Congress Renews the Children’s Health Insurance Program

By
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When President Obama signed the Medicare Access and CHIP Reauthorization Act of 2015 into law in April, he helped ensure more than 1 million children will continue to have health insurance.

The Children’s Health Insurance Program—commonly known as CHIP—covers children from families that earn too much to qualify for Medicaid, yet do not earn enough to qualify for federal health insurance subsidies. In 2013, 8.1 million children were enrolled in CHIP, according to the Centers for Medicare and Medicaid Services. The program has cut in half the rate of uninsured children, going from 14 percent in 1997 to 7 percent in 2012.

CHIP originally had been set to expire this year due to the passage of the Affordable Care Act. When the U.S. Supreme Court made Medicaid expansion voluntary, states that chose not to expand their programs would have run into problems with insurance being lost for children whose families make too much to qualify for Medicaid should CHIP have expired.

“States’ CHIP programs have been very popular since they began in 1997,” said Debra Miller, CSG’s health policy director. “Letters were sent by 39 governors urging Congress to pass the extension. That tells you something. Governors did not want an estimated 1.1 million children falling in the gap between Medicaid coverage and health exchange tax subsidies.”

The CHIP reauthorization bill was part of a bipartisan deal negotiated in the House between Speaker John Boehner and Minority Leader Nancy Pelosi in March. It was approved with overwhelming numbers in both chambers.

In 1997, Congress passed the Balanced Budget Act, which established and provided the initial authorization for funding CHIP. The program is structured as a federal-state partnership that provides health coverage to uninsured low-income children and pregnant women.

“Congress chose children and pregnant women for the first major extension of health insurance coverage since LBJ (President Lyndon B. Johnson) signed Medicaid,” Miller said. “The federal government shared the costs with states in a more favorable way than Medicaid to induce states to pick up CHIP. Congress also allowed states flexibility in their program design.”

As a result of that flexibility, there are significant variations across CHIP programs throughout the country. Some states simply expanded their Medicaid programs to the new CHIP eligibility levels. Other states designed programs that depend on private health insurance coverage models.

On the budget front, both the House and Senate passed budgets containing changes to CHIP and Medicaid, and they are now turning their attention to reconciling their respective budgets to come to
a common financial blueprint for running the government in the 2016 fiscal year.

The House budget plan combines CHIP and Medicaid into a single program, cuts Medicaid by $913 billion over the next decade and restructures the combined program into a block grant for states. By 2017, the federal government would provide states with a fixed dollar amount of federal funding known as “State Flexibility Funds.” According to the proposed plan, this would “empower state policymakers to tailor their Medicaid programs based on the unique challenges they face.”

The Senate proposal would extend the authorization for CHIP, while turning Medicaid into a block grant program. It aims to cut federal Medicaid funding by roughly $400 billion over the next decade.

Any authority for program changes and actual funding for implementation of the CHIP program requires action by the authorization and appropriations committees in Congress. Congressional debate on the proposed changes to Medicaid can be expected later this year as well.

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