MACPAC

Medicaid and CHIP Payment and Access Commission

CHIPRA Bonus Payments

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Background

Bonus payments, authorized from FY 2009 - FY 2013, were established to promote enrollment of eligible but unenrolled children in Medicaid and CHIP

To qualify, states had to:

- experience an increase in child Medicaid enrollment for the year above an established target, and
- have implemented at least five of eight specified outreach and retention efforts in their Medicaid and CHIP programs

Enrollment and Retention Strategies

- twelve-month continuous eligibility
- liberalization of asset test requirements
- elimination of in-person interviews
- use of the same application and renewal forms for Medicaid and CHIP
- automatic and/or administrative renewal
- presumptive eligibility
- Express Lane Eligibility (ELE)
- premium assistance

Calculation of Bonus Payments

The size of state bonuses was dependent on the increase in child Medicaid enrollment achieved for the given year

Tier 1 bonuses:

- Child Medicaid enrollment up to 10 percent of the established baseline
  (# of enrollees above baseline x 15% of projected per capita state Medicaid expenditures)

Tier 2 bonuses:

- Child Medicaid enrollment in excess of 10 percent of the established baseline
  (# of enrollees above baseline x 62.5% of projected per capita state Medicaid expenditures)

The established 2007 baseline year may have posed advantages or disadvantages to states whose enrollment was particularly low or high in 2007

Bonus Payments and the ACA

Under the ACA, four of the eight strategies are now required effective this year:

- liberalization of asset test requirements,
- elimination of in-person interviews
- use of the same application and renewal forms in both Medicaid and CHIP, and
- automatic and/or administrative renewal based on information available to the state

The maintenance of effort guidelines (§1902(gg)) assert that states cannot adopt eligibility standards that are more restrictive than those in effect when the ACA was enacted

The ACA explicitly called for the termination of bonus payments after FY 2013

Key Questions

Were bonus payments effective in incentivizing states to implement enrollment strategies?

Did the bonus payment program lead to reduction in rates of uninsurance among eligible but unenrolled children?

Were States Incentivized?

Some states reported that the presence of potential bonuses was a catalyst in moving them to re-examine their enrollment and retention efforts

The number of states qualifying for bonuses grew over time

- In 2009, 10 states earned bonuses; in 2013, 23 states
- Of the 27 states that received bonus payments from 2009-2013, 22 states received three or more annual bonuses
- Nearly 74 percent of the states awarded bonuses in 2012 and almost 70 percent of award states in 2013 were implementing exactly five of the eight strategies, the minimum requirement needed to qualify
- Some states implemented strategies knowing it was unlikely they would earn a bonus payment. Maine and Massachusetts implemented five of the eight strategies but never met the child Medicaid enrollment requirements necessary to earn a bonus

Did Rates of Uninsurance Decline?

- Between 2008 and 2011, the number of eligible but uninsured children declined by 18 percent
- From 2008 to 2012, the national average for Medicaid and CHIP participation rates rose by 6.4 percent
- As of 2012, more than 36 percent of all children who were eligible but uninsured lived in one of three states—California, Florida, or Texas
    - None of these states received a performance bonus
- Almost six out of every ten children who were eligible but uninsured in 2012 were living in a state that, up until that point, had never received a bonus payment

Looking Forward

Policy options might include:

- leave current law intact, allowing the bonus fund to remain closed
- extend the bonus fund under the original requirements for additional years, or
- extend the bonus fund, but with modifications

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