

CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP) FUNDING REAUTHORIZATION

IMPORTANT PROVISIONS AND OPPORTUNITIES FOR STATE ADVOCACY

Advocacy Action Guide for AAP Chapters

Overview

- In 2018, federal funding for the Children's Health Insurance Program (CHIP) was extended for 10 years through federal fiscal year 2027 by the Helping Ensure Access for Little Ones, Toddlers, and Hopeful Youth by Keeping Insurance Delivery Stable (HEALTHY KIDS) Act and the Advancing Chronic Care, Extenders, and Social Services (ACCESS) Act.
- Under the HEALTHY KIDS Act, states will continue to receive the 23-percentage point enhanced federal medical assistance percentage (e-FMAP) through September 30, 2019 (federal fiscal year (FFY) 2019) as provided for in the Affordable Care Act (ACA) and the Medicare and Access and CHIP Reauthorization Act (MACRA).
- However, **over a 2-year period, the 23-percentage point increase to the CHIP e-FMAP will be eliminated** and the federal match on state CHIP spending will return to the original CHIP match:
 - Beginning October 1, 2019 (FFY 2020), the e-FMAP will be halved to 11.5 percentage points for each state.
 - Beginning October 1, 2020 (FFY 2021), states will then return to their original CHIP e-FMAP, meaning that the federal match on state spending will be reduced again by 11.5 percentage points.
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- **States need to ensure that state dollars are available to fully fund CHIP, so children enrolled in the program continue to receive all the care they need. State budgeting processes should prepare for this 23-percentage point reduction in the federal CHIP match.**
- The HEALTHY KIDS and ACCESS Acts make other important changes to CHIP and include a **specific change to allow states an option, beginning October 1, 2019, on Medicaid third party liability (TPL) for pediatric preventive care services.**

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- **Chapters and advocates should review these changes to ensure they are familiar with them and to ensure no state modifications are made that diminish access to care in CHIP or Medicaid.**

Reduction of the CHIP Enhanced Match Rate

- The HEALTHY KIDS and ACCESS Acts, enacted in January and February 2018 respectively, extend federal CHIP funding to states through September 30, 2027 (the end of federal fiscal year (FFY) 2027). The ACA increased the federal CHIP match rate (the enhanced-federal medical assistance percentage, or e-FMAP) by 23 percentage points, and the HEALTHY KIDS Act extends this increase to October 1, 2019 (through FFY 2020). However, beginning October 1, 2019, the legislation halves this e-FMAP to 11.5 percentage points, and starting October 1, 2020 it eliminates the increase entirely.
- **This means that starting October 1, 2019, states will receive 11.5 percentage points less in their federal CHIP match, and starting October 1, 2020, the federal match will again be reduced by 11.5 percentage points, returning to the original CHIP e-FMAP.**
- Most state fiscal years begin on July 1, while the federal fiscal year begins on October 1. States therefore will need to account for the reduction in federal CHIP funding beginning in their **state 2019 fiscal year budget**. The full elimination of the enhanced federal match should be reflected in the state's 2020 fiscal year budget. You can find the estimated reduced e-FMAP for your state for FFY 2020 and FFY 2021 in Appendix B of this [Georgetown CCF document](#).
- Many states reduced their share of CHIP funding when the increased e-FMAP was implemented, so it is vital that those funds be restored to state budgets. States must continue to fully fund their CHIP programs to ensure that the program remains as strong as it is today, and that children are able to obtain all the services they need.

ADVOCACY ACTIONS

- ☑ AAP chapters are encouraged to have conversations with state CHIP agencies and lawmakers now about requests for funding in the FY 2019 and FY 2020 budgets, to ensure states continue to fully fund their CHIP programs.

Maintenance of Effort (MOE)

- The ACA included a critical maintenance of effort (MOE) provision that required states maintain income eligibility and enrollment standards through FFY 2019.

- The HEALTHY CHILDREN and ACCESS Acts extended this MOE through FFY 2027, however with a modification. Beginning in FFY 2020, states with income eligibility above 300 percent of the federal poverty level (FPL) (either as a result of converting to the Modified Adjusted Gross Income (MAGI), or in states with eligibility levels above 300% FPL before moving to MAGI) will be allowed to lower eligibility to 300% FPL beginning on October 1, 2019 without penalty.
- This change could allow 13 states (AL, CT, HI, IL, IA, MD, NH, NJ, NY, PA, VT, WA, WI) and the District of Columbia to lower their income eligibility threshold to 300% FPL.

ADVOCACY ACTIONS

- ☑ AAP chapters in states with CHIP eligibility above 300% FPL are encouraged to talk to state CHIP agencies to ensure they have no plans to lower existing eligibility thresholds.
- ☑ AAP chapters are further encouraged to strongly oppose any proposed reductions to CHIP eligibility.

Pediatric Quality Measures

- Currently, states voluntarily report to CMS their performance on the [Child Core Set](#) of pediatric quality measures in the Medicaid and CHIP programs. Beginning in FFY 2024, the ACCESS Act requires all states to report performance on all Child Core Set measures.

ADVOCACY ACTIONS

- ☑ While implementation of this requirement isn't until October 1, 2023, AAP chapters can review existing reporting on Child Core Set measures (via CMS State Overview pages [here](#)) to both identify areas of possible improvement and to encourage the state to add new measures in anticipation of the implementation of this requirement.

Important Change to Third-Party Liability (TPL) for Pediatric Preventive Care

- Existing law requires state Medicaid programs “pay and chase” for pediatric preventive care services when a child is determined to have additional, or third-party liability (TPL) coverage. This means that, unlike other services where Medicaid programs must be the payer of last resort and “cost avoid” to allow for third-party

payment first, Medicaid must pay upfront for these services and then “chase” any coverable reimbursement from the third-party insurance plan.

- The Balanced Budget Act of 2013 gave state Medicaid programs the option of delaying payment for pediatric preventive care for 90 days, to give TPL coverage time to pay for such services; this would be allowed if such a policy change would not decrease access to care.
- Implementation of this change has been delayed several times, and the ACCESS Act delayed this provision again until October 1, 2019. **However, beginning October 1, 2019, states will have the option of allowing a 90-day delay in payment for pediatric preventive care so that TPL payment can apply first.**
- The ACCESS Act further extends this and other TPL requirements to CHIP and eliminates a prior similar exemption for prenatal care from this protection, meaning that prenatal coverage must first be paid by TPL coverage. The ACCESS Act further requires a Government Accountability Office (GAO) study of the impact of this change with a report to Congress

ADVOCACY ACTIONS

- ☑ An earlier version of the HEALTHY KIDS Act included a provision that would have eliminated special exemptions for prenatal and preventive care under certain Medicaid TPL rules. The AAP [strongly opposed these changes](#), and successfully advocated for the Government Accountability Office (GAO) to study the effects the polices would have on children’s access to care before being enacted.
- ☑ However, and barring another federal extension, states will have the option of implementing a 90-day delay in payment for pediatric preventive care starting October 1, 2019. AAP chapters are encouraged to remain vigilant for any state proposal to allow for such a delay in payment, and to oppose such a change as it will harm pediatric practices and therefore access to care.

We Are Here to Help

- The 10-year extension of CHIP funding was a remarkable achievement and the result of significant advocacy by the AAP, state AAP chapters, members, and countless coalition partners. The above changes present continued opportunities for AAP chapters to advocate to ensure that coverage under CHIP continues without impediment for all children eligible for the program.
- AAP chapters are encouraged to contact the AAP at stgov@aap.org with questions or for consultation and technical assistance on these issues.