- Program to develop, test, disseminate child health quality measures for use by Medicaid, CHIP, others
- Demonstration projects on quality improvement & health info technology for kids
- New state and public reporting requirements
- Medicaid managed care protections applied to CHIP
- Studies (IOM, GAO) on access and quality
- Model pediatric electronic health record
- New Medicaid and CHIP Payment Access Commission (MACPAC)
The American Recovery and Reinvestment Act of 2009
American Recovery and Reinvestment Act: Medicaid

- **Increased Medicaid federal matching percentage (FMAP)** – Oct. ’08—Dec. ‘10
  - Increase for all states of 6.2 % points
  - Bonus payment structure based on increases in state unemployment rates
## Value of Enhanced FMAP (est.)

<table>
<thead>
<tr>
<th>STATE</th>
<th>’09 FMAP</th>
<th>Stim.’09 FMAP</th>
<th>Enh’d FMAP ’09’10</th>
</tr>
</thead>
<tbody>
<tr>
<td>AZ</td>
<td>65.8%</td>
<td>75.0%</td>
<td>$1,980 m</td>
</tr>
<tr>
<td>CA</td>
<td>50%</td>
<td>61.6%</td>
<td>$11,230 m</td>
</tr>
<tr>
<td>FL</td>
<td>55.4%</td>
<td>67.6%</td>
<td>$4,390 m</td>
</tr>
<tr>
<td>MI</td>
<td>60.3%</td>
<td>69.6%</td>
<td>$2,270 m</td>
</tr>
<tr>
<td>NY</td>
<td>50%</td>
<td>58.8%</td>
<td>$12,650 m</td>
</tr>
<tr>
<td>OH</td>
<td>62.1%</td>
<td>70.2%</td>
<td>$3,010 m</td>
</tr>
<tr>
<td>WI</td>
<td>59.4%</td>
<td>65.6%</td>
<td>$1,240 m</td>
</tr>
<tr>
<td>KY</td>
<td>70.1%</td>
<td>77.8%</td>
<td>$1,030 m</td>
</tr>
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</table>

Source enhanced FMAP ’09’10 estimate: GAO, as reported by CBPP http://www.cbpp.org/2-13-09sfp.htm;
Source stimulus ’09 FMAP calculated by HMA with unemployment data available 2-09.
Source: Barbara Edwards, Health Management Associations, PowerPoint presentation, 2009
### State Budget Scenarios Differ

<table>
<thead>
<tr>
<th>STATE</th>
<th>Est. FY ’09 shortfall</th>
<th>Est. Enh’d FMAP ‘09</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA</td>
<td>$13.7 b</td>
<td>$4.55 b</td>
</tr>
<tr>
<td>FL</td>
<td>$2.3 b</td>
<td>$1.88 b</td>
</tr>
<tr>
<td>MI</td>
<td>$200 m</td>
<td>$934 m</td>
</tr>
<tr>
<td>WA</td>
<td>$509 m</td>
<td>$591 m</td>
</tr>
</tbody>
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Source:  State Budget Shortfall: Center for Budget and Policy Priorities, 2-10-09; FMAP Impact: HMA calculation
Source: Barbara Edwards, Health Management Associates, PowerPoint presentation, 2009
American Recovery and Reinvestment Act

- Raises unemployment benefits by $25 per week for estimated 17.9 million unemployed in 2009.
- Excludes this additional income in determining CHIP & Medicaid eligibility
- Provides funds for HIT/HIE, community health centers, and other investments that could improve access and quality
What Are Remaining Gaps?
Percent of Uninsured Children Declined Since Enactment of SCHIP in 1997, but Gaps Remain

1999–2000

2005–2006

Quartile

- 16% or more
- 10%–15.9%
- 7%–9.9%
- 7%–9.9%
- Less than 7%

Gaps in Coverage By Age Group

Percentage of Uninsured Children by Age, 2007

Gaps in Coverage By Race and Ethnicity

Percentage of Uninsured Children by Race/Ethnicity, 2007

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Percentage of Uninsured</th>
</tr>
</thead>
<tbody>
<tr>
<td>White alone, non-Hispanic</td>
<td>7.3%</td>
</tr>
<tr>
<td>Black alone</td>
<td>12.2%</td>
</tr>
<tr>
<td>Asian alone</td>
<td>11.7%</td>
</tr>
<tr>
<td>Hispanic (all races)</td>
<td>20.0%</td>
</tr>
</tbody>
</table>

Gaps in Coverage By Immigration Status

Percentage of Uninsured Children by Nativity, 2007

- Native: 10.1%
- Foreign Born: 30.9%
- Naturalized Citizens: 15.5%
- Not a Citizen: 34.4%

State Ranking on Child Health System Performance

Quartile
- Top quartile (Best: Iowa)
- Second quartile
- Third quartile
- Bottom quartile

Source: The Commonwealth Fund calculations based on state’s rankings on access, quality, cost, healthy lives, and equity dimensions.
Potential Growing Access Gaps

State Medicaid Cost Containment Strategies, FY03-09

Remaining Gaps= Unfinished Children’s Health Agenda

- Coverage, access and quality gaps
- Children’s unique needs require explicit attention in health care reform
- How CHIP is incorporated in health care reform is critical to future success
- Other child/family services and their linkage to coverage also critical to improving child health and well being
NASHP Resources & Contacts

- [www.nashp.org](http://www.nashp.org)
- [www.chipcentral.org](http://www.chipcentral.org)
- [www.maxenroll.org](http://www.maxenroll.org)

- Catherine Hess [chess@nashp.org](mailto:chess@nashp.org)