US Children's Health Insurance Program in jeopardy

Without adequate federal funding, CHIP is on the verge of collapse in several states. Susan Jaffe, *The Lancet*'s Washington correspondent, reports.

It is difficult to find anyone in Congress who opposes funding for the Children's Health Insurance Program (CHIP), created two decades ago for children whose parents' incomes were too high to qualify for Medicaid, which covers low-income families, and too low to afford private insurance.

Despite rare bipartisan support, Congress did not renew funding, which expired on Sept 30. The federal-state joint programme known as CHIP covered 8·9 million children last year and about 370 000 pregnant women. It relies mostly on federal money with a small state contribution. Last year, the federal government paid US$14·4 billion, with states providing $1·2 billion.

Now, CHIP's federal assistance is running dangerously low. When Congress approved legislation to keep the government running through Dec 22, it included a provision to allow the federal Department of Health and Human Services (HHS) to redistribute any funds states have not used to those state CHIP programmes most in need.

But that remaining money will not stretch very far. As this article went to press, some 16 states are expected to run out of CHIP money at the end of January, 2018. Even if additional funds are included in legislation aimed at avoiding a government shutdown on Dec 22, that new aid may not arrive in time to avoid a disruption in coverage. Alabama announced this week that it will halt enrolment on Jan 1, 2018, and if Congress does not provide funding, its CHIP will close. Colorado, Utah, and Virginia are among the states that have sent letters to thousands of beneficiaries warning them that their coverage could end on Jan 31.

"I don't think anyone saw this coming", said Linda Nablo, chief deputy director at Virginia's Department of Medical Assistance Services, who also managed CHIP programmes at the HHS during the Obama administration. "Every congressman you talk to will tell you they support it and they will even tell you how many kids in their state are covered by this programme." In the past, Congress has renewed funding for the popular programme well before it expired.

> **"The number of American children without health insurance has dropped dramatically under CHIP…"**

To qualify for CHIP, children up to 19 years of age must usually live within a family with incomes ranging from 100% to 200% of the federal poverty level (or $24 300 to $48 600 for a family of four in 2017). Beneficiaries pay very modest copayments for care and, in most states, no monthly premiums. Where premiums exist, federal law limits them to no more than 5% of a family's income. In 36 states, total out-of-pocket costs averaged $158 per child in 2015, according to the Medicaid and CHIP Payment and Access Commission (MACPAC), an independent, non-partisan agency that advises Congress, HHS, and state governments.

The number of American children without health insurance has dropped dramatically under CHIP—from 10 million in 1997 to 3·3 million in 2015.

During debate on the tax reform legislation, Ohio Senator Sherrod Brown spoke for many of his fellow Democrats when he pleaded with Utah Senator Orrin Hatch, the Republican chairman of the powerful Senate Finance Committee, to add CHIP funding to the tax bill. Instead, Hatch urged patience. "Nobody believes in the CHIP programme more than I", said Hatch, a lead sponsor of the 1997 legislation establishing programme. "We're going to get CHIP through. There is no question about that."

"There is no controversy here and that's why it is so shocking that it has apparently fallen victim to other issues where there is controversy", said Nablo.

Both Democrats and Republicans in Congress have supported funding the programme for 5 years. But there is deep disagreement on where that money should come from.

The latest version of CHIP legislation, as this article went to press, would offset the cost of extending the programme through 2022 by cutting $6·35 billion from the Affordable Care Act's (ACA's) Public Health and Prevention Fund. Other money would come from cutting the grace period from 3 months to 1 month for people who do not promptly pay their monthly ACA marketplace insurance premiums. Additional money would come from raising premiums for very wealthy beneficiaries in Medicare, the health insurance programme that covers older adults and people with disabilities.

"The Republican House majority believes we should spend $1·5 trillion of taxpayer money on tax cuts for millionaires, billionaires, and corporate special interests without any offsets",

Scott Olson/Getty Images

Medical students call on Congress to reauthorise funding for CHIP, Dec 14, Chicago, IL

said Connecticut Republican Rosa DeLauro, the senior Democrat on the House of Representatives Labor, Health and Human Services, Education Appropriations subcommittee. "But in order to pay for the Children's Health Insurance Program, we must rob money from programmes like Medicare, Alzheimer's disease prevention programmes, heart disease and stroke prevention programmes, immunisation and vaccination programmes, and lead poisoning prevention programmes. That is completely heartless", she said.

