



# Draft Chapter for March Report Design Considerations for the Future of Children's Coverage: Focus on Affordability



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# Today's presentations on children's coverage

- Review of draft chapter for March 2016 report on affordability of separate CHIP versus exchange coverage for children
- Affordability for children in separate CHIP versus employer-sponsored insurance
- Commission's work on children's coverage and next steps

# Overview of this presentation

- Context
- Key findings
- Discussion

# Context: Status of CHIP and children's coverage

- Since CHIP's enactment, children's uninsurance has fallen from 9.9 million (13.9%) in 1997 to 3.3 million (4.5%) in 2015
- In FY 2014, Medicaid and CHIP enrolled 44 million children:
  - 36 million in Medicaid-funded coverage
  - 8 million in CHIP-funded coverage
- States will begin running out of CHIP funds in October 2017
- Availability of subsidized exchange coverage raises questions about CHIP's role

# Context: Variation in affordability of separate CHIP and exchange coverage

- CHIP cost sharing, as well as benefits and eligibility, vary by state, but have to meet federal standards
  - Premiums and cost sharing limited to 5% of income
- Exchange eligibility, benefits, and cost sharing set in federal statute under broad parameters
  - Variation exists by state and by plan in terms of cost sharing and benefits

# Purpose: Provide more nuanced insights on affordability of coverage

- Prior research found that, on average, children would face greater cost sharing in exchange plans compared to separate CHIP
- The findings in the draft chapter were designed to answer with more specificity:
  - How exchange plans and separate CHIP differ
    - By both cost sharing and premiums
    - By state
    - By key income categories, across entire CHIP income range
  - The share of children who would exceed spending thresholds in exchange coverage and the characteristics of those children

# Key findings

- Out-of-pocket spending (premiums and cost sharing) in exchange coverage is higher than CHIP in 36 states with separate CHIP
- Out-of-pocket spending in exchange plans increases substantially as income rises, consistent with required income-related cost sharing
- Differences in states' CHIP income eligibility mean that the group of children receiving CHIP cost sharing protection varies by state
- Children facing the highest spending in exchange coverage do not all have predictable, chronic health care needs

# Discussion

- This chapter raises several policy questions regarding low- and moderate-income children:
  - Are current levels of premiums and cost sharing in subsidized exchange coverage appropriate?
  - How much variation in premiums and cost sharing should exist across states—either in CHIP or exchange coverage?
  - How could information on the characteristics of children with high health care spending be used in designing a policy to ensure that coverage is affordable?
- Affordability for families is only one of many potentially competing policy goals





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