

Table 1.

CHIP Premiums for a Family of Four with Two Children in CHIP*

State	Annual Income of 201% Of Poverty (\$47,336)		Annual Income of 251% Of Poverty (\$59,111)		Annual Income of 301% Of Poverty (\$70,886)	
	CHIP Premiums As a Percent of Family Income	Annual CHIP Premium	CHIP Premiums As a Percent of Family Income	Annual CHIP Premium	CHIP Premiums As a Percent of Family Income	Annual CHIP Premium
Alabama	0.4%	\$208	0.4%	\$208	0.3% ^a	\$208 ^a
Arizona	1.8% ^a	\$840 ^a				
California	0.7%	\$312	0.5% ^a	\$312 ^a		
Colorado	0.1%	\$35	0.2% ^a	\$105 ^a		
Connecticut	—	—	1.0%	\$600	0.8% ^a	\$600 ^a
Delaware	0.6% ^a	\$300 ^a				
Florida	0.5% ^a	\$240 ^a				
Georgia	1.5%	\$696				
Illinois	2.0%	\$960	1.6%	\$960		
Indiana	1.3%	\$636	1.1% ^a	\$636 ^a		
Iowa	0.5%	\$240	0.4%	\$240	0.7% ^a	\$480 ^a
Kansas	1.3%	\$600				
Louisiana	1.3%	\$600	1.0% ^a	\$600 ^a		
Maine	1.6% ^a	\$768 ^a				
Maryland	1.3%	\$600	1.3%	\$756	1.1% ^a	\$756 ^a
Massachusetts	1.0%	\$480	1.1%	\$672	1.0% ^a	\$672 ^a
Michigan	0.3% ^a	\$120 ^a				
Minnesota	3.7%	\$1,752	4.8%	\$2,820		
Missouri	2.2%	\$1,056	4.4%	\$2,592		
Nevada	0.7% ^a	\$320 ^a				
New Jersey	1.1%	\$498	1.7%	\$990	2.3%	\$1,662
New York	0.5%	\$216	0.6%	\$360	1.0%	\$720
North Carolina	0.2% ^a	\$100 ^a				
Oregon	1.3%	\$600	1.5%	\$900	1.3% ^a	\$900 ^a
Pennsylvania	2.4%	\$1,152	2.7%	\$1,608		
Rhode Island	2.3%	\$1,104	1.9% ^a	\$1,104 ^a		
Texas	0.1% ^a	\$50 ^a				
Utah	0.6% ^a	\$300 ^a				
Vermont	0.4%	\$180	1.2%	\$720		
Washington	1.0%	\$480	1.2%	\$720		
West Virginia	1.8%	\$852	1.4%	\$852	1.2% ^a	\$852 ^a
Wisconsin	0.5%	\$240	1.4%	\$816		

*CHIP premium values are based on information available online as of March 2013. States may have subsequently updated their CHIP premium amounts.

^a Indicates that this is the highest income level at which the state provides subsidized CHIP coverage. Because coverage stops after this level, the percentage of poverty used to calculate these values is 1 percentage point lower than values without an “a” in the same column. For example, Alabama provides subsidized coverage to children with family incomes up to 300 percent of poverty. A family with income at 301 percent of poverty would not qualify for subsidized CHIP coverage. Annual incomes for a family of four at these levels are \$47,100 (200 percent of poverty), \$58,875 (250 percent of poverty), and \$70,650 (300 percent of poverty).

Blank cells indicate that the state does not provide subsidized CHIP coverage at this income level.

