



# Federal CHIP Funding Update

When will states exhaust allotments?



Medicaid and CHIP Payment and Access Commission

Joanne Jee and Robert Nelb

# Current Law

- Federal CHIP funds are allotted to states annually
- Under current law, CHIP allotments are only provided through fiscal year (FY) 2017
- Some unspent CHIP funds will be available for spending in FY 2018
  - Unspent FY 2017 CHIP allotments available on October 1, 2017 will be reduced by one-third
  - Unspent allotments from prior years will also be available for redistribution to states with CHIP funding shortfalls
  - Contingency fund payments are not available in FY 2018

# CHIP Funding Projections

- FY 2017 CHIP allotments and available redistribution funding are projected to be adequate to cover FY 2017 CHIP spending
- In FY 2018, we estimate that available CHIP funding (\$7 billion) will cover less than half of projected CHIP spending (\$18 billion)
- States will exhaust their federal CHIP funds at different points during the year depending on their rollover balances and projected spending

# Projected Exhaustion of CHIP Funds in FY 2018

Quarter of fiscal year	Number of states	States
First quarter (Oct.–Dec. 2017)	5	AZ, CA, DC, MN, and NC
Second quarter (Jan.–Mar. 2018)	29	AK, AR, CO, CT, DE, FL, HI, IA, ID, KS, KY, LA, MA, MD, MO, MS, MT, NV, NY, OH, OR, PA, RI, SD, UT, VA, VT, WA, and WV
Third quarter (Apr.–Jun. 2018)	16	AL, GA, IL, IN, ME, MI, ND, NE, NH, NJ, NM, OK, SC, TN, TX, and WI
Fourth quarter (Jul.–Sep. 2018)	1	WY

Source: MACPAC 2017 analysis using March 2017 Medicaid and CHIP Budget and Expenditure System data from the Centers for Medicare & Medicaid Services, including quarterly projections provided by states in February 2017

# Implications

- States with separate CHIP are permitted to terminate coverage if CHIP funding runs out
  - MACPAC's prior estimates indicated that about 1.1 million children would become uninsured
- States with Medicaid expansion CHIP must maintain child eligibility levels through FY 2019
  - The federal matching rate for these children falls back from the CHIP enhanced match to the regular Medicaid matching rate

# Next Steps

- The timing of congressional action on CHIP is unclear
- MACPAC's CHIP allotment issue brief has been posted online and can be updated when the next CHIP quarterly reports are available



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