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Making the Case for CHIP: Impact of the Children's Health Insurance Program

About CHIP

The Children's Health Insurance Program (CHIP) was created as part of the Balanced Budget Act of 1997. CHIP is a partnership between the federal government and states to provide health insurance for children of low- and moderate-income families who are not eligible for Medicaid. In 2009, the Children Health Insurance Program Reauthorization Act (CHIPRA) passed, continuing CHIP through 2013. The Affordable Care Act (ACA) subsequently extended CHIP through 2019 and ensured funding for the federal share of CHIP costs would be in place through 2015.

How CHIP Works

CHIP ensures children have access to coverage.

- CHIP works through a mechanism similar to Medicaid. States operate and pay for an insurance program for children in low- and moderate-income families, and the federal government reimburses the state for a percentage of the money the state spends. The federal government pays a higher percentage of CHIP costs than of Medicaid costs—on average, reimbursement for CHIP is 15 percent higher than for Medicaid in a given state. For example, the federal government reimburses New Hampshire for 50 percent of its Medicaid costs and 65 percent of its CHIP costs.

- States decide the structure of their CHIP programs. In 11 states and Washington D.C., CHIP is part of the broader Medicaid program. In 16 states, CHIP operates separately from Medicaid, and 23 states use a combination of these approaches.[1] In many states, CHIP has a state-specific branded name. For example, in Connecticut, CHIP is called HUSKY, while in Vermont the program is called Dr. Dynasaur. As such, families might not realize their children's coverage is provided through CHIP.

- States establish their own eligibility criteria, including age and income. In many states, the youngest children have the broadest eligibility parameters, with income criteria becoming more restrictive as children age.

- States determine program administration and pricing guidelines, such as whether to charge monthly premiums and cost-sharing for services such as doctor visits and, if so, how much. States can also choose to impose waiting periods before a child can begin receiving insurance through the program and lock-out periods to sanction families who do not pay premiums or fall behind on payments.

[1]Kaiser Family Foundation (KFF). "CHIP Program Name and Type." 2011. kff.org/other/state-indicator/chip-program-name-and-type

CHIP ensures children receive high-quality care.

- Children with health insurance have consistent access to preventative care and primary care and can develop relationships with their health care providers.

- Health insurance helps ensure children with chronic or complex health care needs—such as asthma, diabetes, or behavioral health conditions—have access to the prescriptions they need to stay healthy and avoid acute illness.

- CHIP's 2009 extension included funding for 10 projects in 18 states to improve care coordination for children with complex needs, increase the effectiveness of electronic health records for children, and increase families' involvement in care.

- CHIPRA also included the Pediatric Quality Measures Program to support research at pediatric Centers of Excellence, hospitals that provide outstanding children's health care. Teams at these sites are working to make sure quality of children's care is measured accurately, an important step in the process of improving quality of care.

Who CHIP Helps

- 5.5 million children were enrolled in CHIP in June 2012, the most recent month for which data is available. CHIP enrollment has increased year after year since 2006.[2]

- As of January 2012, 25 states and D.C. provide CHIP coverage to children at or above 250 percent of the federal poverty level. In these states, a child in a family of three with annual income of $46,325 would qualify for CHIP coverage. Of these states, 18 extend coverage to children at 300 percent of the federal poverty level ($55,590 for a family of three).[3]

Why CHIP Matters—Even with the ACA

Through CHIP, we have made significant gains in children's health insurance coverage rates and access to care. Losing CHIP would reverse these gains. As ACA implementation begins, many states will continue to work hard for a smooth start, but there will surely be glitches along the way. The ACA was designed assuming CHIP would continue, so reforms, such the essential health benefits package, that make comprehensive private coverage more accessible to millions of Americans were conceived with adults, not children, in mind.

Altering children's coverage options while the ACA is ramping up would create unnecessary confusion for families, and such a change could compromise the robustness of coverage available to low-to-middle income children. Private insurance has fewer safeguards than Medicaid and CHIP to guarantee robust coverage of pediatric services. Shifting more children onto private insurance plans is risky and unnecessary while it remains unclear how these products will serve them. The current environment necessitates that we work toward stable coverage for children via proven programs.

Authored by,
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[2] KFF. "CHIP Enrollment: June 2012 Data Snapshot." August 2013. kff.org/medicaid/issue-brief/chip-enrollment-june-2012-data-snapshot
[3] KFF and Georgetown Center on Children and Families. "Performing Under Pressure: Annual Findings of a 50-State Survey of Eligibility, Enrollment, Renewal, and Cost-Sharing Policies in Medicaid and CHIP, 2011-2012." January 2012. kff.org/medicaid/report/performing-under-pressure-annual-findings-of-a