— Indicates that the state does not charge premiums for children’s coverage at this income level

How CHIP Premium Stacking Works

In most states, income eligibility levels for public health coverage programs are different for adults and children. This means that, when the new coverage options become available in 2014, for many families, different family members will get coverage from different sources. For example, take a state that provides CHIP coverage for children in families with incomes up to 300 percent of poverty (\$70,650 for a family of four) and Medicaid coverage for adults with incomes up to 138 percent of poverty (\$32,499 for a family of four). In that state, for a family with income at 251 percent of poverty (\$59,111 for a family of four), the children could be covered by CHIP, while the parents could purchase coverage in their state's new health insurance marketplace with the help of premium tax credits. More than a third of children who are eligible for Medicaid or CHIP coverage have parents who are potentially eligible for coverage in the new marketplaces.²

Table 2 shows the amount of premiums families will be asked to pay for coverage in the new health insurance marketplaces.³

Table 2.
Premiums for Coverage in the New Marketplaces, by Income Level

Income as a Percent of Poverty	Premiums as a Percent of Family Income	Annual Premium Amount
201% (\$47,336 per year)	6.3%	\$2,982
251% (\$59,111 per year)	8.05%	\$4,758
301% (\$70,886 per year)	9.5%	\$6,743

Currently, 33 states require some amount of premiums for CHIP coverage.⁴ However, these CHIP premiums will not be included in the calculations of the cost of family coverage for the purpose of determining the amount of premium assistance families can receive. This could lead to premium stacking, where the total cost of exchange and CHIP premiums could make coverage unaffordable. For example, for a family of four in Pennsylvania with two children in CHIP and an annual income at 251 percent of poverty (\$59,111 per year), coverage in the new marketplace would amount to 8.05 percent of family income (\$4,758), and CHIP premiums would cost an additional 2.7 percent of income (\$1,608).⁵ The family would therefore be expected to contribute a total of 10.8 percent of their annual income just for premiums (\$6,366).

Table 3 on page 4 shows the combined amounts a family of four with two children in CHIP would have to pay for CHIP and marketplace premiums.⁶

Table 3.

