



STATEMENT FOR THE RECORD

**Submitted to the
Senate Finance Committee**

The Children's Health Insurance Program

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America's Health Insurance Plans (AHIP) is the national association whose members provide coverage for health care and related services to millions of Americans every day. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access and well-being for consumers. Our members value the partnerships they have established with states to provide coverage under the Children's Health Insurance Program (CHIP). Currently, for example, 80 percent of children in stand-alone CHIP programs are enrolled in private health plans that offer innovative services to meet the unique needs of this population.

We appreciate the committee's support for CHIP, and we applaud you for playing a leadership role in advancing the previous extension of federal CHIP funding, with strong bipartisan support, as part of the "Medicare Access and CHIP Reauthorization Act of 2015." CHIP serves as a vitally important safety net for more than 8 million children whose families have modest incomes. They depend on CHIP every day, and without the coverage and access to care it provides, many might fall through the cracks. AHIP's members are strongly committed to meeting the health care needs of children enrolled in CHIP, and we share your goal of ensuring that the program continues its mission of providing high quality health coverage to children.

We Support Legislative Action – As Soon As Possible – to Extend Federal CHIP Funding

AHIP and our member plans urge Congress to authorize a five-year extension of federal funding for CHIP, as recommended by the Medicaid and CHIP Payment and Access Commission (MACPAC). As the committee knows, the current authorization for federal CHIP funding is scheduled to expire on September 30, 2017. It is critically important for Congress to approve a five-year funding extension as soon as possible – not only to provide peace of mind to families that are served by CHIP, but also to ensure that states can plan ahead and make budget decisions for the new fiscal year. Congressional action on this issue also will help to stabilize the financially strained health care system in Puerto Rico where nearly half of the population is covered by either CHIP or Medicaid.^{1,2}

¹ In Puerto Rico, further legislative action is needed, in addition to extending CHIP funds, to address an expected Medicaid funding shortfall and protect the health coverage of children and other vulnerable populations.

² Medicaid and CHIP Payment and Access Commission, "Medicaid and CHIP in Puerto Rico." May 2017.

During this time of transition for our nation’s health care system, it is more important than ever to maintain CHIP as a strong, stable, and dependable coverage option for America’s children. CHIP has been essential in reducing the rate of uninsured children from 13.9 percent in 1997 to 4.5 percent in 2015.³ This is a remarkable achievement, particularly in light of the success CHIP has demonstrated, as we discuss below, in improving health outcomes for children. By adopting MACPAC’s recommendation to extend federal CHIP funding through 2022, Congress can sustain this progress and ensure the continuation of health coverage for children who rely on CHIP.

More Children Will be Uninsured if Congress Fails to Extend Federal CHIP Funding

Without an extension of federal CHIP funding, MACPAC has projected that three states and the District of Columbia would exhaust their existing federal CHIP allotments in October-December 2017. Another 27 states would deplete their federal funds in January-March 2018, and 19 states would run out of funds in April-June 2018. All states are projected to exhaust their federal CHIP funds at some point in fiscal year 2018 if funding is not extended.⁴ The consequences would be significant.

Under the ACA’s maintenance of effort requirement, states must maintain – through September 30, 2019 – their eligibility standards and processes for children in Medicaid and CHIP that were in place in 2010. However, states that operate a separate CHIP program are allowed to end coverage when federal funding runs out (e.g., by imposing waiting lists or enrollment caps). States operating their CHIP programs through an expansion of Medicaid must continue providing coverage through fiscal year 2019, but they would receive the lower Medicaid match rate instead of the enhanced CHIP match rate.

While the impact would vary from state to state, there is no question that the loss of federal CHIP funding would be devastating for many CHIP enrollees and their families. In 2015, MACPAC estimated that 3.7 million children would lose their CHIP coverage if funding expired and that 1.1 million of these children would become uninsured. That would mean poorer health,

³ Medicaid and CHIP Payment and Access Commission, “Recommendations for the Future of CHIP and Children’s Coverage.” January 2017.

