

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

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## **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

# NATIONAL ACADEMY *for* STATE HEALTH POLICY

- 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

# NATIONAL ACADEMY *for* STATE HEALTH POLICY

- Major focus on child health and coverage
- Support and report on state CHIP from '98
- Focus on Covering All Kids; including adolescents

## MAXIMIZING ENROLLMENT FOR KIDS

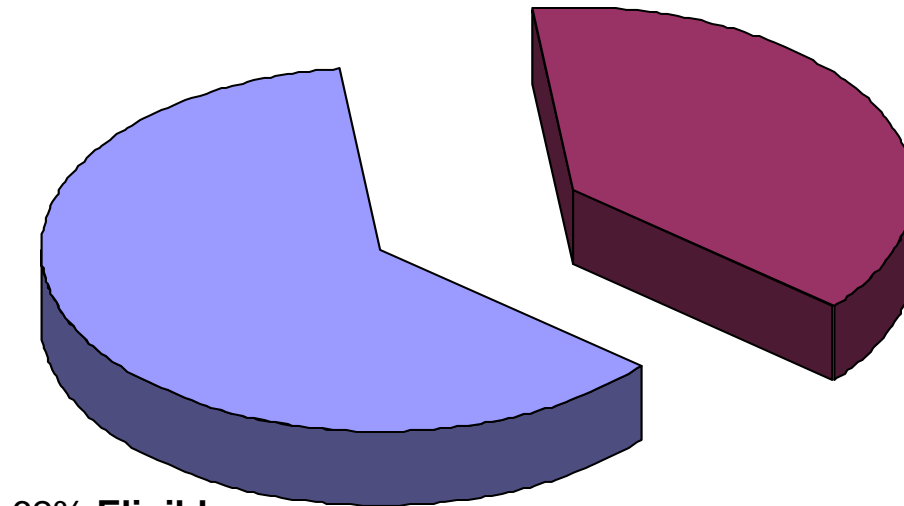


- National Program Office for RWJF program to maximize enrollment of eligible children
- Quality initiatives include ABCD, Medical Homes, and convening EPSDT coordinators

# GAPS IN BOTH ELIGIBILITY AND ENROLLMENT

**Total Uninsured:  
8.9 million**

**38% Ineligible  
(3.5 million children)**



**62% Eligible  
(5.4 million children)**

Source: Julie Hudson and Thomas Selden, "Children's Eligibility and Coverage: Recent Trends and a Look Ahead," *Health Affairs* 26, no. 5 (2007): w618–w629 (published online August 16, 2007; 10.1377/hlthaff.26.5.w618)

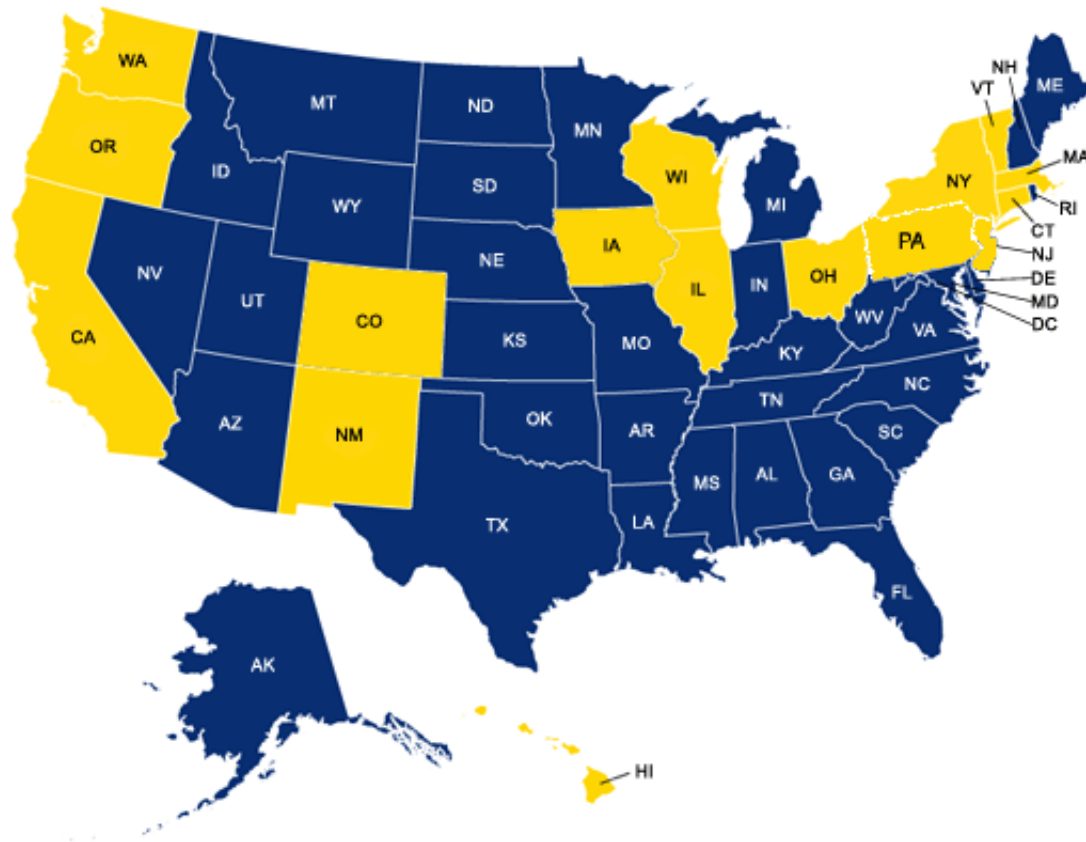
# State Momentum to Improve Coverage for Children and Youth

