



## **CHIP Update: Major Dates and Budget Implications Relevant to the Children's Health Insurance Program**

### **Authorization and Appropriation**

The Children's Health Insurance Program (CHIP) was reauthorized in 2009. At the time of its reauthorization, it was set to expire in September 2013. As part of the Affordable Care Act (ACA), however, CHIP's authorization was split into two pieces. The funding was extended two years; as such, it now ends on September 30, 2015, while the authorization continues through 2019. In addition, the ACA's maintenance of effort (MOE) requirement stipulates that states must maintain eligibility requirements that are no more restrictive than the requirements that were in place on March 23, 2010, when the ACA became law. This MOE requirement is in effect until September 30, 2019.

### **Eligibility Changes in 2014**

In January 2014, states will be required to cover children up to 133 percent of the poverty level through Medicaid, rather than through CHIP. Moreover, states will, at that time, begin to use simplified income eligibility standards and streamlined enrollment mechanisms to facilitate the process of Medicaid and CHIP enrollment for families who are not sure of their eligibility.<sup>1</sup>

### **Possible Blended Matching Rate in 2017**

Additionally, a proposal exists that would shift federal matching for Medicaid and CHIP from a piecemeal approach to a blended, state-specific matching rate for both Medicaid and CHIP. This rate, which if implemented would take effect in 2017, would be indexed to economic indicators, so federal funding would increase if recession causes enrollment to rise. However, critics of this proposal assert it would ultimately reduce federal funding for these programs by setting the blended rates lower than the Medicaid and CHIP matching rates that states currently receive.<sup>2</sup>

### **Implications for State Budgets**

In light of these factors and the current debate over the federal budget and spending cuts, it is important to evaluate the effects of potential federal budget cuts on the states and beneficiaries. With respect to the broader budget battle, radical cuts or changes to the structure of Medicaid—such as a move to block granting—might not affect CHIP initially, but they may well be harbingers of coming cuts to CHIP. If federal CHIP funds decrease in any way, states are still responsible for maintaining their 2010 eligibility levels and, as such, will be left to bear the burden of cost no longer covered by the federal government. In the most extreme version of this scenario, Congress could fail to reauthorize CHIP in 2015, leaving states responsible for the entire cost of the program until 2019.

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<sup>1</sup> CMS <http://www.cms.gov/About-CMS/Agency-Information/PerformanceBudget/Downloads/CMSFY13CJ-.pdf>

<sup>2</sup> Center on Budget and Policy Priorities <http://www.cbpp.org/cms/?fa=view&id=3521>