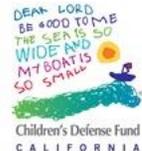




CHILDREN NOW



PICO California



Children's Health Insurance Program (CHIP): An Advocacy Playbook for California

(Revised: May 4, 2017)

WHAT IS CHIP: THE BASICS

The Children's Health Insurance Program is a program jointly funded by states and the federal government and run by states to cover uninsured children based on income. CHIP currently provides health coverage for 8.9 million children in America and more than 2 million children and pregnant women in California over the course of a year (1.4 million at any given time). In California, children in families with incomes between 138% and 266% of the Federal Poverty Level (FPL, \$33,354 - \$65,436 a year for a family of 4) are income eligible for CHIP. CHIP sits on the shoulders of Medicaid, which provides health coverage to children with family incomes of 138% FPL or less. In California, CHIP enrollees are part of the state's Medicaid program, which is known as Medi-Cal.

Developed as a state-federal partnership that gives governors broad flexibility to design their programs to target the needs of their child populations, states can either develop their own standalone CHIP program or roll their CHIP population into Medicaid where they are subject to Medicaid protections, as California does. CHIP has strong bipartisan roots and support, and continues to be popular among policymakers and the public. Working together, Medicaid and CHIP provide affordable, comprehensive health coverage for 45 million children in America - and 5.7 million in California - enabling poor and lower income children to maximize their health and development.

FEDERAL CHIP FUNDING BACKGROUND

For two decades, CHIP has been an essential source of children's coverage, ensuring access to high-quality, affordable, pediatric care for children in working families whose parents earn too much to qualify for Medicaid but too little to purchase private health insurance on their own.

While Medicaid is a federal entitlement, requiring no annual action to fund or authorize it, CHIP funding must be periodically reauthorized. This has happened four times since CHIP was originally established in 1997. Each time CHIP funding has been renewed, improvements have been made, such as streamlining enrollment processes, ensuring accountability, and piloting projects and grants to improve access, overcome disparities, and increasing the quality of children's health care. Federal CHIP funding was last renewed in 2015 for only two years, and as a result, states have been able to continue to provide CHIP coverage, but have not had the ability to make long term plans or improvements.

2017 CHIP FUNDING RENEWAL

It is time again for CHIP funding to be renewed; without federal action, there will be no new CHIP dollars available after September 30, 2017. However, because states [need time to plan](#) for currently covered populations, notify enrollees, and prepare budget changes if funding is not forthcoming before funding runs out, it is critical that Congress act significantly before that date. California's budget, for example, must be finalized by the state Legislature in mid-June and it is difficult to make a course correction in the middle of the state fiscal year.

Therefore, Congress should act quickly to renew federal CHIP funding sufficient to sustain existing CHIP programs and populations. Importantly, however, *it is critical that any cost*

associated with extending CHIP funding not be offset by any cuts to Medicaid, and CHIP funding legislation must not be packaged with any harmful policy changes to children or Medicaid.

CHIP AND MEDICAID MAKE A DIFFERENCE: FEWER UNINSURED CHILDREN

Nationally, CHIP has played a critical role in reducing the number of uninsured children by more than 68 percent, from nearly 15 percent in 1997 to a record of less than five percent in 2015, while also improving health outcomes and access to care for children and pregnant women. In California, CHIP, in combination with Medicaid and the ACA, has helped increase the child insurance rate to 97 percent - an historic high. However, if Congress fails to act in a timely manner, the 8.9 million children nationwide enrolled in CHIP will be at risk of losing their health coverage, or having to pay substantially more for significantly less comprehensive coverage. All of these children would lose ground. The resulting increase in the rate of uninsured and underinsured children would be an enormous step backwards.

MACPAC CHIP RECOMMENDATIONS

Congress should develop CHIP legislation that is aligned with the Medicaid and CHIP Payment and Access Commission's (MACPAC) recommendations, including:

- Renew CHIP funding for at least five (5) years;
- Leave in place the current enhanced [CHIP match rate](#) with the 23 percentage point increase for the duration of the funding extension;
- Leave in place [the Maintenance of Effort \(MOE\)](#), which ensures that current eligibility and enrollment are not restricted, for the duration of the funding extension (currently set to expire at the end of 2019); and
- Make permanent the [Express Lane Eligibility](#) authority, which automatically enrolls [SNAP/CalFresh](#) recipients into Medicaid/Medi-Cal without requiring an additional application.

