

## No Guarantees of Protection for CHIP Amidst Healthcare Turmoil



The [Children's Health Insurance Program \(CHIP\)](#) was created two

decades ago to provide healthcare to low- and moderate-income children; it currently covers over eight million kids across the country, around two million of them with serious or chronic medical conditions. Unlike many other healthcare programs, CHIP has not historically been used in a partisan tug-of-war. Indeed, generally it has received support from both parties and has been kept out of the political spotlight.

Is that about to change?

Advocates for children's healthcare are concerned that the GOP American Health Care Act (AHCA) – recently passed by the House – so drastically slashes Medicaid funding that, if passed by the Senate, it will undoubtedly harm CHIP (which is budgeted at \$15 billion for this year). Around 37 million children from low-income families are covered by Medicaid, and Medicaid and CHIP are linked on the funding side. And since national healthcare law is especially precarious and uncertain and fraught with partisanship, advocates are not wrong to worry.

Joan Alker is the executive director of the Center for Children and Families at Georgetown University. "Rolling CHIP into the broader debate would be very unfortunate," [she told Modern Healthcare](#).

### **"If you do mortal damage to Medicaid...."**

The GOP bill that's headed for the Senate seeks to roll back, by 2020, the Medicaid expansion that allowed millions of uninsured Americans to obtain healthcare under the Affordable Care Act (ACA). The Congressional Budget Office (which scored the first iteration of the bill in March but was not given this latest; however, Medicaid details did not change between the two) estimated that the GOP scalpel would slash Medicaid funding by nearly \$840 billion over the next decade. That represents a 25% cut.

Sara Rosenbaum is a George Washington University law professor; until recently, she was chair of the Medicaid and CHIP Payment and Access Commission (MACPAC). "If you do mortal damage to Medicaid, which the AHCA does, it would spill over to CHIP, which is joined at the hip with Medicaid," she told *Modern Healthcare*.

### **What does this "time of tremendous uncertainty" portend for CHIP?**

In December, MACPAC urged Congress to renew CHIP funding through 2022 to provide a measure of reliability for the population it covers "at a time of tremendous uncertainty in health insurance markets." Additionally, it recommended that the feds continue to offer augmented state funding as directed by the ACA, an augmentation that's responsible for state CHIP bills bankrolled by the federal government at a rate of between 88% and 100%.



MACPAC also advised Congress to put a five-year stipulation in place that would prohibit states from scaling back eligibility for CHIP to pre-ACA levels.

CHIP funding will cease by September of this year if Congress does not move to continue it. A recent hearing on CHIP reauthorization was delayed by the Senate Finance Committee. Speculation has it that Democrats on the committee were behind the postponement; they wanted to avoid having focus on the contentious AHCA to steamroll a CHIP extension.

Whether the children's program will be used as a bargaining chip is up for debate, though one expert thinks that it is likely to be. Joe Antos is a conservative health policy authority at the American Enterprise Institute. He thinks that conservative Republican lawmakers will push to postpone CHIP reauthorization until moderate Republicans and Democrats support the AHCA.

## **A proposal to phase out CHIP...will it gather steam?**

West Virginia has indicated that, without the guarantee of federal financing, it will put an end to its CHIP programs. It is not alone in that fork in the road. By March of 2018, 34 states will have used up their CHIP funds. Although MACPAC sees this as reason for Congress to promptly renew CHIP budgeting – and thereby offer the states some degree of security – it's not likely Republicans will agree so easily.

In 2015, Republicans in the House proposed bringing the augmented federal match provision to an end. And some have expressed the desire to phase out CHIP entirely and steer those displaced families to coverage in the individual marketplace, even in the face of analyses that predict a reduction of access to care in that scenario, especially in the cases of kids with serious health issues.

This blog post is provided for educational purposes only and is not offered as, and should not be relied on as, legal advice. Any individual or entity reading this information should consult an attorney for their particular situation. For more information/questions regarding any legal matters, please email [info@nelsonhardiman.com](mailto:info@nelsonhardiman.com) or call 310.203.2800.