



2017 CHIP Directors Survey Results

Federal funding for the Children's Health Insurance Program (CHIP) is set to end on September 30, 2017 without Congressional action. In December 2016, The National Academy for State Health Policy (NASHP) surveyed state CHIP officials to learn about any recent changes in their CHIP programs and how states are budgeting and planning for CHIP considering its uncertain future.

NASHP surveyed CHIP officials in all 50 states and the District of Columbia; in total 40 states responded to the survey (although not every state answered each question). Respondents included states that operate separate CHIP programs, Medicaid expansion CHIP programs, or both. The survey is intended to provide an overall snapshot of state budgeting and planning given the current context of program funding uncertainty, but does not identify specific state responses.

Key highlights from the survey include:

- The majority of proposed state budgets (33 out of 40 states) assume that federal funding for the CHIP program will continue.
- States indicated needing to know about the status of federal CHIP funding early in 2017 to begin any necessary planning efforts, this is similar to results from NASHP's 2015 survey.
- Sixteen out of 35 respondents indicated that some initial discussions within their state agencies had occurred regarding the potential implications on children's coverage if the Affordable Care Act (ACA) is repealed and/or if Congress implements Medicaid financing changes. These considerations included coverage access issues as well as possible financial, operational, and clinical/delivery system impacts.
- Despite federal funding uncertainty for CHIP, a small but notable proportion of CHIP officials reported that their states implemented program changes in 2016 or are considering them for 2017. Some of these state officials indicated that the ACA's increased federal funding for the program that went into effect in October 2015 (known as the 23 percent bump) was a factor for these decisions.

Policy Changes to CHIP Programs

NASHP asked CHIP officials if their states had made substantial policy or structural changes to their programs in 2016 or if changes were being considered for 2017. The changes included: converting from one program type to another (i.e. separate CHIP to Medicaid expansion or vice versa); reducing or eliminating waiting periods; changing premiums or cost sharing amounts; changing benefits; adopting CHIPRA's ICHIA provision (state option to cover lawfully-residing immigrant children and pregnant women without a five-year wait); extending CHIP eligibility to the children of state employees; implementing a Health Services Initiative (HSI) to use administrative CHIP/Title XXI funds for non-medical services for children; and any other significant changes.

Most states are not implementing significant changes to their CHIP programs; only a small number of officials reported that their state had made policy changes in 2016 or may be considering them for 2017.

- *Using CHIP/Title XXI funds for HSIs:* States can use a certain amount of CHIP administrative funds for HSIs designed to improve low-income children's health. These initiatives can include programs such as health education activities, school health programs, and other direct services such as lead testing or poison control programs. Four states indicated implementing new HSIs in 2016, such as intensive home and community based family and child/youth support or for a poison control center. Six CHIP officials reported that their states are possibly considering implementing HSIs in 2017.
- *Premium or cost sharing changes:* Three states indicated making changes to their CHIP programs' premiums or copayments (either slightly increasing or lowering them), and two states responded that changes to cost sharing may be considered for 2017.
- *Changing benefits:* One state reported implementing an enhanced primary care case management benefit, and another state indicated offering transgender services and requiring implementation of the Salzmann index for identifying and assessing medically necessary orthodontic services. One other state indicated that additional benefits were available to enrollees after the transition from a separate CHIP program to a Medicaid expansion program, and another noted that possible changes are being considered for 2017.
- *Adopting ICHIA provision:* Two states indicated newly implementing this policy in 2016, and one other state noted this policy change is being considered for 2017.
- *Extending CHIP eligibility to state employee dependents:* Two states indicated this policy change occurred in 2016, and one other responded that it is being considered for 2017.
- *Program type changes:* One state reported changing from a separate CHIP program to a Medicaid expansion program in 2016, and another state indicated that this type of change is being considered for 2017.
- *Waiting period changes:* One state reported eliminating their state's CHIP waiting period in 2016 (as of January 2017, a total of 36 states do not have CHIP coverage waiting periods).
- *Other significant changes:* A few CHIP officials noted that their states are considering other changes to their CHIP programs, such as new reimbursement policies for school-based health services or implementing a premium support option in CHIP, or that their state is pursuing larger payment and delivery system reforms that would impact CHIP enrollees.