CHIP IN CALIFORNIA

While California originally opted for a separate CHIP program known as Healthy Families, most California CHIP enrollees were shifted into Medi-Cal in 2013. A small standalone CHIP program still exists – Medi-Cal Access Program (MCAP) – that provides coverage for 118,000 pregnant women and their babies up to age 2 with incomes between 213% - 322% of FPL. Of the 5.7 million children enrolled in Medicaid, roughly 1.9 children million are eligible for CHIP based on their family's income.

Under federal law, all child enrollees in Medi-Cal – including CHIP-eligible children – have access to the Medicaid Early Periodic Screening Diagnostic and Treatment (EPSDT) benefit for coverage of any “medically necessary service” (including prevention, screening, immunizations, pharmacy, specialty care, mental health, vision, and dental services). More than half of all California children are enrolled in Medi-Cal, with access to EPSDT, which is truly the gold standard of pediatric coverage.

In addition to benefitting from Medicaid's superior benefit package, California CHIP enrollees are also generally subject to its strong cost sharing protections, although CHIP-eligible children with incomes between 160% and 266% FPL pay premiums of \$13 per month per child (not to exceed \$39 per family), whereas lower-income Medicaid eligible children do not pay premiums.

Under Federal law, states share the cost of both Medicaid and CHIP with the federal government, with different federal matches by state and program. In general, California pays \$0.50 for each dollar spent on Medicaid for children in families with incomes up to 138% of the federal poverty level (FPL, \$33,354 for a family of four), and the federal government pays the other \$0.50 (a 50% match rate). Children in families with incomes between 138% and 266% of the FPL (\$33,354 - \$65,436 for a family of four) are income eligible for CHIP in California. States receive an enhanced match rate for CHIP enrollees, 15 percentage points higher than Medicaid – so, CHIP is a better deal for the states. In California, this meant the state contributed \$0.35 cents on the dollar for CHIP enrollees with the federal government contributing \$0.65 cents. However, under the ACA, the already enhanced CHIP match rate was boosted by an additional 23 percentage points from FY 2016 through FY 2019 (this is known as the “CHIP bump”), so today, for each dollar spent on CHIP, the federal government contributes \$0.88 in California, while the state pays \$0.12.

ABSENT FEDERAL ACTION, CALIFORNIA’S CHIP FUNDING WILL RUN OUT IN DECEMBER 2017

As noted above, there is no new federal funding for CHIP available after September 30, 2017 unless Congress takes action. California is slated to exhaust its existing allotment before the end of this calendar year. Congress last extended CHIP as part of the Medicaid and CHIP Reauthorization Act of 2015 (MACRA), legislation that passed with overwhelming bipartisan majorities. A longer-term CHIP funding extension bill would not only avert a coverage crisis for children, families, and states, it would also provide an opportunity for members of Congress on both sides of the aisle to work together toward the collective goal of protecting children’s coverage.

CHIP’s uncertain funding future is a significant problem for California and other states, as they are in the process of developing their FY 2018 budgets and negotiating contracts with insurers and providers. California Governor Brown’s revised budget proposal is due out on May 12, and the final 2017-18 budget must be passed by the Legislature by June 15, so it would be very helpful to have federal action before that date.

Congressional leaders of both parties have expressed their intent to extend CHIP funding, but no legislation that would do so – much less, legislation that meets our request to fund CHIP adequately, cleanly, and without a harmful offset – has been released, and the clock is ticking.

WITHOUT FEDERAL CHIP FUNDING: CALIFORNIA HAS TO PICK UP \$900 MILLION IN 2017-18

If Congress does not renew federal CHIP funding, California would have to find an additional \$900 million in state General Fund in its 2017-18 budget. Without funding renewal, CHIP eligible children in California would default into Medicaid, where the state would get only a 50% match rate instead of the 88% match rate today. This includes \$531 million in lost federal funding from the “CHIP bump” in 2017-18. When the CHIP maintenance of effort provision expires (currently slated to end in 2019) or in standalone CHIP programs, states could terminate coverage entirely, leaving millions of children without an affordable coverage option.

WHAT CAN ADVOCATES DO?

IMPORTANT NOTE BEFORE REACHING OUT TO CONGRESSIONAL MEMBERS

As of May 3, Congress is still attempting to repeal the ACA and cut and dismantle Medicaid through the American Health Care Act (AHCA). *We do not want the renewing of CHIP funding to get caught up in that debate.* Therefore we suggest reaching out to members to discuss CHIP as soon as this round of ACA repeal activity has been concluded.