**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)



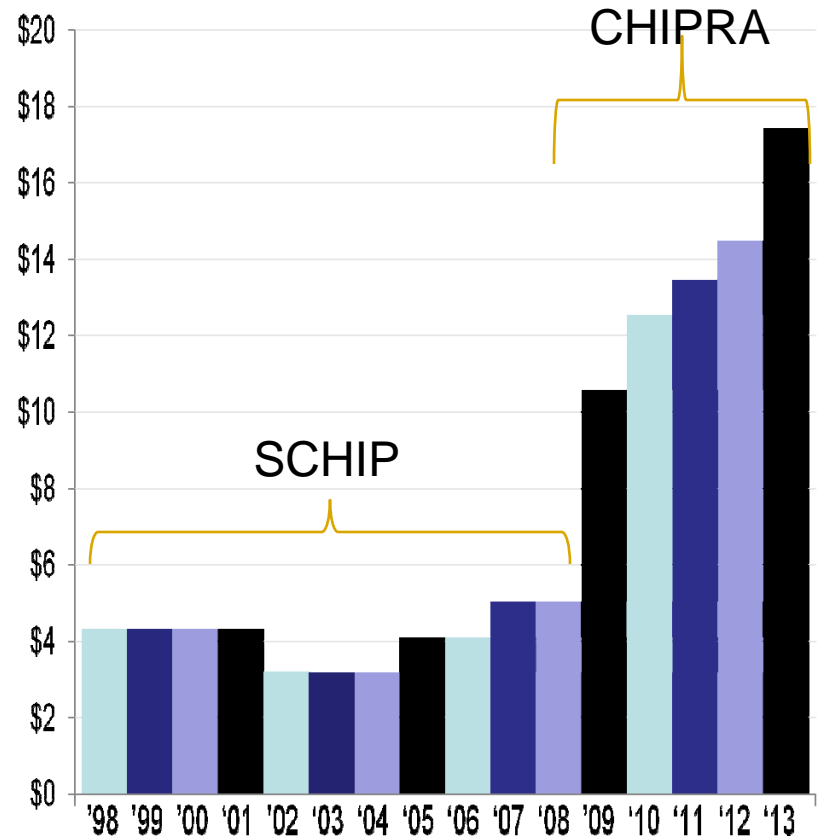
# Children's Health Insurance Program Reauthorization 2009