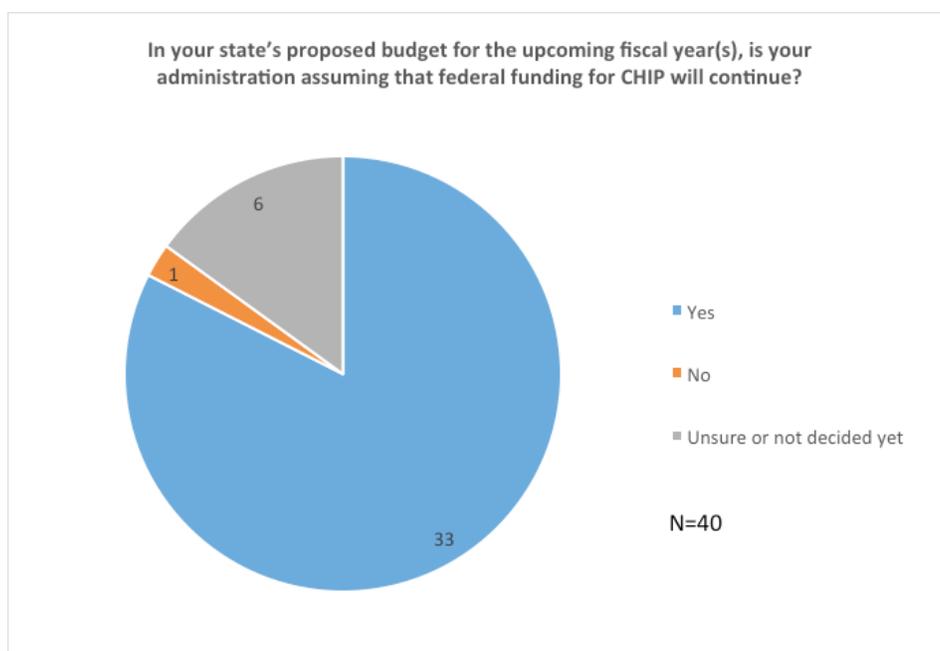
ACA provisions affecting children's coverage

The ACA, enacted in 2010 when states were still challenged by the effects of the Great Recession in terms of both an increased demand for services and severe budget shortfalls, included two critical provisions that continue to affect children's coverage. First, the ACA extended the American Recovery and Reinvestment Act's (ARRA) maintenance of effort (MOE) provision that requires states to cover children at the same income level using the same eligibility standards through September 2019. Second, the ACA included a 23 percentage point increase in the federal CHIP match rate (not to exceed 100 percent) authorized through FY2019 (commonly referred to as the "23 percent bump"), but it did not begin until October 2015 (FFY2016). However, federal CHIP funding was set to expire in September 2015, so state officials were uncertain they would receive the increased federal funds until the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) was enacted in April. MACRA extended federal CHIP funds for two years and also provided continued funding for the 23 percent bump. State CHIP officials have shared with NASHP that two-year funding authorizations don't encourage states to engage in long term planning or to make significant program changes.