- 1) **Educate your congressional representatives about CHIP.** Many new Members of Congress do not know what CHIP is, who it serves, and why comprehensive affordable child-appropriate coverage is important, while longer-serving Members may have new staff who are unfamiliar with CHIP. *Every member* needs to know the importance of CHIP. California's congressional representatives need to understand that CHIP and Medicaid together form a critical system that provides affordable, comprehensive, child-appropriate coverage to more than half of California children.
- 2) **Stress the urgency of congressional action on CHIP.** Please contact your Member of Congress and Senators Feinstein and Harris to urge them to take action soon to pass a clean CHIP funding bill. All members need to hear from their constituents about issues that are important to them, particularly if you have a personal story to tell.
- 3) **Ensure Congress protects Medicaid when renewing CHIP.** In addition to encouraging Congress to move forward quickly to fund CHIP, it is critically important they understand that because CHIP sits on the shoulders of Medicaid, which serves far more children than CHIP, a CHIP funding package ***must not make on any changes or cuts to Medicaid.***
- 4) **Urge state leaders to put pressure on Congress to fund CHIP.** Because state legislators and the Governor must complete the California state budget by mid-June, time is short for Congress to fund CHIP in a time frame for state budget planning. Please contact Governor Brown and your state legislators and request they express their support to Congress for extending federal CHIP funding in line with MACPAC's recommendations. The California Children's Health Coverage Coalition sent a [letter](#) to the Medi-Cal for Children's Health Advisory Panel (MCHAP) that could be used as a template.

Talking Points for Legislators (state and federal)

- CHIP sits on the shoulders of Medicaid to provide health coverage for children in low-income, working families who earn too much to qualify for Medicaid but not enough to afford private coverage. Together, CHIP and Medicaid create a strong safety net for children in unemployed/underemployed families, and those without access to employer-based coverage. In California, a full-time minimum wage worker earns \$21,840 a year, while it costs on approximately \$15,408 a year to buy health coverage for a family of 4.
- CHIP is an integral part of the health care safety net for children and families and has had broad bipartisan support, CHIP makes health care available for more than 2 million children and pregnant women in California each year.
- We have come too far to turn back: 97% of children in California now have health insurance, and we must move forward to finish the job, not turn back now.
- Children with health insurance are more likely to graduate and become successful participants in our future workforce. We cannot afford *not* to invest in children early on.
- An uninsured child costs the local community \$2,100 more than a child insured by Medicaid.

- Without CHIP funding, California would have to find an additional \$900 million in state funding in 2017-18 to continue to cover CHIP enrollees in Medicaid.
- Additionally, the “CHIP bump” funding is critical to maintaining our state’s health care system. California cannot afford to lose the \$531 million annually in federal funding from the “CHIP bump.”

For Republican members: Emphasize the critical lifelong individual and societal benefits of health coverage for children during their development, and conversely, the costs of not investing in children early on.

For Democratic members: Be sure to note that *more than half* of all California’s children are enrolled in Medi-Cal.

Again, our specific ask is for quick action on a CHIP funding bill that would sustain existing CHIP programs, without any cuts to Medicaid, further erosion of coverage, or new requirements like cost sharing or work requirements. Any cost associated with extending CHIP funding should *not* be offset at the expense of Medicaid with any cuts or harmful policy changes. A CHIP funding bill should:

- Renew CHIP funding for at least five (5) years;
- Leave in place the current enhanced CHIP match rate with the 23 percentage point increase;
- Leave in place the Maintenance of Effort (MOE), which ensures that current eligibility and enrollment are not restricted; and
- Make the Express Lane Eligibility authority permanent.

RESOURCES

[First Focus Organizational Sign-On CHIP Letter](#)

Data

[Percent of Children Covered by Medicaid/CHIP by Congressional District](#)

Advocacy Letters

[Children's Health Coverage Coalition letter to the Medi-Cal for Children's Health Advisory Panel](#)

[Governor Brown’s letter to California Congressional Delegation](#)

[Sample Letter for Advocates](#)

Statements, Reports, and Blog Posts from MACPAC and National Partners

[Continuing our Commitment to Protecting and Improving Health Coverage for All Children](#)

[Federal CHIP Funding: When Will States Exhaust Allotments](#)

[Looking Ahead: A Timeline of State Policy & Operational Considerations if Federal CHIP Funding Ends for States](#)

[Preserving the Children's Health Insurance Program](#)

[The Future of CHIP and Children’s Coverage](#)

The Majority of States Planning on Federal Funding for CHIP

Congress Must Act to Save the Children's Health Insurance Program