- 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



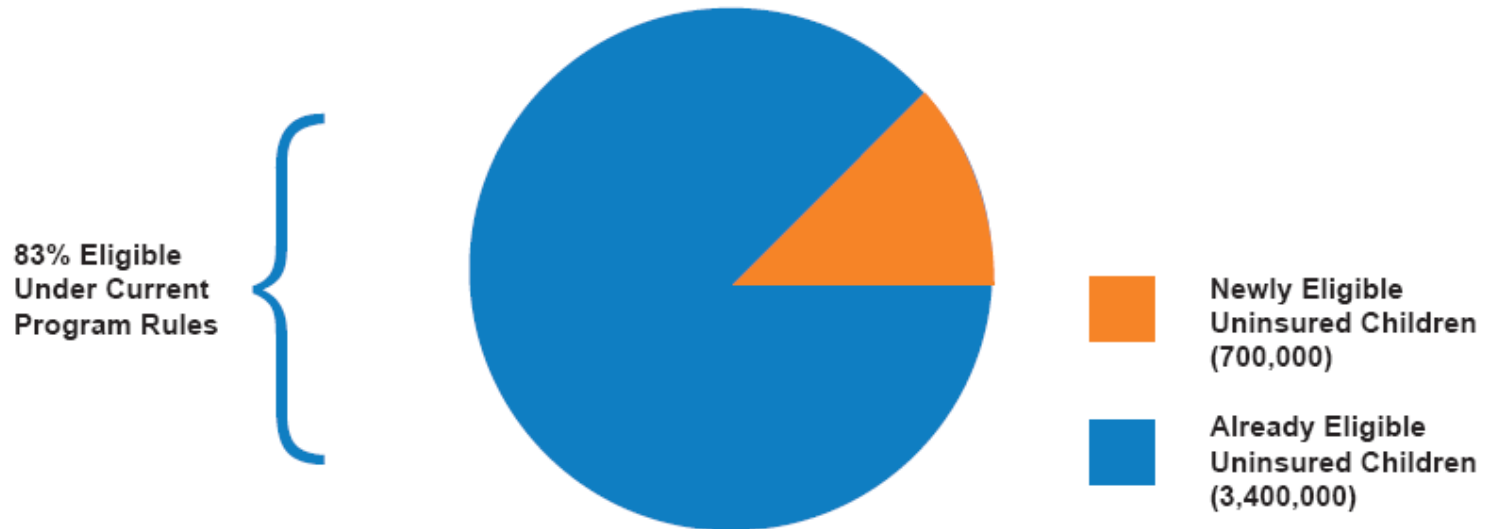
# CHIPRA 2009: Funding

- 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...



Source: Congressional Budget Office, February 11, 2009. Note: Projected average monthly new enrollment of otherwise uninsured children in Medicaid and CHIP for fiscal year 2013.

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

Source: Dawn Horner, Jocelyn Guyer, Cindy Mann, and Joan Alker *The Children's Health Insurance Program Reauthorization Act of 2009, Overview & Summary* (Washington, DC: Center for Children and Families, March 2009)



# 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**

Program	Income, by % FPL	Matching Rate from Fed to State
CHIP	≥ 300	Medicaid FMAP
CHIP	≤ 300	Enhanced CHIP matching rate
Medicaid	Depends on state	Medicaid FMAP

- **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.)

STATE	'09 FMAP	Stim.'09 FMAP	Enh'd FMAP '09-'10
AZ	65.8%	75.0%	\$1,980 m
CA	50%	61.6%	\$11,230 m
FL	55.4%	67.6%	\$4,390 m
MI	60.3%	69.6%	\$2,270 m
NY	50%	58.8%	\$12,650 m
OH	62.1%	70.2%	\$3,010 m
WI	59.4%	65.6%	\$1,240 m
KY	70.1%	77.8%	\$1,030 m

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

STATE	Est. FY '09 shortfall	Est. Enh'd FMAP '09
CA	\$13.7 b	\$4.55 b
FL	\$2.3 b	\$1.88 b
MI	\$200 m	\$934 m
WA	\$509 m	\$591 m

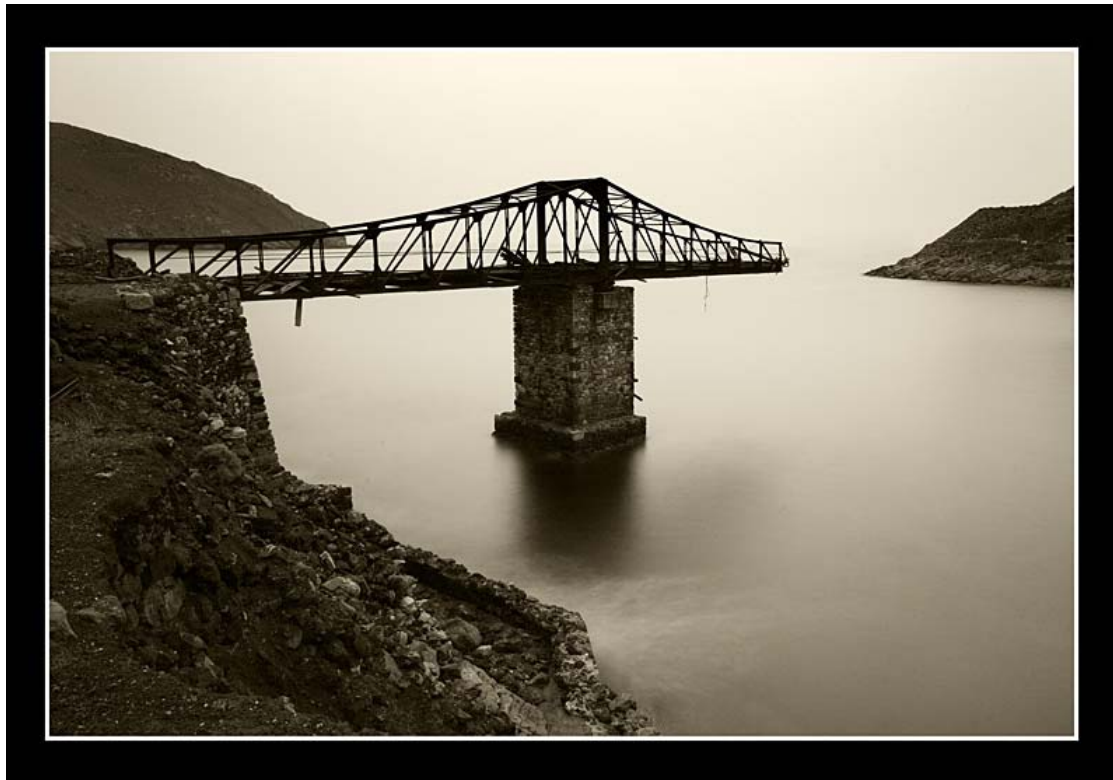
Source: State Budget Shortfall: Center for Budget and Policy Priorities, 2-10-09; FMAP Impact: HMA calculation  
Source: Barbara Edwards, Health Management Associates, PowerPoint presentation, 2009