Policy Changes Due to Increase in Federal CHIP Match Rate

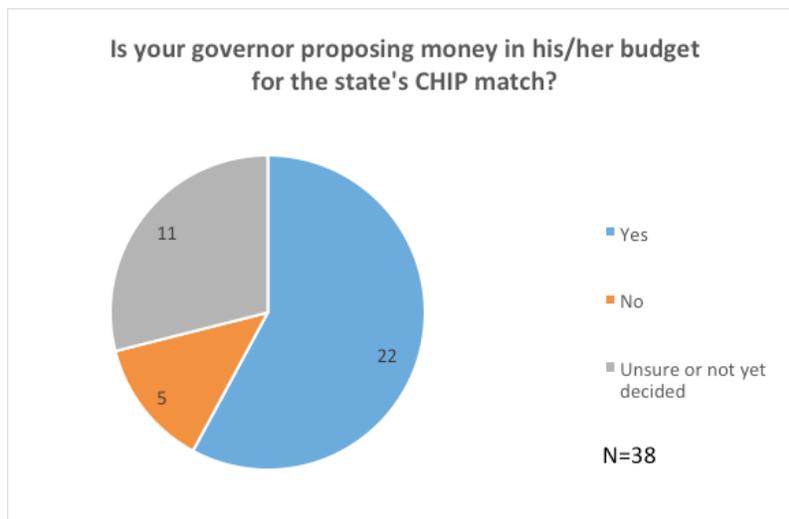
While most states used the 23 percent bump increase in state CHIP matching funds to ensure MOE was preserved by preventing cuts to CHIP and Medicaid for children, some states were able to make further investments in child health. NASHP asked CHIP officials whether the higher match rate could be attributed to any of the recent changes their states had made to their CHIP programs or ones that they are considering implementing. Nine out of the 38 states that responded indicated that the 23 percent bump had been a factor for the state making a policy change, such as implementing the ICHIA provision, enhancing benefits, investing in outreach and marketing to reach remaining uninsured children, or for their state’s consideration to pursue HSI options.

Governors’ Proposed Budgets Assuming Federal CHIP Funding for Upcoming Fiscal Year(s)



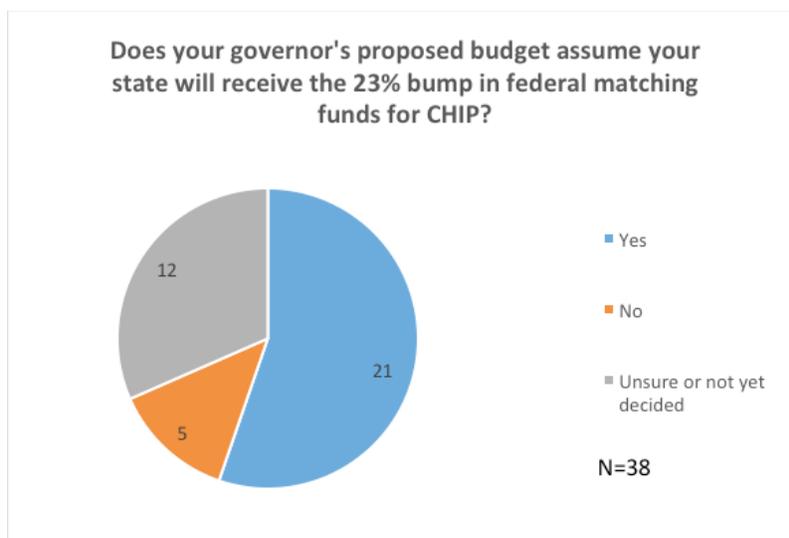
- Slightly more than 80 percent of the responding states (33 out of 40) indicated that their proposed budget assumes federal funding for CHIP will continue, and about 15 percent of respondents indicated they were unsure or that their state had not yet determined budget assumptions.
- Only one state indicated that their proposed budget does not assume federal CHIP funding will continue.
- Some states that operate Medicaid expansion CHIP programs indicated that if federal funding for CHIP is not extended, enrollees would be covered by Medicaid funds at the regular federal medical assistance percentage (FMAP) rate.

Governors Proposing Funds in Budget for State CHIP Match



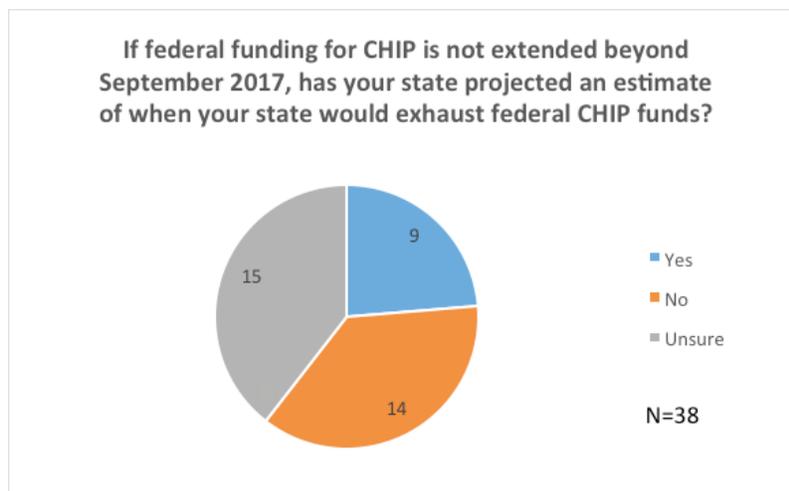
- CHIP officials from 22 states indicated that their governors are including funds in their proposed budgets for the CHIP match.
- Respondents from 11 states were unsure if the proposed budget includes funds for the CHIP match or noted that their state had not yet determined this because the budget had not yet been released, in some cases because of a new governor not yet taking office.

