



Children's Coverage

Recommendation

Remaining Decisions for Commissioners



Medicaid and CHIP Payment and Access Commission

Joanne Jee

Benjamin Finder

Agenda

- Morning session
 - Recap of September commission meeting
 - CHIP funding extension: remaining decision points
- Afternoon session
 - Optional, CHIP-financed exchange subsidies: remaining decision points
 - New waiver to promote seamless children's coverage
 - Extension of expiring provisions
 - Offsets
- Next steps

Recap of September Commission Meeting—Straw Man Recommendation

- Extend CHIP funding
- Create new state-plan option for CHIP-financed exchange subsidies
- Create new children's waiver to promote seamless coverage
- Extend expiring provisions

Recap of September Commission Meeting–Discussion and Comments

- Focused on elements of the CHIP funding renewal
- Priority is stabilizing children’s coverage while supporting development of state-based approaches
- A more seamless system of comprehensive coverage for low- to moderate-income children is necessary
- Public comments
 - Supported 5-year funding renewal, and extension of maintenance of effort (MOE), and expiring provisions
 - Disagreed with early phase-out of 23 point differential
 - Mixed views on optional CHIP-finance exchange subsidies and new children’s waivers to promote seamless coverage

Extension of CHIP Funding

Remaining Decision Points on CHIP Funding Extension

- Duration of extension
- Maintenance of effort
- Matching rate

Optional, CHIP-financed Subsidies

Optional, CHIP-financed Subsidies: Specifications

- **New state plan option:** Permits states to use CHIP funds to provide CHIP-eligible children subsidies for purchasing exchange coverage
- **Eligibility:** State determined, up to state CHIP income eligibility limits
- **Affordability:**
 - CHIP limit on out-of-pocket spending applies
 - Actuarial value of exchange coverage must be substantially similar to state's CHIP coverage

Optional, CHIP-Financed Subsidies: Specifications (continued)

- **Benefits:** Benefits must meet state CHIP coverage levels, including oral health services
- **Effect on cost and coverage:**
 - State approach must promote efficiency and coverage
 - Public notice and comment prior to submitting state plan amendment
- **Federal evaluation:** Secretarial assessment of the impact on coverage, access to care, affordability, and network adequacy

Optional, CHIP-financed Subsidies: Decision Point

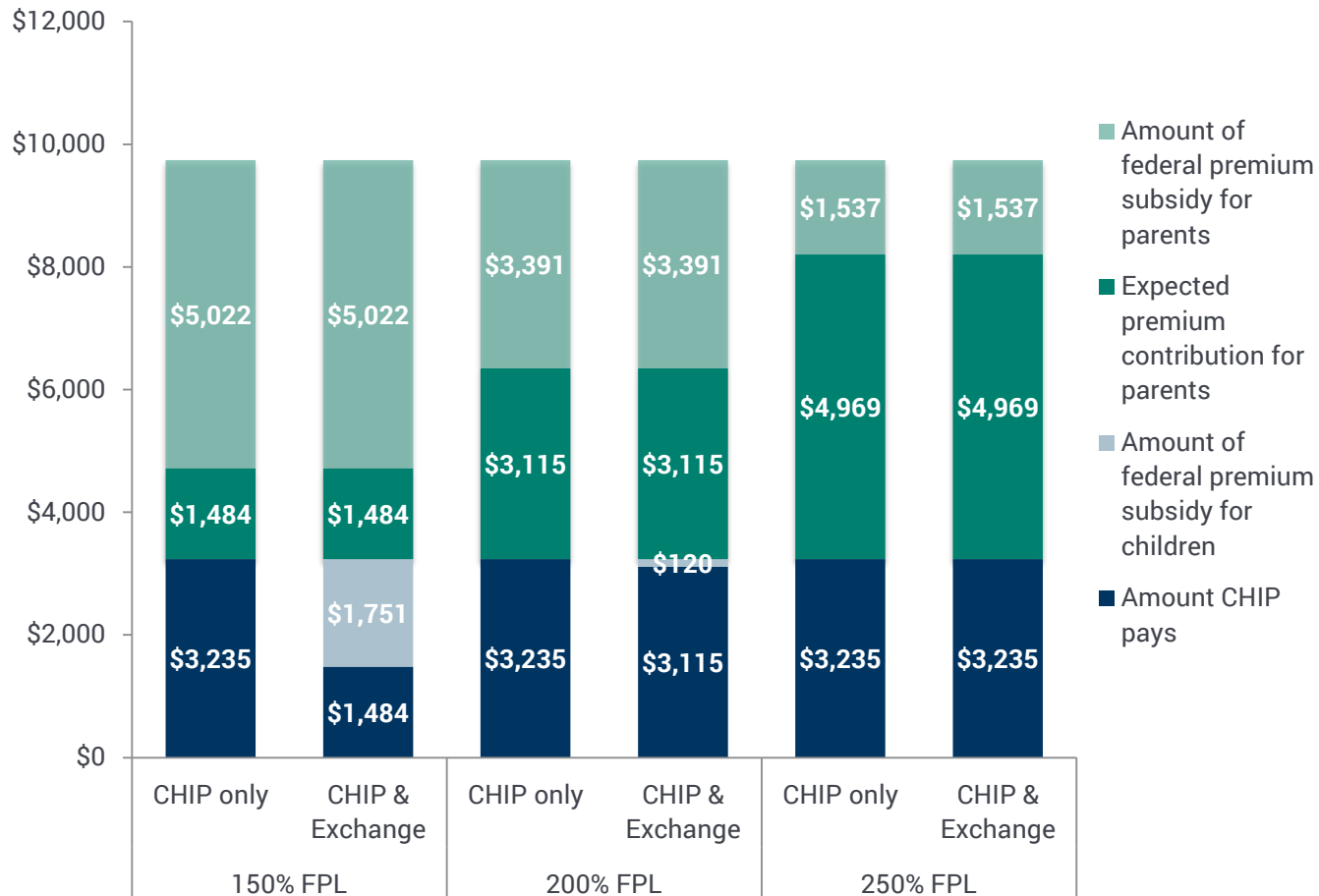
- Should CHIP-financed subsidies be provided to eligible children with or without federal premium and cost sharing exchange subsidies?
- Option 1. Without federal subsidies
 - CHIP pays exchange premiums and cost sharing
- Option 2. With federal subsidies
 - Firewall to ensure that CHIP funds are only used for coverage for CHIP-eligible children