# 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

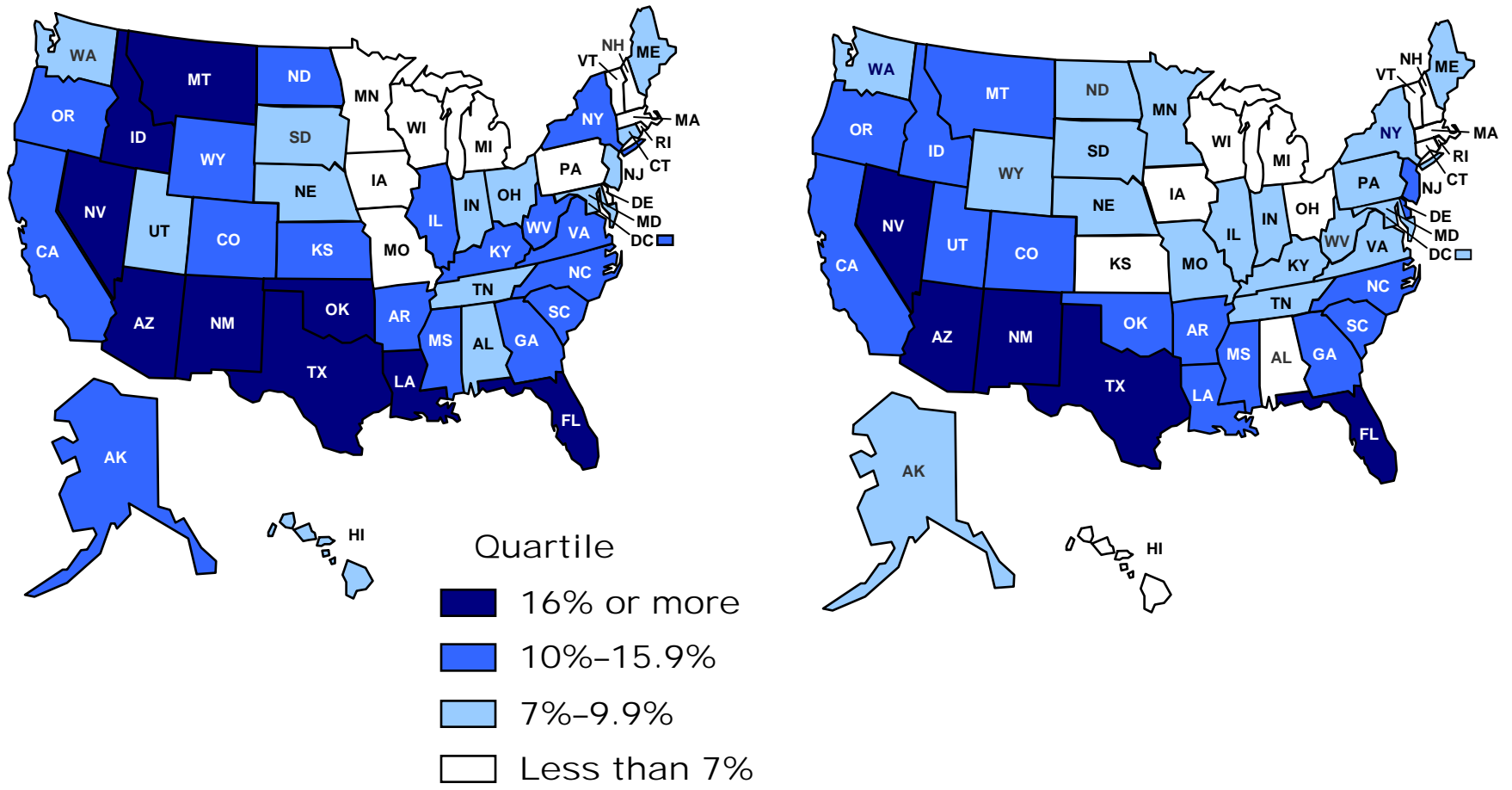
# What Are Remaining Gaps?



