



# Proposals to Renew CHIP: An Update

Manatt Health  
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# About the Authors

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Deborah Bachrach, Patricia Boozang, Jocelyn Guyer, Allison Orris and Arielle Traub with Manatt, Phelps & Phillips, LLP prepared this presentation. Manatt Health, a division of Manatt, Phelps & Phillips, LLP, is an integrated legal and consulting practice with over 90 professionals in nine locations across the country. Manatt Health supports states, providers, and insurers with understanding and navigating the complex and rapidly evolving health care policy and regulatory landscape. Manatt Health brings deep subject matter expertise to its clients, helping them expand coverage, increase access, and create new ways of organizing, paying for, and delivering care. For more information, visit [www.manatt.com/ManattHealth.aspx](http://www.manatt.com/ManattHealth.aspx)

# Today's Agenda

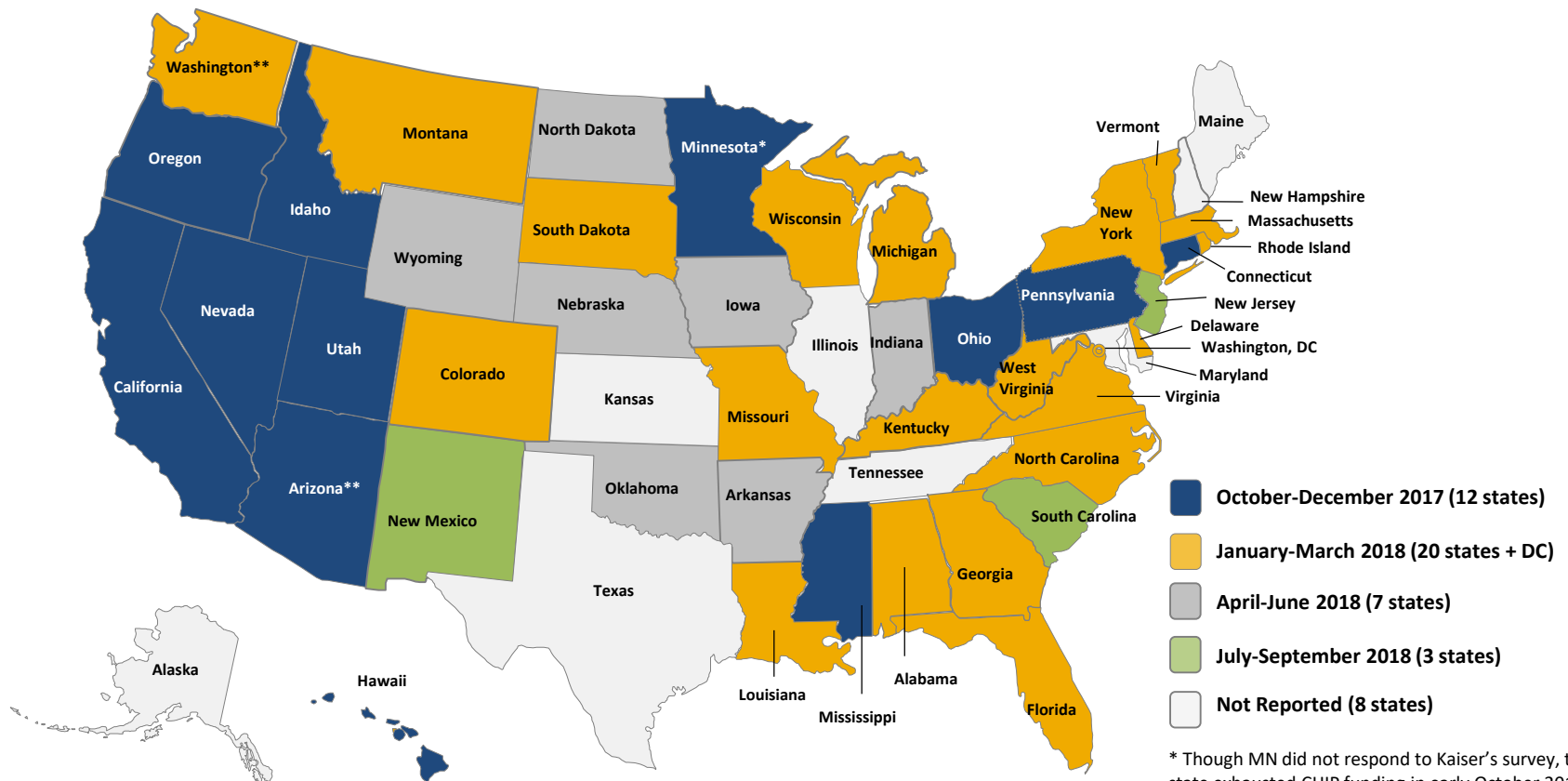
- Status of State CHIP Programs
- Congressional Activity to Extend CHIP
- Timing & Next Steps
- State Spotlight: Virginia