CHIP and Marketplace Premiums for a Family of Four with Two Children in CHIP*

State	Annual Income of 201% Of Poverty (\$47,336)		Annual Income of 251% Of Poverty (\$59,111)		Annual Income of 301% Of Poverty (\$70,886)	
	Total Premiums As a Percent of Family Income	Total Annual Premium	Total Premiums As a Percent of Family Income	Total Annual Premium	Total Premiums As a Percent of Family Income	Total Annual Premium
Alabama	6.7%	\$3,190	8.4%	\$4,966	9.8% ^a	\$6,920 ^a
Arizona	8.1% ^a	\$3,807 ^a	8.05% ^b	\$4,758 ^b	9.5% ^b	\$6,743 ^b
California	7.0%	\$3,294	8.6% ^a	\$5,051 ^a	9.5% ^b	\$6,743 ^b
Colorado	6.4%	\$3,017	8.2% ^a	\$4,844 ^a	9.5% ^b	\$6,743 ^b
Connecticut	6.3% ^c	\$2,982 ^c	9.1%	\$5,358	10.3% ^a	\$7,312 ^a
Delaware	6.9% ^a	\$3,267 ^a	8.05% ^b	\$4,758 ^b	9.5% ^b	\$6,743 ^b
Florida	6.8% ^a	\$3,207 ^a	8.05% ^b	\$4,758 ^b	9.5% ^b	\$6,743 ^b
Georgia	7.8%	\$3,678	8.05% ^b	\$4,758 ^b	9.5% ^b	\$6,743 ^b
Illinois	8.3%	\$3,942	9.7%	\$5,718	9.5% ^b	\$6,743 ^b
Indiana	7.6%	\$3,618	9.1% ^a	\$5,375 ^a	9.5% ^b	\$6,743 ^b
Iowa	6.8%	\$3,222	8.5%	\$4,998	10.2% ^a	\$7,192 ^a
Kansas	7.6%	\$3,582	8.05% ^b	\$4,758 ^b	9.5% ^b	\$6,743 ^b
Louisiana	7.6%	\$3,582	9.1% ^a	\$5,339 ^a	9.5% ^b	\$6,743 ^b
Maine	7.9% ^a	\$3,735 ^a	8.05% ^b	\$4,758 ^b	9.5% ^b	\$6,743 ^b
Maryland	7.6%	\$3,582	9.3%	\$5,514	10.6% ^a	\$7,468 ^a
Massachusetts	7.3%	\$3,462	9.2%	\$5,430	10.5% ^a	\$7,384 ^a
Michigan	6.6% ^a	\$3,087 ^a	8.05% ^b	\$4,758 ^b	9.5% ^b	\$6,743 ^b
Minnesota	10.0%	\$4,734	12.8%	\$7,578	9.5% ^b	\$6,743 ^b
Missouri	8.5%	\$4,038	12.4%	\$7,350	9.5% ^b	\$6,743 ^b
Nevada	7.0% ^a	\$3,287 ^a	8.05% ^b	\$4,758 ^b	9.5% ^b	\$6,743 ^b
New Jersey	7.4%	\$3,480	9.7%	\$5,748	11.9%	\$8,405
New York	6.8%	\$3,198	8.7%	\$5,118	10.5%	\$7,463
North Carolina	6.5% ^a	\$3,067 ^a	8.05% ^b	\$4,758 ^b	9.5% ^b	\$6,743 ^b
Oregon	7.6%	\$3,582	9.6%	\$5,658	10.8% ^a	\$7,612 ^a
Pennsylvania	8.7%	\$4,134	10.8%	\$6,366	9.5% ^b	\$6,743 ^b
Rhode Island	8.6%	\$4,086	9.9% ^a	\$5,843 ^a	9.5% ^b	\$6,743 ^b
Texas	6.4% ^a	\$3,017 ^a	8.05% ^b	\$4,758 ^b	9.5% ^b	\$6,743 ^b
Utah	6.9% ^a	\$3,267 ^a	8.05% ^b	\$4,758 ^b	9.5% ^b	\$6,743 ^b
Vermont	6.7%	\$3,162	9.3%	\$5,478	9.5% ^b	\$6,743 ^b
Washington	7.3%	\$3,462	9.3%	\$5,478	9.5% ^b	\$6,743 ^b
West Virginia	8.1%	\$3,834	9.5%	\$5,610	10.7% ^a	\$7,564 ^a
Wisconsin	6.8%	\$3,222	9.4%	\$5,574	9.5% ^b	\$6,743 ^b

* CHIP premium values are based on information available online as of March 2013. States may have subsequently updated their CHIP premium amounts. Percent of family income values are based on the dollar values of premiums and total annual incomes. Because percent values are calculated based on unrounded dollar values and are then rounded, some of the percent values in this column round up, while others round down. For example, a 1.4 percent CHIP premium added to the 8.05 percent exchange premium may result in a total premium value of 9.4 or 9.5 percent depending on the underlying dollar values.

^a Indicates that this is the highest income level at which the state provides subsidized CHIP coverage. Because coverage stops after this level, the percentage of poverty used to calculate these values is 1 percentage point lower than values without an "a" in the same column. For example, Alabama provides subsidized coverage to children with family incomes up to 300 percent of poverty. A family with income at 301 percent of poverty would not qualify for subsidized CHIP coverage. Annual incomes for a family of four at these levels are \$47,100 (200 percent of poverty), \$58,875 (250 percent of poverty), and \$70,650 (300 percent of poverty). Marketplace premiums at these levels are \$2,967 (200 percent of poverty), \$4,739 (250 percent of poverty), and \$6,712 (300 percent of poverty).

^b These levels are for marketplace coverage only (state does not provide CHIP coverage at this level).

^c These values are for marketplace coverage only (state does not charge premiums for CHIP coverage at this level).

In addition, these percentages do not take into account any other cost-sharing families have to pay, such as copayments and deductibles for CHIP and marketplace coverage.⁷ This means that families with high health care needs could end up paying even higher proportions of their income on health care.

