

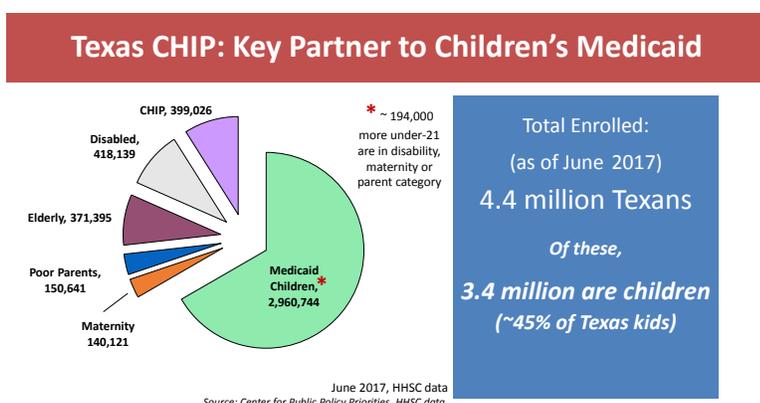
Children's Health Insurance Program (CHIP)

Essential Care, Designed for Texas Children

The Children's Health Insurance Program (CHIP) is vital for children. **In Texas, Medicaid and CHIP combined today cover about 45% of Texas kids in every month (3.4 million out of 7.3 million children). Over 3.1 million Texas children are covered in Medicaid, and another 399,000 children who are not eligible for Medicaid but lack access to affordable health coverage get health care in CHIP**

CHIP was designed for kids, with child-appropriate benefits, access to pediatric providers, and cost-sharing limits to protect vulnerable children and families. CHIP had strong bipartisan support in both Congress and the Texas Legislature. Our Texas CHIP coverage program (for children just over the Medicaid income limit) was created by the 1999 Texas Legislature and started covering kids in May 2000.

As of June 2017, about 3 million Texas children were enrolled in **Medicaid**, which covered:



- 2.96 million babies, children, and teens under age 19.
- 194,000 *additional* babies, children, and teens with disabilities, and small number of 19- and 20-year-olds covered as parents or for maternity services.
- **Another 399,000 Texas children received health care in the separate CHIP program**, which provides basic health care including check-ups, dental care, and eye exams, and medicine.

- **In addition, about 36,000 Texas women were receiving prenatal care and post-delivery check-ups with CHIP funds.**
- **And, around 249,000 children in Texas Medicaid were covered under the more generous federal CHIP match rate**, which is over 92 cents on the dollar for Texas in 2017 (92.33 cents in 2017).

Federal CHIP funding expired on 9/30/2017. If Congress fails to fund CHIP, care for hundreds of thousands of children is at risk.

- **Texas' state budget for 2018-2019 assumes \$3.2 billion in federal CHIP funds.**
- **Cutting the CHIP "super-enhanced" match rate would create a Texas budget gap of \$800 million.**



**CHILDREN'S HEALTH
COVERAGE COALITION**
FORMERLY THE CHIP COALITION

Failure to Extend CHIP Funding would create a Big Budget Hole for Texas

Background: Under current law, federal funds for the State Children’s Health Insurance Program (CHIP) are only provided through federal fiscal year (FFY) 2017, which ends September 30, 2017.

Unless CHIP funding is extended by Congress, all states are expected to exhaust their federal CHIP funds during FY 2018; *this includes unspent CHIP funding from prior years*. 50-state estimates published by the [federal Medicaid and CHIP Payment and Access Commission](#) project that Texas runs out of funding in the 3rd quarter of FFY 2018, and Texas HHSC has projected funds may run out as soon as February 2018.

Texas faces two potentially harmful outcomes:

1. **Congress does not continue CHIP funding at all.** Texas’ budget assumes \$1.6 billion in federal CHIP funds per year, and **full loss of federal CHIP funds would exceed \$3.2 billion for the 2018-2019 biennium.**

Texas Appropriations for CHIP (Title XXI), 2018-2019 state budget

<u>XXI Appropriations</u>	FY 2018	FY 2019
All Funds	\$1,682,404,800	\$1,721,656,171
General Revenue	\$126,729,130	\$124,009,958
Federal Funds	\$1,555,675,670	\$1,597,646,213

Source: Texas HHSC

2. **Congress may choose to reauthorize CHIP funding, but at a lower federal matching rate,** such as the “original” CHIP formula rate of 69.33 cents on the dollar that would have applied to Texas in 2017, absent the ACA’s 23 percentage point increase.
 - But Texas’ 2018-2019 budget assumes continued funding for CHIP at the super-enhanced federal matching rate, projected at nearly 93 cents of each CHIP dollar in 2018.
 - Returning to the standard enhanced federal matching rate (69.33 percent in 2017) **would result in a loss of \$800 million in federal funding over the biennium** (per [Texas HHSC](#)).

Research shows CHIP coverage, designed for kids, is better suited for Texas children than coverage in individual or employer plans.

Research by the [GAO](#), the [U.S. Department of Health and Human Services](#) (HHS) and the Medicaid and CHIP Payment and Access Commission (MACPAC) has shown that CHIP coverage for children has [more comprehensive benefits](#), and is [more affordable](#) than Marketplace and Employer coverage.

CHIP and the ACA Marketplace have different policy goals that shaped their benefits and out-of-pocket costs, with CHIP specifically designed to make sure children can access pediatric comprehensive care without insurmountable cost barriers, especially for children who are experiencing higher needs and thus more co-payments.

With the impact of Hurricane Harvey increasing the needs of Texas families, and Health Insurance Marketplace stability so uncertain at this moment, CHIP must be maintained to preserve access to strong pediatric care for children.