Affordability for Children in Separate CHIP Versus Employer-Sponsored Insurance

Medicaid and CHIP Payment and Access Commission

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Overview of presentation

- Background
- Data sources and assumptions
- Results
  - Average out-of-pocket spending for children in separate CHIP versus employer-sponsored insurance coverage
  - Share of children with out-of-pocket spending exceeding various thresholds

Background

- Employer-sponsored insurance is a likely source of coverage for 1.2 million children currently enrolled in CHIP if funding were to expire
- Commission’s analyses of employer-sponsored insurance have focused on covered benefits, trends in coverage, premiums, and cost sharing
- Contracted with Actuarial Research Corporation (ARC) to conduct an analysis parallel to that described in draft March chapter examining out-of-pocket spending in employer-sponsored insurance for low- and moderate-income children

Model data sources and assumptions

- Data source: A nationally representative sample of 3,926 low- and moderate income children from the Medical Expenditure Panel Survey (MEPS)
- The entire sample is run through the cost sharing and premium parameters from 2014 Kaiser/HRET Survey of Employer Health Benefits
- Premium assumption: additional cost of adding a child to employer-sponsored insurance coverage is 35 percent of single coverage premium
- Only for spending on standard medical benefits

Limitations

- Cannot produce state-level estimates
- Estimates represent average out-of-pocket spending among low- and moderate-income children if they were enrolled in sample plans
- Fewer low-income children are enrolled in private health insurance relative to Medicaid and CHIP
- Comparisons of out-of-pocket spending across sources of coverage are difficult to interpret due to the wide variation in employer-sponsored insurance premiums and cost sharing requirements

Key findings

- Children face higher average spending in employer-sponsored insurance plans than in separate CHIP plans
- Children at 133–150% FPL are more likely to exceed various spending thresholds in employer-sponsored insurance than exchange coverage
- Children at 200% FPL or above are less likely to exceed various spending thresholds in employer-sponsored insurance than exchange coverage

Children's cost sharing and premiums by source of coverage

	AV[1]	Average cost sharing	Average premium	Total (cost sharing and premium)
Separate CHIP	98%	$31	$127	$158
Employer-sponsored insurance plan	81%	$288	$603	$891
Second lowest cost silver exchange plan	82%	$266	$806	$1,073

[1] AV is effective actuarial value—that is, the percentage of covered benefits paid for by the plans for the children in the analysis.
Notes: CHIP is the State Children's Health Insurance Program. The second lowest cost silver plan was from each state's county with the most children and reflects applicable cost-sharing reductions. These results are on an annual per-child basis, without regard to additional premiums and cost sharing or limitations on out-of-pocket spending in families with multiple enrolled children.
Source: MACPAC analysis of results from Actuarial Research Corporation (ARC), which model the cost sharing and premium parameters of employer-sponsored insurance (using 2014 Kaiser/HRET Employer Health Benefits Survey), 36 states' separate CHIP programs and the second lowest cost silver qualified health plan in those states.

Range of share of children across states with spending above thresholds in employer-sponsored insurance versus separate CHIP

Income as a % of poverty	Employer-sponsored insurance plans		
	2% of income	5% of income	10% of income
133–<150%	50%	12%	2%
150–<200%	40%	8%	1%
200–<250%	29%	4%	1%
250–400%	21%	3%	0%
	Separate CHIP		
133–<150%	0%[1]	0%	0%
150–<200%	0–2%[1]	0%	0%
200–<250%	0–2%[2]	0%	0%
250–400%	0–3%[3]	0%	0%

1 Excluding Utah, which had 1% and 13% above 2%-of-income threshold for the first two income groups, respectively, and 9% of above the $1,000 threshold for the 150-<200% FPL range.
2 Excluding Missouri, which had 13% above this threshold.
3 Excluding South Dakota, which had 54% above the 2%-of-income threshold and 61% above $1,000 threshold.
Note: These results are on an annual per-child basis, without regard to additional premiums and cost sharing or limitations on out-of-pocket spending in families with multiple enrolled children.
Source: MACPAC analysis of results from Actuarial Research Corporation (ARC).

Range of share of children across states with spending above thresholds in employer-sponsored insurance versus exchange coverage

Income as a % of poverty	Employer-sponsored insurance plans		
	2% of income	5% of income	10% of income
133–<150%	50%	12%	2%
150–<200%	40%	8%	1%
200–<250%	29%	4%	1%
250–400%	21%	3%	0%
	Second lowest cost silver exchange plan		
133–<150%	14–34%	1–3%	0%
150–<200%	34–54%	2–9%	0–1%
200–<250%	61–75%[1]	8–16%	1–3%
250–400%	59–94%	8–17%	1–3%

1 Excluding South Dakota, which had 54 percent above this threshold.
Note: These results are on an annual per-child basis, without regard to additional premiums and cost sharing or limitations on out-of-pocket spending in families with multiple enrolled children.
Source: MACPAC analysis of results from Actuarial Research Corporation (ARC).

Variation in employer-sponsored insurance

- Comparisons to employer-sponsored insurance can be complicated to interpret due to the wide variation in plan design
- For example, low- and moderate-income children face lower total out-of-pocket spending in plans offered by large firms (firms with 200 or more employees) compared to smaller firms
- Employers offer plans at a wide range of actuarial values
  - 55 percent of plans for low- and moderate-income children would have an effective actuarial value of 80 percent or higher

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