



STATEMENT FOR THE RECORD

**Submitted to the
House Energy and Commerce Committee
Subcommittee on Health**

The Children's Health Insurance Program

June 14, 2017

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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.

We appreciate the committee's interest in the Children's Health Insurance Program (CHIP) and other safety net health programs. 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. We applaud the committee's interest in examining CHIP and ensuring that the program continues its mission of providing high quality health coverage to children.

AHIP's members are strongly committed to meeting the health care needs of children enrolled in CHIP and ensuring it remains an efficient, effective program.

Many states rely on health plans to serve their CHIP populations. In fact, 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 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 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.¹ Additional research has demonstrated that CHIP and Medicaid coverage has helped achieve reductions in both avoidable hospitalizations and child mortality,² and that improved health among children enrolled in CHIP and Medicaid programs “translates into gains in school performance and educational attainment over the longer term, with potentially positive implications for both individual economic well-being and productivity in the overall economy.”³

We Strongly Support a Five-Year Extension of 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).

During this time of transition for our nation’s health care system – with the potential for major changes emerging from the congressional debate on repealing and replacing the Affordable Care Act (ACA) – 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 2015.⁴ This is a remarkable achievement, particularly in light of the success CHIP has demonstrated, as noted above, 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.

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 in a timely fashion – 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.

¹ Kaiser Commission on Medicaid and the Uninsured, “Children’s Health Coverage: The Role of Medicaid and CHIP and Issues for the Future,” June 2016.

² Embry Howell and Genevieve Kenney, “The Impact of the Medicaid/CHIP Expansions on Children: A Synthesis of the Evidence,” *Medical Care Research and Review* 69(4), August 2012.

³ Kaiser Commission on Medicaid and the Uninsured, “The Impact of the Children’s Health Insurance Program (CHIP): What Does the Research Tell Us?” June 2014.

⁴ Medicaid and CHIP Payment and Access Commission, “Recommendations for the Future of CHIP and Children’s Coverage.” January 2017.

Without an extension of federal CHIP funding, MACPAC has projected that four states and the District of Columbia would exhaust their existing federal CHIP allotments in October-December 2017. Another 29 states would deplete their federal funds in January-March 2018, and 16 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. The consequences for every state 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. States operating CHIP 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, 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 Exchanges and 1.2 million would obtain coverage through a parent's employer-sponsored insurance.⁴

MACPAC data show that CHIP coverage is significantly more affordable for families than commercial coverage. The average out-of-pocket cost for families with a child enrolled in CHIP is \$158 per year, including premiums and cost sharing. By comparison, the average out-of-pocket cost for a child enrolled in subsidized Exchange coverage would be \$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.

⁵ Medicaid and CHIP Payment and Access Commission, "Chapter 5: Design Considerations for the Future of Children's Coverage: Focus on Affordability," Report to the Congress on Medicaid and CHIP, March 2016.

We appreciate that members of the committee, both Republicans and Democrats, have expressed support for continuing to provide federal funding for CHIP. This committee played a leadership role in advancing the previous extension of federal CHIP funding, which was approved with strong bipartisan support – including the votes of 92 senators – as part of the “Medicare Access and CHIP Reauthorization Act of 2015.”

We thank you for your past support of CHIP and strongly encourage you to take action, as soon as possible, on MACPAC’s recommendation for a five-year extension of federal CHIP funding.