Governors' Proposed Budgets Assuming Receipt of 23 Percent Bump in Federal CHIP Matching



- Twenty-one respondents indicated that their states' proposed budgets were assuming that the 23 percent bump in federal CHIP funding would be available.
- Respondents from 12 states were unsure if their states' proposed budgets account for the 23 percent bump or noted that their state had not yet determined this because the budget had not yet been released.
- CHIP officials from five states reported that their states' proposed budgets did not assume receipt of the 23 percent bump in the coming fiscal year(s).

State Projections for Exhausting Federal CHIP Funding



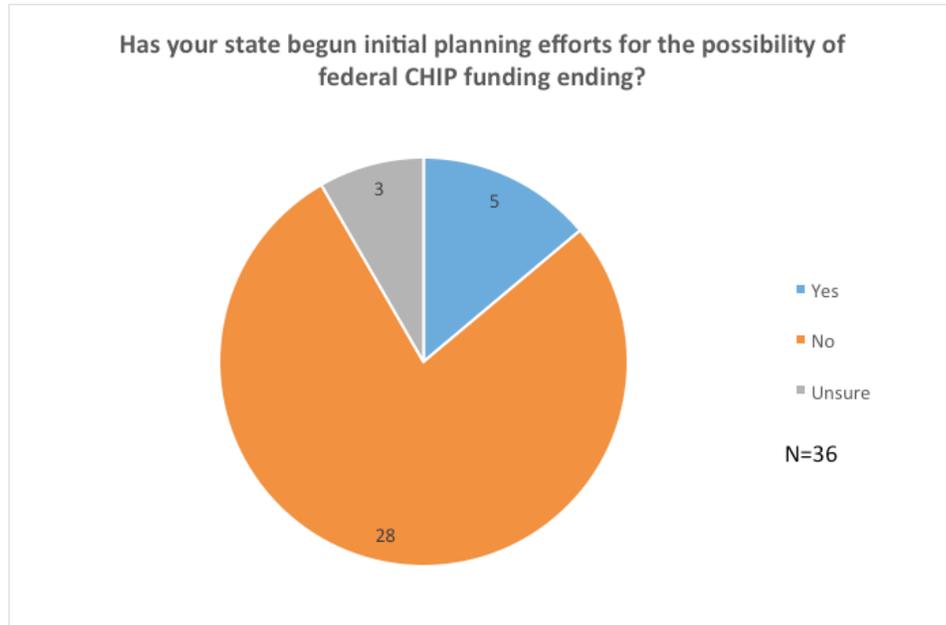
- The majority of respondents—29 in total—either reported not having yet projected specifically when their state would exhaust federal CHIP funding or were unsure about when their state would fully spend down funding. Some of these states indicated they are in the process of closely tracking expenditures and developing projections about the amount of future drawdowns of federal funding.
- Of the nine states that indicated having had made projections, some indicated exhausting funds in the fall of calendar year 2017, and others in the first or second quarter of calendar year 2018, and a few indicating later dates.

Timing for Taking Steps to Close Down CHIP Programs if Necessary

If federal funding for CHIP is not available, states operating separate CHIP programs can limit enrollment. These states need to begin planning for the possibility of CHIP funding not being extended well before federal funding will run out in September 2017. Planning efforts include budgetary, legislative, policy, and operational changes, as well as communicating with families and medical providers about potential changes in children's coverage. Some factors that add complexity to the issue are that states have different budget cycles and legislative calendars.

