



## CHIPRA One Year Later: Where Does Implementation Stand?

## FORUM SESSION ANNOUNCEMENT

A DISCUSSION FEATURING:

**Cindy Mann**

*Director*

Center for Medicaid and State Operations  
Centers for Medicare & Medicaid Services

**Andrew Allison**

*Executive Director*

Kansas Health Policy Authority

**Judith Arnold**

*Director*

Division of Coverage and Enrollment  
New York Department of Health

**Cathy Caldwell**

*Director*

ALL Kids Program  
Alabama Department of Public Health

FRIDAY, MARCH 19, 2010

8:45AM–9:15AM—Breakfast

9:15AM–11:30AM—Discussion

### LOCATION

Reserve Officers Association  
One Constitution Avenue, NE  
Congressional Hall of Honor  
Fifth Floor

*(Across from the Dirksen  
Senate Office Building)*

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## OVERVIEW

*Enacted one year ago, the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) follows the basic structure of the popular State Children's Health Insurance Program (SCHIP), which provided generous federal funding to states to administer a program of insurance coverage for children in families who earn too much to qualify for Medicaid but cannot afford to purchase private insurance coverage. The CHIPRA provisions focus more clearly on low-income children and provide incentives and innovations to speed up enrollment of eligible children in both CHIP and Medicaid. CHIPRA also changes the financing arrangements and mandates new initiatives to strengthen children's health programs. This Forum session will provide an overview of CHIPRA implementation, highlighting both federal and state activities. Speakers will address issues related to financing, eligibility and enrollment, outreach, and the new quality and access features of the program. The problems of implementing this significant children's program during a year of increasing state budget shortfalls will also be discussed.*

## SESSION

The enactment last February of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) brought more federal funding and a new focus to the children's health coverage program, which was designed to provide access to health coverage for children in families who have too much income to qualify for Medicaid, but are unable to afford private insurance. In the year since CHIPRA's enactment, states have faced unprecedented budget shortfalls and made significant cuts in spending. However, most have maintained children's health coverage under the Children's Health Insurance Program (CHIP), and some states have even expanded coverage during this period of declining state resources.

CHIPRA follows the basic structure of the original State Children's Health Insurance Program (SCHIP). Like its predecessor program, it provides a generous federal match to states that implement the program and retains state flexibility in designing and administering the program. The new CHIPRA statute promised a clearer focus on low-income children, provided incentives and administrative innovations to speed up enrollment of eligible children in both CHIP and

Medicaid, and mandated new initiatives to strengthen children's health programs.<sup>1</sup>

The focus on low-income children was strengthened in CHIPRA in several ways. First, Congress directed that the higher-than-Medicaid CHIP federal matching rate be available only for coverage of children with family incomes below 300 percent of the federal poverty level (\$54,930 for a family of three in 2009). Second, Congress required the phasing out of coverage of adults that might have been allowed in some states under SCHIP, including parents of enrolled children. And lastly, the law required states to take steps to ensure that children who appear to be Medicaid-eligible are enrolled in Medicaid, not CHIP, and provided rewards to states for enrolling children in Medicaid as well as CHIP.

Financing changes were substantial in CHIPRA and eased several of the difficult issues that had plagued SCHIP and its administration over the first decade of the program. For example, CHIPRA contains a new allotment formula that accounts for health care inflation and growth in the number of children in the state, as well as enrollment increases and coverage expansions. Other new features smooth the difficulties of federal redistribution of unused CHIP funds, and a new contingency fund provides a source of supplemental CHIP funds in the event of certain types of state funding shortfalls.

New provisions enacted in CHIPRA are designed to encourage and reward states for reaching out to uninsured families and enrolling children in both Medicaid and CHIP. Special funds (\$100 million) are available for outreach and marketing campaigns; a performance bonus system is established to encourage enrollment; and a variety of special tools that encourage easier administrative enrollment practices are endorsed in the CHIPRA statute. Additional provisions require state and federal attention to quality measurement and quality improvement in children's health care delivery.

Although SCHIP was serving over 7 million, many additional children were eligible but unenrolled. A report by the Department of Health and Human Services commemorating the anniversary of the passage of CHIPRA notes that 2.6 million additional children gained Medicaid or CHIP coverage during fiscal year 2009, and enrollment gains were greatest among the lower income children eligible for Medicaid. But the total number of children served still hovered around 7.7 million in 2009.<sup>2</sup> There is general agreement that at least 5 million uninsured children are eligible for Medicaid and CHIP coverage but not enrolled, so many challenges still exist.

This Forum session will review the status of the implementation of CHIPRA during these tough budget times. It will feature an overview of federal activities designed to help states move quickly to implement the new law, as well as a discussion among a sample of state CHIP and Medicaid officials that will highlight challenges, successes, and the financial impact of maintaining these important children's health programs.

### KEY QUESTIONS

- What were the key changes in CHIPRA? Have all of the new statutory provisions been implemented during this first year of the new law?
- How did CHIPRA change the interaction between Medicaid and CHIP?
- How many additional children are being covered under CHIPRA? What are the prospects for covering all children who are eligible under CHIP and Medicaid?
- Will the new CHIPRA financing provisions, particularly the restructured financial contingency and redistribution techniques, adequately address the problems of state funding shortfalls experienced under SCHIP?
- How do states view the federal performance bonus system? Is the Centers for Medicare & Medicaid Services (CMS) concerned that more states did not qualify for bonus payments?
- What are states' key challenges in implementing CHIP as compared with SCHIP? Are there remaining areas of difficulty?
- How are states able to fund CHIP and Medicaid programs in light of their worsening budget climate? What about in future years? Will the enhanced federal match maintain its attractiveness to states as they fall deeper into fiscal difficulty?

### SPEAKERS

**Cindy Mann**, director of the Center for Medicaid and State Operations at the Centers for Medicare & Medicaid Services (CMS), will lead the program, describing the basic features of CHIPRA and the federal government's role and activities in implementing the program over the past year. Following Ms. Mann's presentation, state officials will briefly describe their children's health insurance programs, including its relationship to Medicaid, with particular reference to issues

related to financing, eligibility and enrollment, outreach, and the new quality and access facets of the program. Finally, the speakers will engage with the audience in a discussion of current policy and financial issues facing program administrators. State speakers will include **Andrew Allison**, executive director, Kansas Health Policy Authority; **Judith Arnold**, director, Division of Coverage and Enrollment, New York Department of Health; and **Cathy Caldwell**, director, ALL Kids Program, Alabama Department of Public Health.

## ENDNOTES

1. For a complete description of the CHIP program, see Jennifer Ryan, "The Children's Health Insurance Program (CHIP): The Fundamentals," National Health Policy Forum, Background Paper No. 68, April 23, 2009; available at [www.nhpf.org/library/details.cfm/2735](http://www.nhpf.org/library/details.cfm/2735).
2. U.S. Department of Health and Human Services, "Children's Health Insurance Program Reauthorization Act: One Year Later Connecting Kids to Coverage," February 2010; available at [http://insurekidsnow.gov/chip/chipra\\_anniversary\\_report.pdf](http://insurekidsnow.gov/chip/chipra_anniversary_report.pdf).