

## EVENT SUMMARY

### “CHILDREN’S HEALTH COVERAGE: MEDICAID, CHIP, AND NEXT STEPS”

November 13, 2009

The Alliance for Health Reform, with support from the Robert Wood Johnson Foundation, held a briefing in the Russell Senate Office Building, Washington, DC, to examine the current state of children’s health coverage, to look at the role of states in administering coverage, and to discuss the effect of health reform proposals on coverage for kids.

**Ed Howard**, executive vice president at the Alliance, extended a welcome from Senators Rockefeller and Collins to those in attendance. He also thanked the panelists for their participation and the Robert Wood Johnson Foundation for sponsoring the event. Mr. Howard observed that while the number of uninsured kids is declining, 8 million remain without coverage. He emphasized that the focus of today’s briefing is on the facts surrounding children’s coverage.

The first panelist, **Jocelyn Guyer**, director of the Georgetown Center for Children and Families, opened with an overview of kids’ coverage and the important role of public programs in covering kids. Despite the loss of jobs and rate of non-elderly adult uninsurance hovering around 20 percent, uninsurance rates among children have been dropping in recent years. This is a result of state efforts to increase eligibility and to ease enrollment in Medicaid and the Children’s Health Insurance Program (CHIP). Ms. Guyer noted that Medicaid covers four times as many kids as CHIP and requires states to offer a guaranteed package of benefits. In contrast, CHIP, established in 1997 to fill coverage gaps, operates differently in each state, and its federal funds for each state are capped. CHIP was reauthorized in February, securing enhanced funding for states, establishing enrollment initiatives, and expanding coverage to 4.1 million more children. These programs are very affordable for families, although CHIP does require that families pay for some out-of-pocket expenses. As a result of CHIP reauthorization and federal stimulus spending, most states maintained or expanded coverage in the past two years. In sum, Ms. Guyer noted that Medicaid and CHIP work together to provide a “strong base upon which to build.”

The second panelist, **Nate Checketts**, director of the Utah CHIP program, explained that Utah covers kids up to 200 percent of the Federal Poverty Level, provides a CHIP plan equivalent to a large employer plan, and offers a premium assistance option for CHIP-eligible families enrolled in employer sponsored insurance. Utah will go one step farther by establishing a state health insurance exchange at the beginning of 2010. The state streamlines enrollment in these programs by coordinating CHIP and Medicaid administration and by identifying and eliminating administrative barriers with help from a Maximizing Enrollment grant from the Robert Wood Johnson Foundation. State flexibility, Mr. Checkett noted, allows individual state programs to be tailored to local conditions to better meet the needs of each state’s children. In Utah, many families request CHIP rather than Medicaid because of CHIP’s better reputation and better access to services. Mr. Checketts added that CHIP reauthorization created performance bonuses, expanded express lane options, and instituted new mandates that made CHIP look and act more like Medicaid rather than private

insurance. He closed by identifying ways that national health reform may affect state programs.

The final panelist, **Stan Dorn**, senior research associate at the Urban Institute, outlined provisions in the House reform bill and in the Senate Finance Committee bill that affect Medicaid, CHIP and subsidies offered to those buying coverage through the new insurance exchanges. Both bills expand Medicaid eligibility and offer additional premium subsidies; House provisions are more generous on both counts. Each bill also offers enhanced federal matching for newly eligible adults. Mr. Dorn highlighted some pluses and minuses of broader Medicaid eligibility. Then, he examined the subsidy levels that would be offered to offset premium costs. Under the Senate Finance bill, families would be responsible for a greater percentage of premiums and a greater percentage of out-of-pocket costs, with the amounts increasing with income. With more generous premium subsidies, noted Mr. Dorn, fewer would be uninsured but the federal government would incur greater costs. The House bill discontinues CHIP in 2013 while the Senate Finance bill continues the program through 2019. The bills rely on the expanded Medicaid programs and on exchanges to cover those who lose CHIP coverage. Under the House bill, estimates place 40 percent of CHIP kids into Medicaid and 60 percent into the exchanges. While the Senate extends CHIP, federal CHIP allotments drop in 2014 unless Congress reauthorizes more funds. Both plans have pros and cons that must be considered, Mr. Dorn concluded.

A lively question and answer session followed.