

## Children's Health Insurance Program (CHIP) overview and funding projection

Since 2000, the Children's Health Insurance Program (CHIP) has provided federal funding for health coverage of Washington children. CHIP currently ensures access to essential health care services for more than 60,000 children annually. CHIP has helped drive the rate of uninsured among Washington's children to historic lows (4.7 percent).

Uninsured children with household incomes up to 312 percent of the federal poverty level (FPL) (\$78,000 for a family of four) qualify for CHIP. The only cost to the family is a small monthly premium of \$20 or \$30 per child, representing less than 1.5 percent of household income. CHIP coverage is both comprehensive and cost-effective. The benefit package includes physician, hospital, laboratory, pharmacy, vision, dental, Early and Periodic Screening, Diagnostic, and Treatment (EPSDT), and behavioral health services. Most services are delivered through contracted managed care plans.

The Medicare Access and CHIP Reauthorization Act (MACRA) of 2015 extends CHIP funding through federal fiscal year (FFY17) – expiring on September 30, 2017. MACRA also provides a 23 percent enhanced increase in federal funding which is extended through FY2019 under the ACA, as long as CHIP is reauthorized. Washington's allotment in FY17 was \$242 million dollars, reflecting the 23 percent "bump" in federal match up to 88 percent. Our state budget assumes this funding level for the next year. It is anticipated we will exhaust our FFY17 allotment by November 2017. This is earlier than the MACPAC projected date of January 2018, as their estimate did not account for the increase in Washington's CHIP expenditures typically claimed during the fourth quarter.

If Congress fails to reauthorize CHIP at the current level, Washington will face a near \$200 million dollar loss in federal funding. Much of the cost of this shortfall would be shifted back to families as their children are moved into Qualified Health Plans (QHP) with higher premiums and cost-sharing; and a less comprehensive benefit package. Additionally, some children will lose coverage due to the family "glitch," which prevents families from qualifying for a QHP if they have access to employer coverage even though it is unaffordable.