# Percent of Uninsured Children Declined Since Enactment of SCHIP in 1997, but Gaps Remain

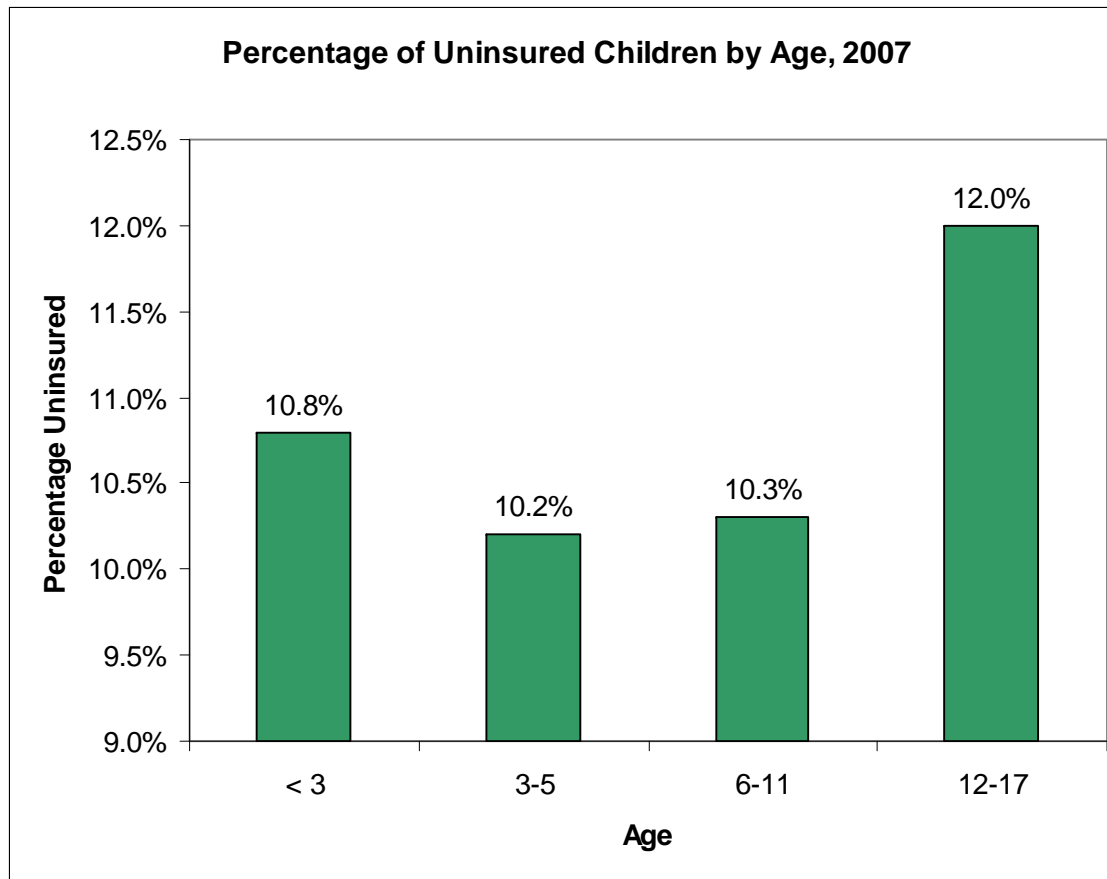
1999–2000

2005–2006



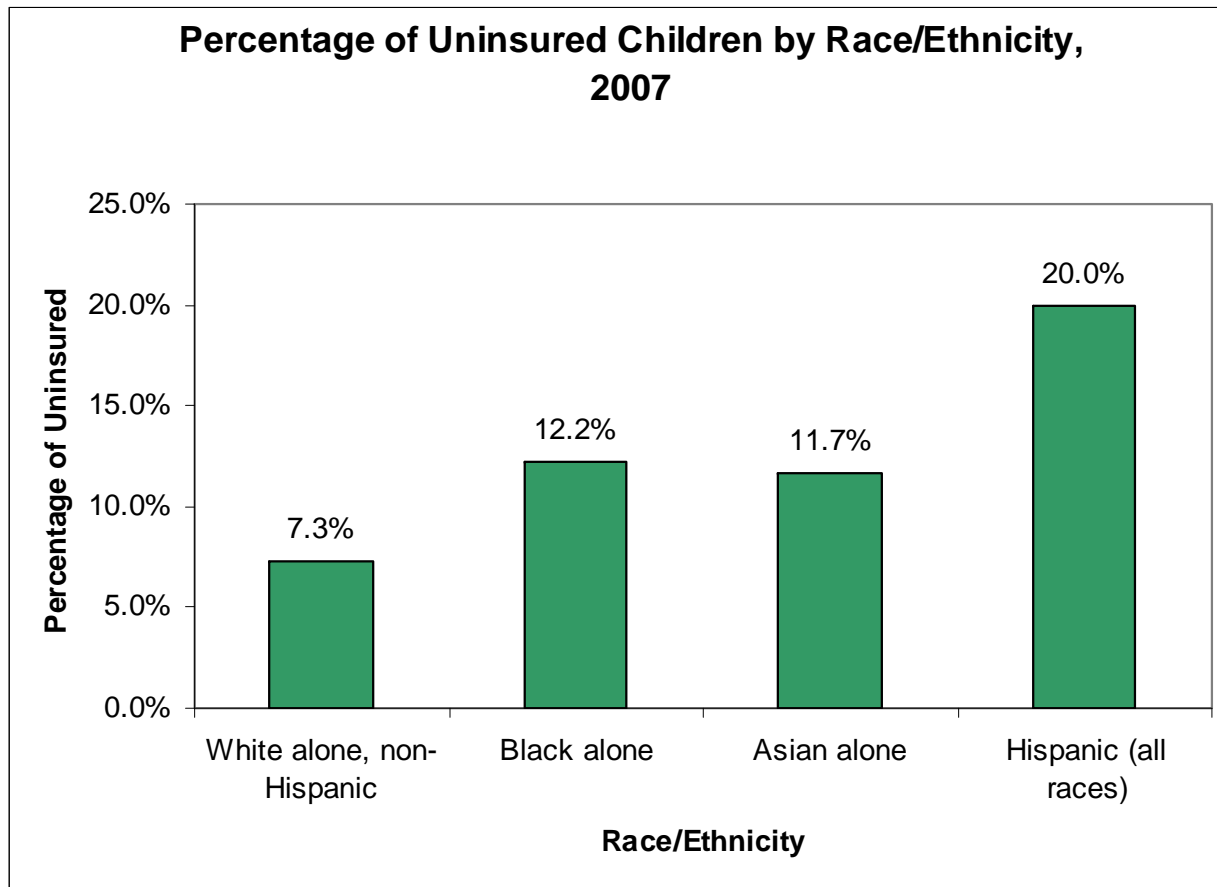
Source: The Commonwealth Fund's two-year averages 1999–2000, updated with 2007 CPS correction, and 2005–2006 from the Census Bureau's March 2000, 2001 and 2006, 2007 Current Population Surveys.