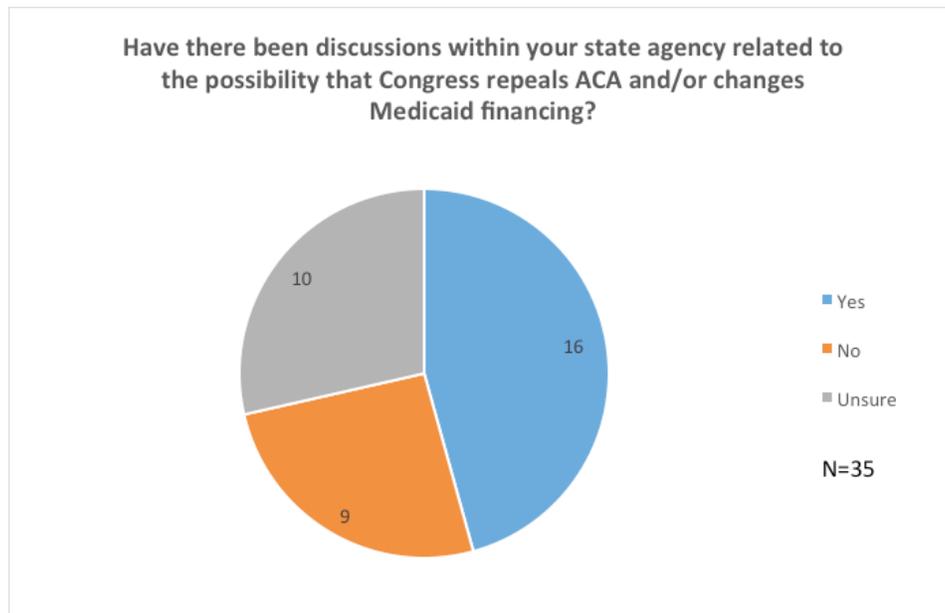
- States with separate CHIP programs for at least some of their CHIP enrollees provided a range of different responses in terms of when they would need to begin to take steps to shut down their programs if it was not clear that federal CHIP funding was going to be continued beyond September 2017.
- Of those indicating a specific month, most indicated needing to know about the status of federal CHIP funding early in 2017 to begin any necessary planning efforts.
- Some states did not identify specific dates but commented on the amount of time that would be necessary to implement steps to close down programs, such as needing at least a year and even up to 18 months for the process.

Initial Planning Efforts for Possibility of Termination of Federal CHIP Funding



- Twenty-eight out of the 36 respondents to this question indicated that their state had not yet begun developing detailed contingency plans for the possibility of federal CHIP funding ending.
- Of the five states that reported having begun planning efforts, they all reported being in the initial stages of these efforts.
- In NASHP’s 2015 survey of CHIP officials, states identified a number of different action steps if federal CHIP funding remained uncertain.
 - These action steps included developing plans to transition enrollees to other sources of coverage, communicating program changes to families, providers, health plans and other stakeholders, implement necessary administrative, policy, regulatory and eligibility system changes, and considering ways to continue coverage for children in some form. (For additional information, see NASHP’s timeline and blog from 2016 on the topic.)
 - States would face these same policy and operational considerations in 2017 if the future of CHIP funding is unclear.

Governors' Proposed Budgets Assuming Receipt of 23 Percent Bump in Federal CHIP Matching Funds



- Nearly half of the respondents to this question indicated that there had already been at least some initial discussions within their state agency about the implications of a possible repeal of the ACA and/or Medicaid financing changes on children’s coverage.
- Of those states that indicated having had these types of internal discussions, they had begun to consider potential impacts, including financial, operational, clinical/delivery system, and coverage access issues.
- The remaining respondents were about evenly split between reporting that their state had not had these types of discussions or that that they were unsure if these types of discussions were occurring.

About the National Academy for State Health Policy:

The National Academy for State Health Policy (NASHP) is an independent academy of state health policymakers working together to identify emerging issues, develop policy solutions, and improve state health policy and practice. As a non-profit, nonpartisan organization dedicated to helping states achieve excellence in health policy and practice, NASHP provides a forum on critical health issues across branches and agencies of state government. NASHP resources are available at: www.nashp.org.