

Administration Blocks Road to Coverage for Children

The Bush Administration's new guidelines on the Children's Health Insurance Program (CHIP), released on August 17, will increase the number of uninsured children, undermining the efforts of Congress to accomplish exactly the opposite goal through a renewal and strengthening of the program. The new guidelines prevent states from covering children in families with incomes over 250 percent of the federal poverty level (\$42,925 for a family of three). Children in *at least 18 states* currently receive coverage that exceeds these new limits, and 5 more have plans to expand other states are in the process of increasing income eligibility over 250 percent of poverty.

- **The Administration's new requirements will effectively establish a new income limit for CHIP at 250 percent of poverty.** This new income limit is lower than the 300 percent of poverty threshold envisioned by the Senate CHIP Reauthorization Act of 2007. The House bill would continue to allow states to set their own standards for CHIP eligibility. With this new policy, the Administration is circumventing Congress to set a federal limit on which children can be covered in CHIP.
- **The Administration is taking this outrageous action in the middle of a Congressional debate over the reauthorization of CHIP.** Members of Congress on both sides of the aisle have announced their intention to strengthen the program and reduce the overall number of uninsured children. The net effect of these new policies will be to add to the already more than 9 million uninsured children in America, rather than reducing the number of uninsured children.
- **The new policy imposes unreasonable standards that states will not be able to meet.** These new standards establish roadblocks that will prevent states from covering children in families with incomes over 250 percent of the federal poverty level.
 - ***States must certify they are covering 95 percent of eligible children below 200 percent of the federal poverty level.*** It is an unreasonable standard that no state currently meets. Moreover, without significant new resources for CHIP and the new tools for outreach and streamlining enrollment, states will not be able to make progress increasing their participation rates. The President's new policy, combined with his threat to veto the CHIP bills passed by the Senate and House in July will only cause more uninsured children rather than help states in their efforts to get more children covered.
 - ***States can't cover children in families with incomes over 250 percent of poverty if they have experienced a decline in employer-sponsored insurance coverage of more than 2 percent over the previous five years among these families.*** Employer-sponsored coverage can decline for many reasons – such as natural disasters, economic slowdowns, or industry failures – that are completely unrelated to the availability of CHIP. In fact, nationally, employer-sponsored coverage has decreased by nearly 5 percent since 2001. And while CHIP was able to compensate for these private insurance losses in previous years – resulting in a decline in the number and percentage of uninsured children between 1998 and 2004 – the number and percentage of uninsured children has increased for the last 2 years. The new policies undermine a critical safety net for low-income families.
 - ***States will be forced to adopt 12-month waiting periods and unaffordable cost-sharing amounts for children in families with incomes over 250 percent of poverty.*** Rather than allowing states to implement policies that make sense for them, the administration will require every state that chooses to cover children in families with incomes over 250 percent of poverty to adopt the same onerous policies—even if there is no evidence of crowd-out related to the availability of CHIP. These policies will mean more children going uninsured for longer periods of time, and more children who will remain uninsured because they cannot afford CHIP.

- **Which states are affected by the new rules?** The guidance applies to states that cover children with “effective” income levels over 250% of the federal poverty level. In some states, children may qualify for CHIP if their gross income is higher than the explicit income limit for the program because states “disregard” certain kinds or amounts of income the family may have. This means that some states may be affected by the guidance even if there is a stated income limit for their CHIP program that is below 250% of poverty.
- **Are all states with income limits over 250% of poverty affected?** The CMS guidance does not distinguish between states that use separate programs for CHIP and those that use Medicaid to provide CHIP coverage. However, the CHIP regulations do make that distinction, and only apply crowd-out rules to separate CHIP programs. At this point, we should assume that the guidance legally only applies to states with non-Medicaid CHIP expansions. However, states with Medicaid expansions and states that are seeking new Medicaid expansions for children with incomes over 250% of the federal poverty level should be in close contact with CMS to determine how CMS intends to proceed.

States with existing coverage for children with family incomes over 250% of poverty:

State	Current eligibility level	Expansions passed but not yet implemented
California	250%	
Connecticut	300%	
<i>DC*</i>	<i>300%</i>	
Georgia	235%	
<i>Hawaii*</i>	<i>300%</i>	
<i>Maryland*</i>	<i>300%</i>	
Massachusetts	300%	
Minnesota	275%	
<i>Missouri*</i>	<i>300%</i>	
New Hampshire	300%	
New Jersey	350%	
<i>New Mexico*</i>	<i>235%</i>	
New York	250%	400%
Pennsylvania	300%	
<i>Rhode Island*</i>	<i>250%</i>	
Vermont	300%	
Washington	250%	300%
West Virginia	220%	300%

States with enacted expansions that are not yet approved:

State	Current eligibility level	Expansions passed but not yet implemented
Indiana	200%	300%
Louisiana	200%	300%
North Carolina	200%	300%
<i>Ohio*</i>	<i>200%</i>	<i>300%</i>
<i>Oklahoma*</i>	<i>185%</i>	<i>300%</i>

*DC, Hawaii, Maryland, Missouri, New Mexico, Ohio, Oklahoma, and Rhode Island all operate their CHIP programs through Medicaid. It is unclear whether CMS will expect states that operate Medicaid-CHIP programs to comply with the provisions of the new guidance.