# Gaps in Coverage By Age Group



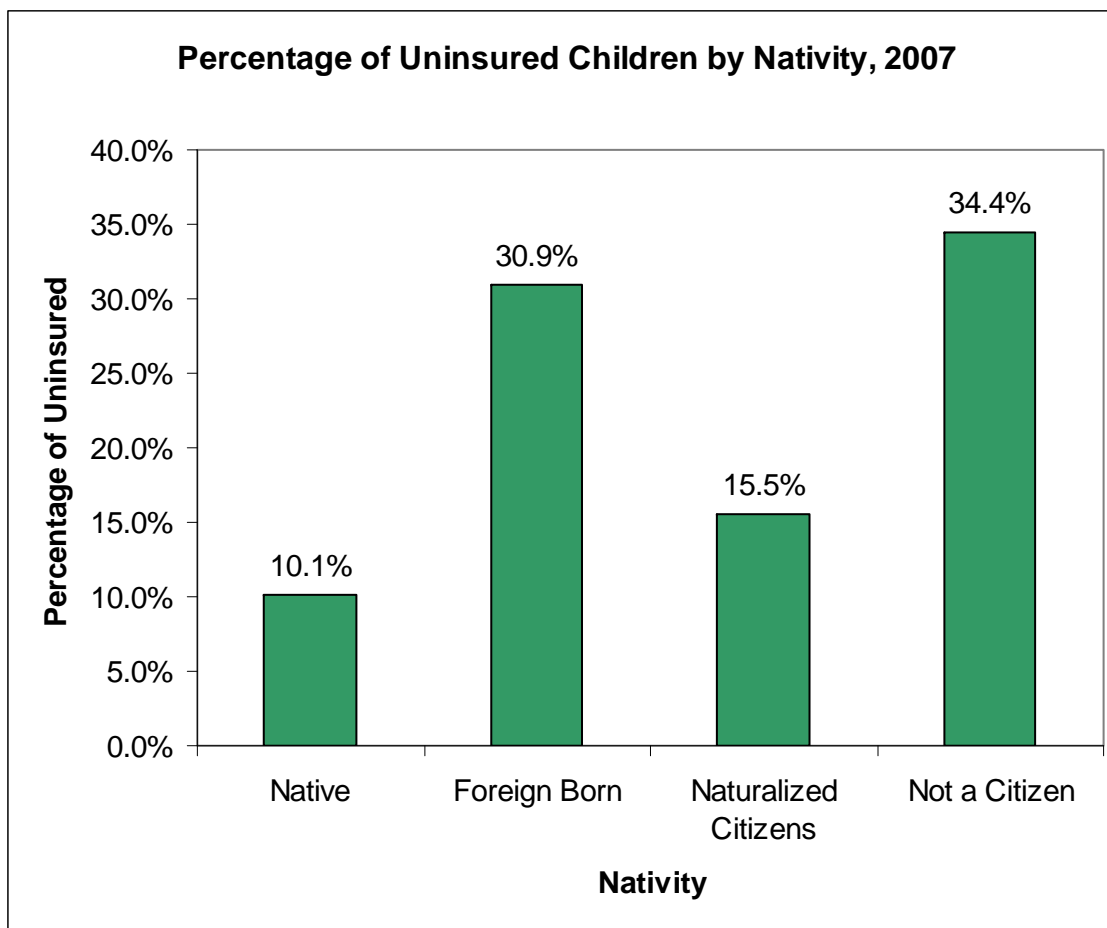
Source: U.S. Census Bureau, *Housing and Household Economic Statistics Division*, 2007. Table HI08, [http://www.census.gov/hhes/www/macro/032008/health/h08\\_000.htm](http://www.census.gov/hhes/www/macro/032008/health/h08_000.htm)