Interaction of CHIP and Federal Exchange Premium Tax Credits

- Challenging to coordinate CHIP and federal exchange subsidies
 - Premiums and out-of-pocket spending requirements are priced at the plan level
 - Enrollee expected premium contributions and spending limits are established at the household level
- Purchasing child-only plans instead of a family plan could result in
 - The expected premium contribution being paid twice per household – once by CHIP and once by the family
 - Greater financial exposure borne by CHIP for cost sharing for families with three or more children
 - Variation by the number of children and family income

CHIP and Exchange Premium Subsidy Interactions – Children and Parents

Family of four: 2 adults, 2 children, 2016



Comparison of Out-of-Pocket Maximums, Child-Only Plans (Family of Four at 200% FPL)

Number of children	Unsubsidized OOP maximum	Reduced OOP (maximum CHIP pays)	Federal CSR pays
One child	\$6,850	\$2,250	\$4,600
Two children	\$13,700 (\$6,850 x 2)	\$4,500 (\$2,250 x 2)	\$9,200
<i>Other than self-only coverage</i>	<i>\$13,700</i>	<i>\$4,500</i>	<i>\$9,200</i>
Three children	\$20,550 (\$6,850 x 3)	\$6,750 (\$2,250 x 3)	\$13,800

Notes: OOP – out of pocket. CSR – cost sharing subsidy. For a family of four, 200 percent of 2016 FPL was \$48,600. Five percent of that was \$2,430.

Source: MACPAC calculations based on maximum annual out-of-pocket limit for 2016 exchange plans.

Comparison of Out-of-Pocket Maximums, Child-Only Plans (Family of Four at 250% FPL)

Number of children	Unsubsidized OOP maximum	Reduced OOP (Maximum CHIP pays)	Federal CSR pays
One child	\$6,850	\$5,450	\$1,400
Two children	\$13,700 (\$6,850 x 2)	\$10,900 (\$5,450 x 2)	\$2,800
<i>Other than self-only coverage</i>	<i>\$13,700</i>	<i>\$10,900</i>	<i>\$2,800</i>
Three children	\$20,550 (\$6,850 x 3)	\$16,350 (\$5,450 x 3)	\$4,200

Notes: OOP – out of pocket. CSR – cost sharing subsidy. For a family of four, 250 percent of 2016 FPL was \$60,750. Five percent of that was \$3,038.

Source: MACPAC calculations based on maximum annual out-of-pocket limit for 2016 exchange plans.

New Waivers Promoting Seamless Children's Coverage

Waivers to Promote Seamless Children's Coverage

- **New waiver option:** Congress should create statutory authority to establish a new waiver option to support state innovation in providing comprehensive children's coverage
 - Secretary would establish state participation criteria and a waiver template
 - States must prevent losses in coverage rates of eligible children
 - Medicaid protections apply for children at states' income eligibility level for Medicaid

Waivers to Promote Seamless Children's Coverage (continued)

- **Federal funding:** Medicaid, CHIP, and exchange funds that would have been spent covering children
- **Federal evaluation:** Secretarial assessment of the impact on coverage, access to care, affordability, and network adequacy

Extension of Expiring Provisions

Expiring Provisions

Extend through FY 2022:

- State plan option to use Express Lane Eligibility for children in Medicaid and CHIP
- Funding for outreach and enrollment grants
- Funding for pediatric quality measures
- Funding for childhood obesity demonstration projects

Implications for Federal Spending

Implications of Recommendation on Federal Spending

- Congressional Budget Office (CBO) estimate: up to \$18.5 billion in new federal spending, over 10 years
- MACPAC is required by statute to examine and submit a report on the budget consequences of recommendations
 - Obtained cost estimates from CBO to fulfill this requirement

Implications of Recommendation on Federal Spending (continued)

- Pay-as-You-Go Act of 2010 (PAYGO, P.L. 111-139) requires that new spending approved by Congress be offset by corresponding spending cuts or added revenue
- MACPAC has been asked to offer offsets when making recommendations

Next Steps

- Staff to prepare draft recommendation language based on today's discussion
- December: Review draft recommendation language and vote
- Publish recommendation and rationale January 2017



Children's Coverage Recommendation

Remaining Decisions for Commissioners



Medicaid and CHIP Payment and Access Commission

Joanne Jee

Benjamin Finder