CHIP Premiums Can Prevent Children from Getting the Care They Need

Even low levels of premiums and cost-sharing can prevent low-income families from getting coverage and care.

- Premiums act as a deterrent that keeps some families from enrolling their children at all. They also increase the likelihood that families that do enroll will later disenroll or not renew coverage if premiums are too high.⁸
- One study found that premiums of even 1 percent of family income decreased enrollment in public coverage by 16 percent. Furthermore, participation decreases dramatically as premium levels rise: The study reported that premiums of 5 percent of family income led to a 74 percent drop in enrollment.⁹
- Even premiums that are relatively low can make coverage unaffordable for low-income families. For example, in Kentucky, charging some families CHIP premiums of \$20 per month led to an 18 percent drop in enrollment.¹⁰
- In 12 states, children whose families are not able to pay premiums are not only disenrolled, but they are also prevented from re-enrolling during a lock-out period.¹¹ This can cause significant disruptions in children’s health care.

Eliminating CHIP Premiums Can Reduce the Cost of Administering CHIP Programs

- A study of two states found that charging CHIP premiums produced little net savings relative to the cost of administering CHIP premiums, in part because of the costs of collecting those premiums.¹²
- CHIP premiums can also increase “churning.”¹³ Families that miss some CHIP premium payments are kicked out of the program. The state must then process new applications for these families if they choose to reapply.
- Families who are unable to afford premiums for health coverage often delay care or use expensive emergency room visits as their primary source of care.¹⁴

States Have Several Options to Prevent or Minimize the Problem of Premium Stacking

Addressing the problem of CHIP premium stacking at the national level would require legislative action. But because charging premiums for CHIP is not mandatory, states have a number of policy options they can use to reduce or eliminate the problem of CHIP stacking for low-income families.

- Eliminate CHIP premiums for all families. States are not required to charge CHIP premiums, and many do not. Eliminating CHIP premiums makes it easier for families to enroll in and keep children's coverage.
- Waive CHIP premiums for families who purchase coverage in the state's new health insurance marketplace. To ensure that family coverage is affordable, Massachusetts waives CHIP premiums for families where the parents purchase subsidized coverage called CommCare through the state's version of a marketplace.¹⁵
- Cap CHIP premiums to reduce the burden on families with multiple children. Most states that charge CHIP premiums either charge a single rate for family coverage or cap premium amounts at two or three children to reduce the burden on families with multiple children. In states that do not limit premiums,¹⁶ families with multiple children would face particularly high burdens due to CHIP premium stacking.

Endnotes

¹ Idaho also charges CHIP premiums, but we did not include it in this chart because CHIP coverage in Idaho ends at 185 percent of poverty.

² According to the Urban Institute, 15.7 million children who qualify for Medicaid or CHIP have parents who are potentially eligible for coverage in the new state health insurance marketplaces. That is 20 percent of all U.S. children and more than a third of children who are eligible for either Medicaid or CHIP. Stacey McMorro, Genevieve M. Kenney, and Christine Coyer, *Addressing Barriers to Health Insurance Coverage among Children: New Estimates for the Nation, California, New York, and Texas* (Washington: Urban Institute, 2012), available online at <http://www.urban.org/UploadedPDF/412561-Addressing-Barriers-to-Health-Insurance-Coverage-Among-Children.pdf>.

³ Bernadette Fernandez and Thomas Gabe, *Health Insurance Premium Credits in the Patient Protection and Affordable Care Act* (Washington: Congressional Research Service, 2012), available online at <http://www.fas.org/sgp/crs/misc/R41137.pdf>.

⁴ Martha Heberlein, Tricia Brooks, Joan Alker, Samantha Artiga, and Jessica Stephens, *Getting into Gear for 2014: Findings from a 50-State Survey of Eligibility, Enrollment, Renewal, and Cost-Sharing Policies in Medicaid and CHIP, 2012-2013* (Washington: Kaiser Family Foundation, 2013), available online at <http://ccf.georgetown.edu/wp-content/uploads/2013/01/Getting-Into-Gear-for-2014.pdf>.