# Gaps in Coverage By Race and Ethnicity



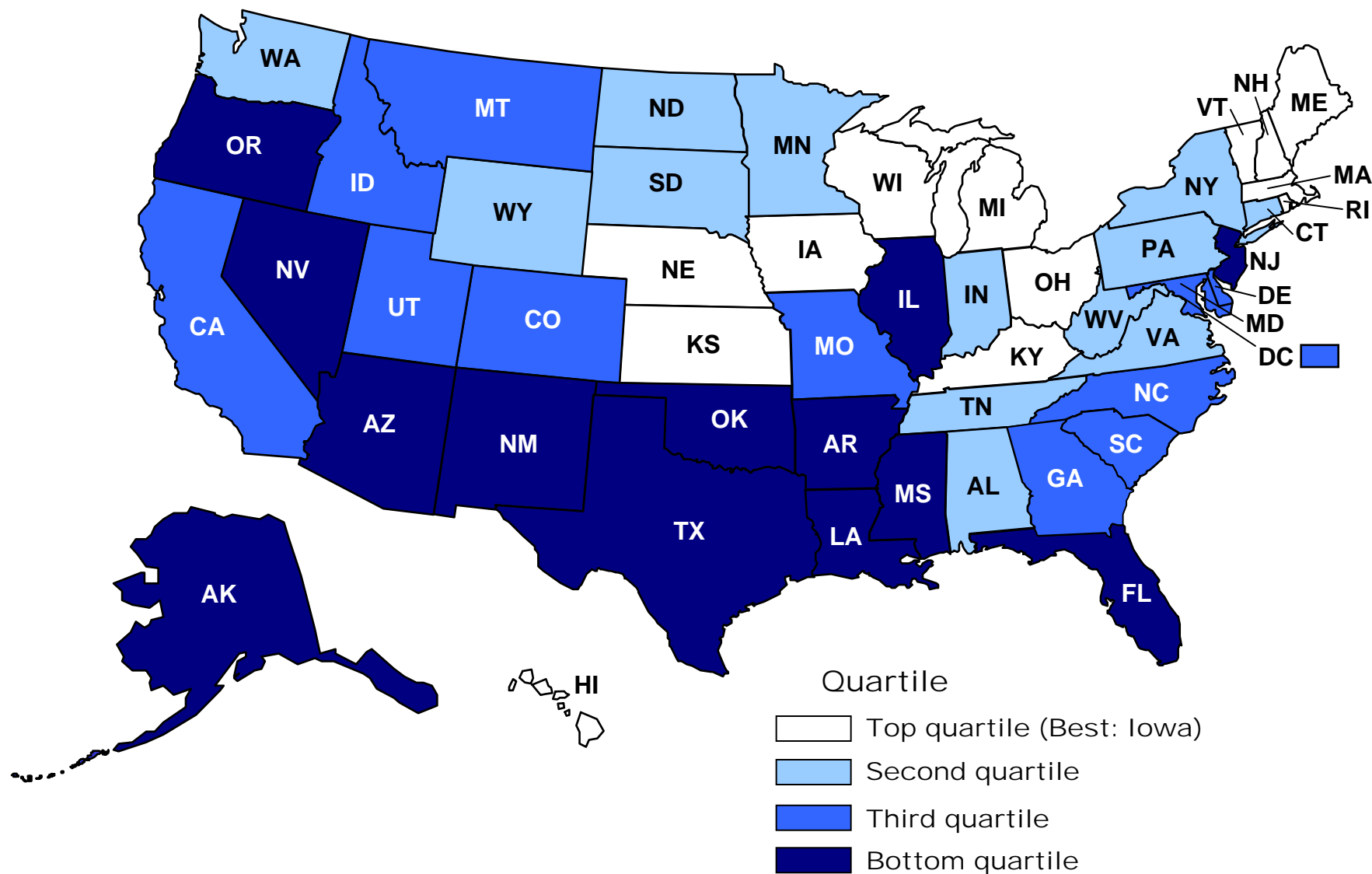
Source: U.S. Census Bureau, *Housing and Household Economic Statistics Division*, 2007. Table HI08, [http://www.census.gov/hhes/www/macro/032008/health/h08\\_000.htm](http://www.census.gov/hhes/www/macro/032008/health/h08_000.htm)

