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## MACPAC Recommends 5-Year CHIP Funding Extension

Washington DC—The Medicaid and CHIP Payment and Access Commission (MACPAC) recommended five additional years of federal funding for the State Children’s Health Insurance Program (CHIP) today, calling for action “as soon as possible” to preserve health insurance coverage for more than 8 million low- to moderate-income children and mitigate budget uncertainty for states. Although CHIP’s authorization does not expire, without Congressional action states will not receive any new federal funds for CHIP beyond September 30, 2017.

The recommendation to extend CHIP through fiscal year (FY) 2022 is one of a package of recommendations to address the stability and continuity of health insurance coverage for low- and moderate-income children. The package of recommendations also provides support for states to test innovations that could lead to a more seamless system of children’s coverage in the future. CHIP, enacted in 1997, is state-administered and funded jointly by states and the federal government. The program operates in every state and U.S. territory.

“CHIP, which historically has enjoyed bipartisan support, has successfully provided health insurance to millions of children whose families could not otherwise afford it. The Commission’s recommendations not only protect children from losing health coverage but also recognize the important role states play as laboratories for innovation,” said MACPAC chair Sara Rosenbaum. CHIP has been widely credited with helping to reduce the number of uninsured children in the U.S. from 10 million in 1997 when the program was enacted, to 3.3 million by 2015.

In order to ensure a stable source of health care coverage for children while lawmakers are considering broader changes to the coverage environment, and because children currently lack comparable coverage alternatives, the Commission recommends extending the current CHIP maintenance of effort provision (MOE)—now set to expire at the end of FY 2019—for three additional years, through FY 2022. The Commission also recommends extending the current federal CHIP matching rate for three additional years, through FY 2022, while the MOE is in place. States’ current federal CHIP matching rates range from 88 to 100 percent of total state CHIP expenditures. FY 2015 CHIP spending totaled approximately \$14 billion, with about 71 percent paid by the federal government and 29 percent by the states and territories.

Among the other recommendations in the children’s coverage package is one that would create a new state demonstration grant program to support the development and testing of state-based, seamless systems of coverage for low- and moderate-income children. Other parts of the package call for additional





steps that MACPAC previously recommended in 2014 to support families in maintaining coverage for their children and states in administering their programs. These include ending waiting periods in CHIP in order to minimize the potential for gaps in children's coverage, and eliminating CHIP premiums for children with family incomes below 150 percent of the federal poverty level in order to reduce the risk that the poorest CHIP-eligible families will be unable to pay premium costs for their children and to align CHIP premium policies with those applicable under Medicaid.

MACPAC also recommends permanently extending states' authority to use Express Lane Eligibility to streamline and facilitate the application process, reducing the burden on families applying for Medicaid and CHIP who also have applied for safety-net programs such as the Supplemental Nutrition Assistance Program, School Lunch program, and Temporary Assistance for Needy Families to verify Medicaid eligibility. The Commission recommends that the Secretary of the U.S. Department of Health and Human Services report to Congress on the legislative and regulatory modifications that would be needed to permit the use of Medicaid and CHIP eligibility determinations to determine eligibility for safety-net programs.

Finally, the Commission recommends five years of additional funding for three programs that have been renewed with CHIP in previous years: grants to support outreach and enrollment of Medicaid and CHIP eligible children, the Childhood Obesity Research Demonstration project, and the Pediatric Quality Measures program.

A full analysis of the recommendation will be available in January 2017 and as part of MACPAC's March 2017 *Report to Congress on Medicaid and CHIP*. Read the complete set of recommendations on children's coverage below. Please go to the [MACPAC website](#) for a [fact sheet on CHIP](#), and MACPAC's [March and June 2014](#) recommendations for CHIP.

**ABOUT MACPAC.** The Medicaid and CHIP Payment and Access Commission is a non-partisan legislative branch agency that provides policy and data analysis and makes recommendations to Congress, the Secretary of the U.S. Department of Health and Human Services, and the states on a wide array of issues affecting Medicaid and the State Children's Health Insurance Program (CHIP). For more information, please visit: [www.macpac.gov](http://www.macpac.gov).

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## MACPAC Recommendations for CHIP and the Future of Children's Coverage

### Recommendation 1.1

Congress should extend federal CHIP funding for a transition period that would maintain a stable source of children's coverage and provide time to develop and test approaches for a more coordinated and seamless system of comprehensive, affordable coverage for children.

### Recommendation 1.2

Congress should extend federal CHIP funding for five years, through fiscal year 2022, to give federal and state policymakers time to develop policies for, and to implement and test coverage approaches that promote seamlessness of coverage, affordability, and adequacy of covered benefits for low- and moderate-income children.

### Recommendation 1.3

In order to provide a stable source of children's coverage while approaches and policies for a system of seamless children's coverage are being developed and tested, and to align key dates in CHIP with the period of the program's funding, Congress should extend the current CHIP maintenance of effort and the 23 percentage point increase in the federal CHIP matching rate, currently in effect through FY 2019, for three additional years, through fiscal year 2022.

### Recommendation 1.4

To reduce complexity and to promote continuity of coverage for children, Congress should eliminate waiting periods for CHIP.

### Recommendation 1.5

In order to align premium policies in separate CHIP with premium policies in Medicaid, Congress should provide that children with family incomes below 150 percent of the federal poverty level not be subject to CHIP premiums.

### Recommendation 1.6

Congress should create and fund a children's coverage demonstration grant program, including planning and implementation grants, to support state efforts to develop, test, and implement approaches to providing, for CHIP-eligible children, seamless health coverage that is as comprehensive and affordable as CHIP.

### Recommendation 1.7

Congress should permanently extend the authority for states to use Express Lane Eligibility for children in Medicaid and CHIP.



**Recommendation 1.8**

The Secretary of Health and Human Services, in consultation with the Secretaries of Agriculture and Education, should not later than September 30, 2018, submit a report to Congress on the legislative and regulatory modifications needed to permit states to use Medicaid and CHIP eligibility determination information to determine eligibility for other designated programs serving children and families.

**Recommendation 1.9**

Congress should extend funding for five years for grants to support outreach and enrollment of Medicaid- and CHIP-eligible children, the Childhood Obesity Research Demonstration projects, and the Pediatric Quality Measures program, through fiscal year 2022.

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