⁴ “Medicaid and CHIP Payment and Access Commission, “Federal CHIP Funding: When Will States Exhaust Allotments?” July 2017.

higher utilization of emergency rooms, and more uncompensated care for rural hospitals across the country. Of the remaining children, MACPAC estimates that 1.4 million would obtain subsidized coverage through the ACA's Health Insurance Exchanges and 1.2 million would obtain coverage through a parent's employer-sponsored insurance – creating a much heavier financial burden on these lower-income families.⁴

MACPAC data show that CHIP coverage is significantly more affordable for families than commercial coverage. The average annual out-of-pocket cost for families with a child enrolled in CHIP was \$158 in 2015, including premiums and cost sharing, according to MACPAC's March 2017 report to Congress. By comparison, this report noted that in 2015 the average annual out-of-pocket cost for a child enrolled in subsidized Exchange coverage was an estimated \$1,073 for the second lowest cost silver plan.⁵ Moreover, costs would be much higher for a child that has an acute health event or a chronic condition, putting coverage out of reach for some families. In light of these findings, we believe it is very clear that CHIP coverage remains the best option for families with modest incomes who are seeking affordable care for their children.

Health Plans Play a Central Role in Delivering Value to Children in CHIP

Many states rely on health plans to serve their CHIP populations. In fact, as noted above, 80 percent of children covered by stand-alone CHIP programs are enrolled in health plans. Health plans have a proven track record of success in providing high quality, affordable, patient-centered coverage with a strong emphasis on primary and preventive care for children. Many CHIP health plans have implemented innovative education and outreach initiatives to ensure that children receive complete physical examinations, hearing and vision checkups, dental care, immunizations, and other health care services they need to stay healthy. The delivery of these crucial primary care services is an important factor in promoting good health among children.

The value of CHIP coverage is clearly indicated by research showing that children with public health coverage (including CHIP or Medicaid) are more likely – when compared to uninsured children – to have a usual source of care (97% vs. 73%), receive a well-child check-up (85% vs. 56%), and see a doctor for specialty care (13% vs. 7%) over a 12-month period. The same analysis found that children with CHIP or Medicaid coverage are less likely to delay or forgo

⁵ Medicaid and CHIP Payment and Access Commission, Report to Congress on Medicaid and CHIP (pages 8-9), March 2017.

medical care due to cost concerns, less likely to go more than two years without seeing a doctor, and less likely to have dental needs that are not addressed due to cost concerns.⁶

Additional studies have shown that CHIP works for children, both by improving access to care and by providing benefits that extend beyond their health and provide long term benefits to society:

- In Oregon, parents of CHIP enrollees were more likely to report their child was in good or stable health after being enrolled in the program for a year.⁷
- In New York, children with special health care needs that were enrolled in CHIP experienced substantial improvements in access to care: unmet needs for prescription medications declined from 36 percent to 9 percent among the previously uninsured; and unmet needs for specialty care declined 48 percent to 10 percent for those previously uninsured and 32 percent to 2 percent for those with mental/behavioral conditions.⁸
- A California study found that, following CHIP implementation, children with certain health conditions that are responsive to outpatient care experienced decreased hospitalization, suggesting that primary care access and quality for low-income children improved.⁹
- In California, children enrolled in CHIP demonstrated “significant, sustained gains” in their ability to pay attention in class and keep up in school activities.¹⁰
- Children enrolled in the Kansas CHIP program for more than a year missed fewer days of school because of injury or illness.¹¹

⁶ Kaiser Commission on Medicaid and the Uninsured, “Children’s Health Coverage: The Role of Medicaid and CHIP and Issues for the Future,” June 2016.

⁷ Leighton Ku, Mark Lin, and Matt Broaddus, “Chartbook: Improving Children’s Health – The Roles of Medicaid and SCHIP.” Center on Budget and Policy Priorities, January 2007.

⁸ Peter Szilagyi et al., “Improved Health Care Among Children with Special Health Care Needs After Enrollment in the State Children’s Health Insurance Program.” *Ambulatory Pediatrics* 7(1), January-February 2007.

⁹ D. Bermudez and L. Baker, “The Relationship between SCHIP Enrollment and Hospitalizations for Ambulatory Care Sensitive Conditions in California.” *Journal of Health Care for the Poor and Underserved* 16(1), February 2005.

¹⁰ California Managed Risk Medical Insurance Board, “The Healthy Families Program Health Status Assessment (PedsQLTM) Final Report,” Revised September 2004.

¹¹ Fox, M. et al. “Changes in Reported Health Status and Unmet Needs for Children Enrolling in the Kansas Children’s Health Insurance Program.” *American Journal of Public Health*, 93(4): 579-82, April 2003.

Conclusion

AHIP's members are strongly committed to ensuring the continued success of CHIP in providing high quality health coverage to children. We thank you for your past support of CHIP and strongly encourage you to take action, as soon as possible, to extend federal funding of CHIP for five years, consistent with MACPAC's recommendations.