



Children's Health Insurance Program: Setting the Record Straight

The Children's Health Insurance Program (CHIP) provides health insurance coverage for over 9 million low-income children and pregnant women. CHIP is a success story and has enjoyed 20 years of broad bipartisan support. Unfortunately, federal funding for CHIP will formally expire at the end of September 2017. Our organizations would like to set the record straight about some common CHIP questions and the need to extend funding for at least five years.

If Congress doesn't act on CHIP by the September 30 deadline, do states have enough funds left in their CHIP budgets to carry them through the end of 2017 and into 2018 without any consequences?

NO.

- Estimates of how much funding remains in state programs are just that: estimates. Providers may submit more bills than expected, or a natural disaster like a hurricane could increase expenses. Some states have commented that they believe they will run out of funds months before the public estimates project.
- Although states can spend leftover funds from FY 2017, they are required to plan to end their CHIP programs if funding is not extended. Without continued funding, states will have to use some of their remaining funds to shut down their CHIP programs, depleting their remaining allotments sooner and leaving fewer resources to spend on care.

Are states worried about their CHIP funding running out due to Congressional inaction?

YES.

- States are currently planning internally for the end of CHIP funding.
- If Congress fails to act in September, many states will have to freeze enrollment, send out disenrollment notices to families and providers, and make costly system changes to wind down their programs. In some states, the first notices could go out before September 30 unless Congress makes clear, public progress towards extending funding.
- States make certain purchases prospectively, like monthly payments to insurers or vaccine purchases, so decisions must be made early about what to purchase. For example, states buying vaccines on a quarterly basis will have to decide around October 1 whether to buy vaccines for winter 2017-18. Without funding certainty, many states will be unable to make these decisions and could be forced not to purchase vaccines or make other prospective payments.

Can Congress wait to pass CHIP funding with other expiring extenders in December?

NO.

- CHIP is not an “extender;” it is a full-fledged health insurance program that covers nearly 9 million children and pregnant women.
- States need certainty that their programs will not run out of federal funding in order for them to continue providing care and enrolling eligible children and pregnant women. Without action, providers will also be left in an uncertain position regarding whether they will be able to continue to provide care to their patients.
- If funding is not extended before September 30, states will begin to take steps to wind down their CHIP programs or make difficult purchasing decisions that will limit the reach of the program. These actions will be put in motion regardless if CHIP is funded through a short-term patch or later retroactively funded.

Would Congressional inaction have any long-term effect on CHIP programs or beneficiaries?

YES.

- The instability caused by Congressional delays damages CHIP programs. Without program stability and predictability, states are unable to pursue long-term contracts or plan multi-year innovation, resulting in higher costs, lost opportunities, and potentially poorer health for enrollees.
- Congress could also cause a budget crisis in many states if the 23% adjustment in CHIP funding is not continued. Nearly all states have passed their 2018 budgets and adjourned, and some states have already passed 2019 budgets. Maintenance of the funding level as prescribed in current law through 2019 is important in order to avoid creating a budgetary hole that states would have to take painful, unexpected steps to fill.
- The instability caused by Congressional funding delays also impacts families by creating confusion about whether CHIP will be there when their children need it. This is especially problematic for children with special health care needs requiring continuous care and long-term treatment plans.

Should Congress pass another short-term extension of CHIP as it did in 2015?

NO.

- Congress should fund CHIP for a period of at least five years to give states the certainty they need to plan their budgets, secure multi-year contracts, and implement innovative reforms that will help provide better care to children and pregnant women.