MACPAC

Medicaid and CHIP Payment and Access Commission

Affordability of Exchange Coverage for Children Now Covered by CHIP

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Context for Affordability Analysis

MACPAC's affordability analysis of children's coverage includes:

- How the costs of premiums and cost sharing affect a family's willingness to sign up for coverage
- How these costs compare to CHIP
- How these costs relate to other expenses that low-income families face

Data on exchange plan costs are more readily available than data on employer-sponsored coverage

CHIP and Exchange Premium and Cost Sharing Rules

- Most separate CHIP states charge premiums and cost sharing that varies by income
- Exchange premiums do not vary by the number of family members enrolled
- Exchange premium tax credits do not account for stand-alone dental coverage
- Exchange cost-sharing reductions increase actuarial value of silver exchange plans, but not to the current level of CHIP

Effect on Families

MACPAC estimated the marginal costs for CHIP and exchange coverage for families with two children at 160 and 210 percent FPL, including:

- Family premium contribution (including dental)
- Average cost sharing
- Out-of-pocket cost-sharing maximums

A variety of family circumstances were assessed

Effect on Families: Premiums

Children with parents enrolled in the exchange will have little or no change in premium costs

If the children's parents are not enrolled in an exchange, premium costs are 6 to 11 times higher than CHIP in the examples studied:

- 5.2 percent of family income at 160 percent FPL
- 7.2 percent of family income at 210 percent FPL

Most families will face additional costs for pediatric dental coverage

Effect on Families: Cost Sharing

Average cost sharing for exchange coverage is 7 to 15 times higher than CHIP in the examples studied

Out-of-pocket cost-sharing maximums for exchange coverage also exceed CHIP:

- 6.6 percent of family income at 160 percent FPL
- 13.3 percent of family income at 210 percent FPL

Effect on Families: Overall Cost of Children's Exchange Coverage

In the examples studied, the total average costs for children's exchange coverage are:

- More than twice that of CHIP, if parents are enrolled in an exchange
- More than seven times that of CHIP, if parents are not enrolled in an exchange

Total potential financial exposure could exceed:

- 11.8 percent of family income at 160 percent FPL
- 20.5 percent of family income at 210 percent FPL

Exchange coverage may still cost less than available employer-sponsored coverage

Possible Approaches for Addressing Affordability

The chapter outlines approaches for addressing premiums, cost sharing, or both

Possible policy approaches to consider:

- Augmenting existing exchange subsidies
- Providing wrap-around coverage
- Other alternatives, such as expanding Medicaid