# Status of State CHIP Programs

# At Least 12 States Are Projected to Exhaust Federal Funding by the End of 2017



At least 33 states are expected to exhaust federal CHIP funding by March 2018



\* Though MN did not respond to Kaiser's survey, the state exhausted CHIP funding in early October 2017  
 \*\*AZ and WA exhausted CHIP funding in October 2017

# State Responses to CHIP Reauthorization Delay

- **Some states have begun planning to freeze or terminate their CHIP programs:**



Nevada is planning to freeze CHIP enrollment on November 1st and end coverage by November 30th



On September 15, Utah submitted to CMS a SPA amendment eliminating its CHIP program “due to lack of federal funding”; without new funding authorization, Utah would begin sending notices to families in early November

- **Other states have exhausted their federal CHIP funding and received reallocated, unspent CHIP funding to keep their programs afloat through year-end:**



Minnesota received \$3.6 M



Arizona received \$21.8 M



Washington received \$10.4 M

# Congressional Activity to Extend CHIP



## Status of Pending CHIP Legislation

- In early October, the House and Senate released substantially similar bills to extend CHIP
- Both chambers held mark ups on October 4<sup>th</sup>, passing legislation out of relevant Committees
- The House and Senate must reconcile their legislation, with each chamber voting to pass the final bill
- Final action may not occur until December when Congress must act on other “must pass” legislation