⁵ Total CHIP cost-sharing cannot exceed 5 percent of family income, so co-insurance, copayments, deductibles, etc., would be included in this 5 percent. “Cumulative Cost-sharing Maximum,” *Federal Register* Title 42, vol. 5, Section 457-560 (Oct 1, 2009): 447-8, available online at <http://www.gpo.gov/fdsys/pkg/CFR-2009-title42-vol4/pdf/CFR-2009-title42-vol4-sec457-560.pdf> (42 CFR 457.560).

⁶ Idaho also charges CHIP premiums, but we did not include it in this chart because CHIP coverage in Idaho ends at 185 percent of poverty.

⁷ Most states that charge premiums for CHIP also require copayments for services. Out-of-pocket costs for CHIP are supposed to be capped at 5 percent of family income, but many states rely on families to track these expenses themselves and report when they have hit the 5 percent cap. This could lead to situations in which families with children with high health care needs end up paying more than 5 percent out of pocket. Thomas M. Seldon, Genevieve M. Kenney, Matthew S. Pantell, and Joel Ruhter, “Cost-Sharing in Medicaid and CHIP: How Does It Affect Out-of-Pocket Spending?” *Health Affairs* 28, no. 4 (2009): 607-619, available online at <http://content.healthaffairs.org/content/28/4/w607.full.pdf+html>.

⁸ Georgetown University Center for Children and Families, *Cost Sharing for Children and Families in Medicaid and SCHIP* (Washington: Georgetown Center for Children and Families, 2008), available online at http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2008/rwjf33623; Michael A. Morrissey, Justin Blackburn, Bisakha Sen, David Becker, Meredith L. Kilgore, Cathy Caldwell, and Nir Menachemi, “The Effects of Premium Changes on ALL Kids, Alabama’s CHIP Program,” *Medicare and Medicaid Research Review* 2, no. 3 (2012): E1-E17, available online at http://www.cms.gov/Research-Statistics-Data-and-Systems/Research/MMRR/Downloads/MMRR2012_002_03_A01.pdf.

⁹ Leighton Ku and Teresa Coughlin, “Sliding-Scale Premium Health Insurance Programs: Four States’ Experiences,” *Inquiry* 36, no. 4 (1999): 471-480.

¹⁰ Genevieve Kenney, James Marton, Joshua McFeeters, and Julia Costich, “Assessing Potential Enrollment and Budgetary Effects of SCHIP Premiums: Findings from Arizona and Kentucky,” *Health Service Research* 42, Supplement 1 (2007): 2,354-2,372.

¹¹ Martha Heberlein, Tricia Brooks, Joan Alker, Samantha Artiga, and Jessica Stephens, op. cit.

¹² Genevieve Kenney, James Marton, Joshua McFeeters, and Julia Costich, op. cit.

¹³ “Churning” is when individuals or families move in and out of different forms of health coverage or lose coverage due to changes in income or family size, or because they cannot afford the cost of coverage.

¹⁴ Joan Alker, Martha Heberlein, and Wesley Prater, *The Impact of Premiums on Families in BadgerCare Plus* (Washington: Georgetown Center for Children and Families, 2011) available online at http://ccf.georgetown.edu/wp-content/uploads/2012/03/Wisconsin_premium.pdf.

¹⁵ Beth Waldman, *Covering Children and Their Parents: The Massachusetts Model and Implications for National Health Reform* (Washington: First Focus, 2009), available online at http://www.bailit-health.com/articles/122009_bhp_ccp_article.pdf.

¹⁶ Pennsylvania and Wisconsin do not cap or limit premiums for families with multiple children.



1201 New York Avenue NW, Suite 1100 • Washington, DC 20005
Phone: 202-628-3030 • Fax: 202-347-2417 • Email: info@familiesusa.org
www.familiesusa.org