July 2014

Extend Funding for CHIP this Year!



Thanks in large part to the Children's Health Insurance Program (CHIP) and Medicaid, today the number of uninsured children in America is at a record low. CHIP provides child-appropriate health services to more than 8 million children in working families across the country. Since CHIP's bipartisan beginning in 1997, it has become a critical source of coverage for millions of low and middle income working families, and remains so in the post Affordable Care Act (ACA) world. However, unless Congress takes action*, there will be no new funding for CHIP after September 2015*. If funding for CHIP is not extended, as many as 2 million children could lose health coverage altogether, while millions more would pay more money for less comprehensive coverage. *All* of these children would be worse off than they are today.

Congress must take action now -- in 2014 -- to extend funding for CHIP for four more years or until the marketplaces can serve and protect children as well as CHIP. We must not allow children to lose ground or experience any gaps in or loss of health coverage.

Millions of children could become uninsured.

The Government Accountability Office (GAO) estimates that as many as 2 million children enrolled in CHIP could become uninsured if CHIP funding is not extended. Unfortunately, many children now covered by CHIP would not eligible for subsidies to purchase health coverage in the new health insurance marketplaces due to the Department of Treasury's interpretation of "affordability" of coverage, sometimes known as the "family glitch", leaving health coverage financially out of reach.

Millions more children will pay more but get less comprehensive coverage in the new health insurance marketplaces.

CHIP goes further than most commercial health plans to cover services that children need to reach important developmental milestones, especially pediatric hearing and vision, mental health, and habilitative services and devices. Because states have recognized that cost can be a major barrier to accessing needed services, they have made CHIP very affordable for families. Several recent studies have compared plans available in the marketplaces to CHIP plans, and have clearly shown CHIP to be substantially more affordable, with significantly lower premiums and cost sharing, while offering more robust, child-appropriate benefits.

Children may not have access to the child health providers they need.

CHIP provider networks were specifically designed to provide access to child-appropriate providers, pediatric facilities and specialists to ensure children receive medically and developmentally appropriate care. In contrast, current federal provider network requirements for health plans in the marketplaces do not ensure that children have access to the full spectrum of primary and specialty providers they need when they need them.

Without new CHIP funds, states will lose significant federal health care dollars.

States have a lot to lose if funding for CHIP is not extended, although the impact on a state will vary based on its program design, the federal match rate, and the number of children supported with CHIP funds. If CHIP funding is not extended, states stand to lose between $9.6 and $10.1 billion in fiscal year 2016 alone.[1]

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[1]This estimate does not account for carry-over funds that might be available to states, and reflects assumptions made about per beneficiary costs and cost growth in CHIP. *Unpublished calculations by the Center on Budget and Policy Priorities and The Georgetown Center for Children and Families, June 23, 2014.*