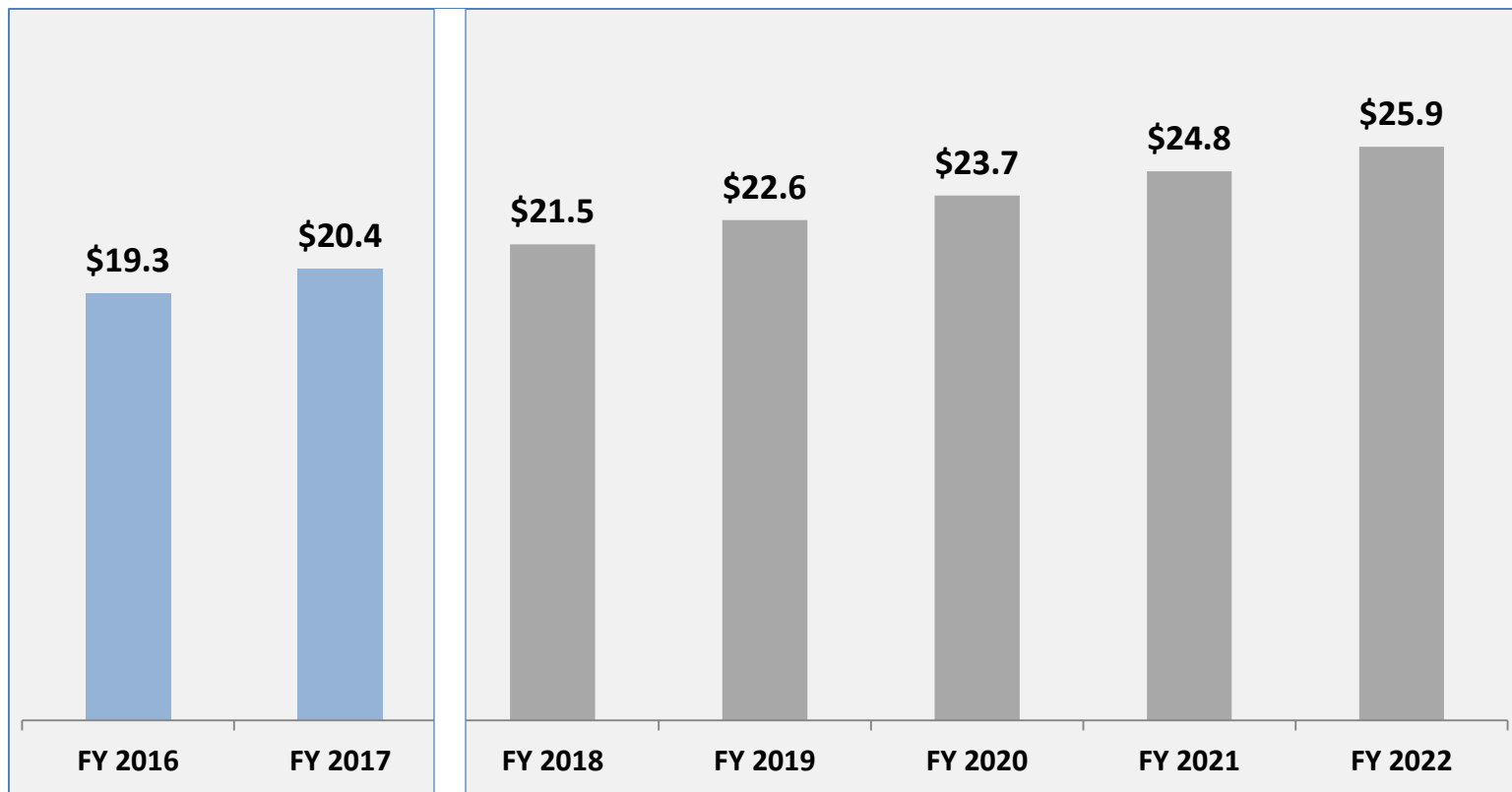
## Key Provisions

**The House and Senate bills largely maintain current CHIP structure through FY 2019 and make changes thereafter:**

- Extending federal funding for five years through FY 2022
- Maintaining 23 point match rate increase through FY 2019 as under current law, phasing down the increase to 11.5 in FY 2020 and eliminating it entirely in FY 2021
- Retaining ACA maintenance of effort requirement through FY 2019; extending the provision through FY 2022 for children under 300% FPL
- Extending authority for Express Lane eligibility through FY 2022

# Proposed Federal CHIP Funding Appropriations for 5-Year Extension

*Appropriations in billions*



## Other Funding Provisions

- Maintain availability of Contingency Fund used to reallocate unspent CHIP funds to states that exhaust their CHIP allotments
- Extend “qualifying state” authority through FY 2022 for states that had expanded children’s coverage through Medicaid prior to CHIP enactment in 1997
- Provide additional funding for activities aimed at improving children’s health (e.g., Childhood Obesity demonstration, Outreach and Enrollment Grants, and Pediatric Quality Measures program)

# Differences between House and Senate Proposals



## CHIP Look-Alike Plans and Risk Pools

- House bill permits states to consider children enrolled in state-funded CHIP look-alike program in same risk pool as CHIP-enrolled children



## Medicaid DSH

- House bill eliminates \$2 billion in scheduled DSH reductions for FY 2018; legislation adds \$8 billion in DSH cuts in both FY 2026 and FY 2027



## Payments to Puerto Rico and U.S. Virgin Islands

- House bill makes up to \$1 billion in new federal Medicaid funds available to Puerto Rico with additional relief to Virgin Islands, and includes other, temporary funding adjustments for both; territories would need to contribute non-federal share to draw down this funding

# Offsets Included in House Bill

- **Medicaid Third Party Liability (TPL).** Eliminates longstanding special TPL rules for prenatal and pediatric care and situations where a child support order requires a parent maintain health coverage for a child; creates incentives for states to carry out TPL rules and penalizes states that don't. Also extends Medicaid TPL rules to CHIP
- **Medicaid Eligibility & Treatment of Lottery Winnings & Lump Sum Payments.** Permits states to disenroll high-dollar lottery winners (and other lump sum payment recipients) for certain time periods based on size of lump sum
- **Means Testing Part B and Part D Medicare Premiums.** Requires higher income individuals to pay full cost of their Part B and Part D coverage

*The cost of the CHIP reauthorization proposal is expected to exceed \$8 billion over ten years*

# Timing & Next Steps



# State Spotlight: Linda Nablo, Virginia Department of Medical Assistance Services

**What's ahead for CHIP  
in Virginia?**







**Thank You**

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