Overview
On April 16, as a result of significant advocacy by the AAP and countless partner organizations, the Medicare Access and CHIP Reauthorization Act of 2015 became law, extending federal Children’s Health Insurance Program (CHIP) funding for 2 additional years and creating a permanent repeal of the Medicare Sustainable Growth Rate (SGR) methodology.

The new law secures funding for the Affordable Care Act (ACA) increase to the federal match (the enhanced-Federal Medical Assistance Percentage, or enhanced-FMAP) on state CHIP spending by 23 percentage points, a move that frees up considerable state CHIP dollars in many states.

AAP chapters are encouraged to advocate that this state funding, which would have gone to CHIP, not simply be returned to the general fund and instead be maintained in child health in the form of an increase to Medicaid payment for pediatric services.

Details
Like in the Medicaid program, state spending in CHIP is matched by the federal government at a fixed annual percentage for each state. Medicaid’s FMAP varies by state from a minimum of 50% to a maximum of 74%. CHIP’s enhanced-FMAP builds on Medicaid’s FMAP by providing a federal match that is normally 30% higher than the Medicaid FMAP.

However, the ACA raised this enhanced-FMAP in CHIP by 23 percentage points; each state’s newly enhanced-FMAP for federal fiscal year (FFY) 2016 is available here. The new law preserves funding for the 23 percentage point increase, which begins October 1, 2015 and represents an estimated $3 billion increase in federal CHIP spending.

As this federal financing is a match on state spending, all federal dollars must stay within the CHIP program. The increased federal match means that states will be spending significantly fewer state dollars to maintain the existing financial size of their CHIP programs. A recent Georgetown Center on Children and Families (CCF) blog post provides additional information on this issue in detail.

A National Academy for State Health Policy (NASHP) 2015 survey of state CHIP directors reports that 18 directors knew that their governors’ proposed budgets for fiscal year (FY) 2016 reflected the 23 percentage point increase in federal CHIP matching. What this means is that many FY 2016 state budgets could now include state CHIP funding that may exceed the state’s funding need under the newly increased federal match. Without redirection of these dollars, they will be returned to the state’s general fund. AAP chapters are encouraged to advocate that these state savings be redirected to the Medicaid program in the form of increased Medicaid payments for pediatric services.

AAP Chapter Advocacy Guidance on Medicaid Payment Equity
Fifteen states chose to extend the ACA Medicaid payment equity provision with state funds this year, at least to some percentage of Medicare parity. Some states are still considering this as their legislative sessions wind down.

The AAP has released a number of resources for AAP chapters working on Medicaid payment equity at the state level, including talking points, a sample chapter survey, and an offer to conduct a state-specific survey of chapter members to
document the impact the end of the ACA’s Medicaid payment increase has had on practices. AAP chapters interested in such a survey should contact the Division of State Government Affairs.

A number of chapters have undertaken significant advocacy on this issue, including meeting with lawmakers, conducting their own chapter surveys, gaining or participating in earned media (GA, NJ, TX), and writing letters to the editor (WA, WA, WA), among other advocacy activities.

**Action**

Chapters are encouraged to advocate that states devote the difference in state CHIP spending, due to the 23 percentage point increase in federal matching, to fund an increase in Medicaid payment for pediatric services. Pediatricians, pediatric medical subspecialists, and pediatric surgical specialists should work together to ensure these state dollars remain devoted to children’s health care.

We understand that national health policy organizations are identifying the state amounts likely to be made available by the increase in federal CHIP matching. We will forward this information to AAP chapters as soon as it becomes available.

In the interim, state CHIP agencies and state budget offices can be helpful in determining the extent to which your state’s FY 2016 CHIP budget includes state funding that will now be offset by the increased federal match. Chapters can work with lawmakers and state Medicaid offices to advocate that this difference be directed toward state Medicaid payment for pediatric services—funds that will be matched by the federal government in the form of increased Medicaid spending.

AAP chapters and members with questions or in need of consultation on this issue can contact the Division of State Government Affairs at stgov@aap.org or 800/433-9016, ext 7799.

*The Division of State Government Affairs sends this update to the AAP Executive Committee, District Chairpersons, District Vice Chairpersons, Chapter Presidents, Chapter Vice Presidents, Executive Directors, State Government Affairs Contacts, and other key AAP leaders, members, and staff.*