



Children's Defense Fund

Congress Must Quickly Extend CHIP Funding for Five Years

August 2017

Thanks in large part to the Children's Health Insurance Program (CHIP), Medicaid, and the Affordable Care Act (ACA) today 95 percent of children in America have health coverage – a record high. CHIP has been a lifeline for millions of children in low- and middle-income working families since its bipartisan beginning in 1997. Today, CHIP provides child-appropriate health coverage to 8.9 million children across the country. However, unless Congress takes action, *there will be no new funding for this highly successful program after September 30, 2017*. If funding for CHIP is not extended, millions of children could lose health coverage and millions more would pay more money for less comprehensive coverage. *All* of these children would be worse off than they are today.

CHIP continues to be a critical source of coverage for children and pregnant women and together with Medicaid forms the foundation of today's health care system for children.

- Today, CHIP provides affordable, age-appropriate health coverage to 8.9 million children who earn too much to qualify for Medicaid but who cannot afford to buy private coverage. CHIP also delivers quality, affordable care to pregnant women in 19 states, allowing them to obtain the care they need to have healthy pregnancies and give birth to healthy infants.
- All states operate their own CHIP programs within broad federal parameters to serve the unique needs of children and pregnant women with age-appropriate benefits, provider networks, and access to pediatric and perinatal specialists and facilities.
- Compared to commercial health insurance, CHIP is substantially more affordable, with significantly lower premiums and cost sharing, while offering more robust, child-appropriate benefits.
 - CHIP covers the treatment and services children need to reach important developmental milestones, especially pediatric hearing and vision, mental health, and habilitative services and devices.
 - States have ensured CHIP's affordability for families with robust cost-sharing protections. They recognize cost can be a major barrier to accessing needed services and that there are consequences when children don't get the care they need.

- CHIP has helped reduce the number of uninsured children nationally by half, improved health outcomes and access to care for children and pregnant women, and as a result helped reduce school absenteeism and improve children's readiness to learn.

Unless Congress takes action, there will be no new funding for this highly successful bipartisan program after September 30, 2017.

- With the 2015 CHIP funding soon set to end, states face critical decisions about the future of their CHIP programs. Many states are just weeks away from setting in motion processes to establish waiting lists and send out disenrollment notices to families. Once undertaken, these actions will have an immediate effect, creating chaos in program administration and confusion for families trying to access help for their children. Congress must act right away in September to avoid this disruption.

Congress must come together in a bipartisan fashion and quickly enact a five year extension of CHIP funding as soon as it returns to Washington, D.C. after Labor Day. This will provide much needed certainty to states and families and ensure health coverage for the 8.9 million children who rely on CHIP is not disrupted.

A funding extension for CHIP *must*:

- **Ensure continued funding and stability for at least the next five years.** Shorter term funding would not allow states to invest in any improvements to child health, much less make responsible budgeting decisions. Advance planning for states is critical. Some states operate under biennial budgets.
- **Maintain current CHIP policy to ensure coverage, eligibility levels, and cost-sharing protections can continue for the duration of the funding extension.** With many state budgets already set for the coming year, states are counting on CHIP to continue in its current form. Changes to CHIP's structure – including changes to the Maintenance of Effort or the enhanced CHIP matching rate – would cause significant disruption in children's coverage and leave states with critical shortfalls in their budgets. Congress should enact a "clean" extension of CHIP to ensure children do not move backwards.
- **Happen quickly before September 30th.** Congress cannot wait to extend CHIP until the eleventh hour, as it so often likes to do, because some states have developed and others are already developing their 2018 budgets and negotiating contracts with insurers. They need to know whether federal funding for CHIP will be there, or they will have no choice but to begin planning for the impending funding shortfall. Discontinued CHIP funding will require drastic program cuts through enrollment caps, benefit reductions, reductions in eligibility, and/or provider payments cuts.
- **Not be coupled with any cuts, caps or other changes to Medicaid or the ACA.** Medicaid and CHIP work together and make up the foundation of health coverage for children in America. As Congressional leaders contemplate other changes to the health care system, they must not hold CHIP funding hostage in order to enact harmful changes and cuts to Medicaid or other legislative proposals harmful to children and low-income Americans. Trying to use CHIP as a bargaining tool to cut Medicaid or pass other harmful policies is entirely unacceptable. Any such efforts must be rejected.