"Families, seniors, and children deserve health coverage, and I reject the notion that we must pick and choose which groups will receive it over another", she added.

Texas Republican and physician Michael Burgess, who chairs the House of Representatives Committee on Energy and Commerce health subcommittee, is a lead sponsor of the CHIP legislation. He observed this would not be the first time money from the prevention fund was used to pay for a health programme. "In the past this funding mechanism has been used with broad bipartisan support—most recently in 21st Century Cures Act", he said, referring to the bill President Barack Obama signed in the final days of his presidency. It is intended to accelerate the discovery of new drugs and medical devices and get them to patients more quickly.

Few options for patients

Without federal funding for CHIP, an estimated 1·1 million children would lose insurance because their families would not be able to afford alternative coverage, even if they were eligible, according to MACPAC.

CHIP is substantially cheaper for families than other health insurance. MACPAC found that the $158 average CHIP premium and cost-sharing per child per year in 36 states compared with an estimated $891 for employer-based insurance and $1073 for a modest policy purchased from the ACA's health insurance marketplaces.

Benefits are also better. Children enrolled in CHIP are more likely to have coverage for dental care and hearing aids compared with employer-based and marketplace plans, MACPAC reported.

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"A lot of the things that CHIP provides are preventive care and the outcome of that is healthy adults", said pediatrician William Cotton, advocacy co-chair for the American Academy of Pediatrics' Ohio chapter and medical director of the primary care centres at Nationwide Children's Hospital in Columbus. "If people are not getting all their immunisations and they aren't identifying something like high blood pressure at a young age when it can be successfully treated—then you end up with an adult population over the years that's less healthy and more expensive to care for."

States' dilemma

"States are really in a bind here", said Joan Alker, executive director of the Center for Children and Families and a research professor at the Georgetown University McCourt School of Public Policy. "The blame for the situation lies squarely on Congress, and states have been left with very bad choices."

"We are hopeful that Congress will once again provide funding to continue this programme", Virginia officials wrote in a letter to 68 000 beneficiaries last week. "However, because Congress has not acted yet, we need to let you know that there is a chance that the [CHIP] programme may have to shut down."

Ohio is one of the states that opted to use CHIP funding to expand its Medicaid programme, for which CHIP families would otherwise not qualify. More than 200 000 children are enrolled in CHIP at a cost of about $45 million a month, said Brittany Warner, a spokeswoman for the Ohio Department of Medicaid. She said Ohio has enough money for CHIP beneficiaries until the end of February.

But even if that funding ends, an ACA provision requires states to maintain coverage criteria that predated the law. As a result, Ohio must continue serving CHIP beneficiaries but will receive a lower payment from the federal Medicaid programme, Cotton explained.

"Ohio didn't budget for that decrease in CHIP so there will be less funding for that group of patients but we will still have to provide care to them", he said. To offset that loss, Ohio could raise taxes or take money from other programmes, both unlikely options, he said. Instead, the state could reduce payments for hospitals and doctors who treat Medicaid patients. Such a move could prompt physicians to drop some Medicaid patients and could also tighten already strained finances at hospitals, he said.

Meanwhile, some states are using their dwindling CHIP funds on preparations to close their programmes. In addition to mailing letters to beneficiaries, Virginia officials have to reprogramme two major computer systems to stop accepting applications and stop paying bills after Jan 31, Nablo said.

"It's hopefully just a fire drill", said Deborah Oswalt, executive director of the Virginia Health Care Foundation, a non-profit organisation that enrolled 7500 children in CHIP during the fiscal year ending June 30, 2017. "Hopefully, Congress will take care of this but we can't take that for granted", she said. "We're living in a time where the unimaginable has become the norm. Whoever would have thought that health care for children—that has support on both sides of the aisle—would be in this situation?"

Susan Jaffe