# Gaps in Coverage By Immigration Status



Source: U.S. Census Bureau, *Housing and Household Economic Statistics Division*, 2007. Table HI08, [http://www.census.gov/hhes/www/macro/032008/health/h08\\_000.htm](http://www.census.gov/hhes/www/macro/032008/health/h08_000.htm)

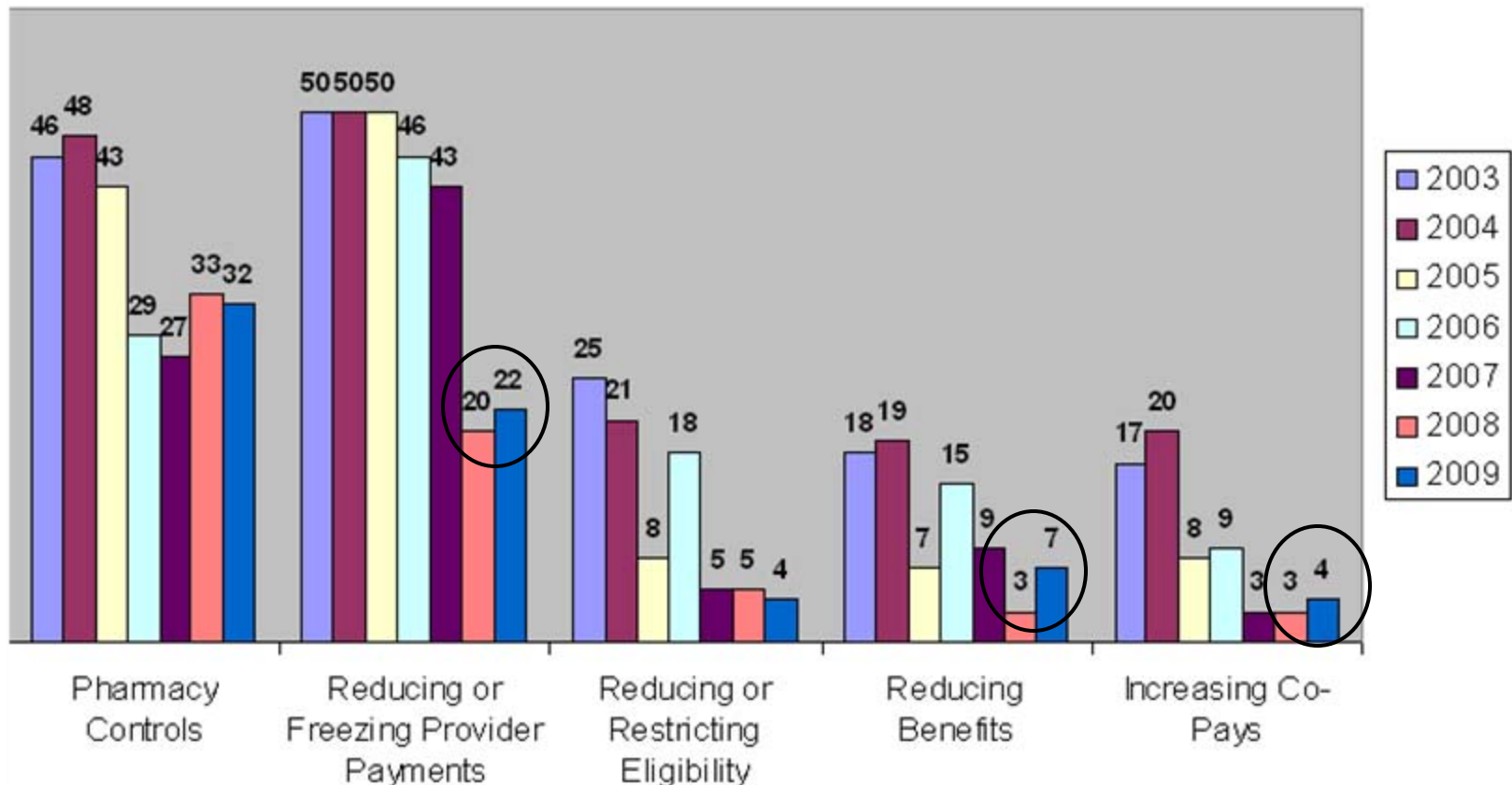
# State Ranking on Child Health System Performance



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



SOURCES: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, September and December 2003, October 2004, October 2005, October 2006; Vern Smith et al. *Headed for a Crunch: An Update on Medicaid Spending, Coverage, and Policy Heading into an Economic Downturn* (Washington, DC: HMA and KCMU, September 2008)



# 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)