

## **Rockefeller Coverage Amendment #22 to America's Healthy Future Act**

### **Rockefeller Amendment #C22 to Title I, Subtitle G (Role of Public Programs)**

#### **Part II – Children's Health Insurance Program**

**Short Title:** Universal coverage for children

**Description:**

This amendment would achieve near universal coverage (with the exception of undocumented immigrant children) for children by building on what currently works for children, rather than replace the successful Children's Health Insurance Program (CHIP) program with a new and untested combination of tax credits and "wrap-around" coverage.

Specifically, this amendment would extend CHIP from September 30, 2013, through September 30, 2019, with additional funding as estimated by the Congressional Budget Office (CBO) as needed to provide for the changes to the program noted below. It would also strike the language in the Chairman's Mark on pages 46-47 that effectively ends how CHIP currently operates as of September 30, 2013 (CBO estimates that 14.1 million children and pregnant women will be covered by the program in 2013). The amendment would prevent that disruption in coverage and seek to make additional improvements to the program for children.

The amendment would do so and strive to obtain universal coverage for children who are U.S. citizens or legally resident immigrants with income below 300% of poverty by taking the following additional steps:

- Provide for the requirement of 12-month continuous eligibility for children in Medicaid and CHIP.
- Provide for the extension of the one-time funding for outreach and enrollment grants included in the Children's Health Insurance Program Reauthorization Act of 2009 CHIPRA, including the set-aside of 10% for outreach to Native American children, on an annual basis in the amount of \$80 million annually to non-profit, community-based, and faith-based organizations as well as to states to cover the administrative costs of system and policy improvements that expedite enrollment and retention.
- Provide the Secretary the authority through the promulgation of regulations to further improve and streamline enrollment of children that have proven their income eligibility for Medicaid and CHIP through other means-tested programs and federal or state income tax records, along the general lines provided through Express Lane Eligibility under CHIPRA.

- The income disregards eliminated in Medicaid for adults in the Chairman’s Mark would not apply to children. However, the Secretary shall modify income methodologies used to determine children’s eligibility under Medicaid and CHIP so that that when families submit applications for health coverage subsidies to the Exchange, their children’s eligibility for Medicaid, CHIP, and tax credits can all be determined, without any need for families to complete additional forms to establish Medicaid and CHIP eligibility.
- Families can be enrolled using federal income tax forms to identify their uninsured children and to request disclosure of their tax return information to determine their children’s eligibility for subsidized coverage, including Medicaid, CHIP, and tax credits, as is provided in the Chairman’s Mark for the tax credit on page 21. The Secretary shall develop eligibility methodologies and procedures that, as much as possible, eliminate the need for families to provide additional information, beyond that on the federal income tax return, before the children’s eligibility for Medicaid and CHIP can be determined.
- Require the Secretary to evaluate the effectiveness of simplification strategies in use in Medicaid and CHIP programs, including electronic establishment or verification of income-eligibility and automatic renewals. The Secretary shall have the authority through the promulgation or regulations to disseminate the best practices in simplification if they are determined to be cost-effective, increase enrollment, reduce administrative costs, and lower error rates.
- Phase-in mandatory coverage of children through CHIP with full federal financing of the expansion population of 225% of poverty for all states in 2010, 250% of poverty in 2011, 275% of poverty in 2012, and 300% of poverty in 2013. The Secretary would be required to adjust state allocations annually to provide full funding to cover children in the expansions, defined as children with incomes between 200 and 300 percent of the federal poverty level (FPL). Also, as is provided for on page 43 of the Chairman’s Mark for the Medicaid expansion population, between 2014 and 2018, the additional assistance to expansion states and other states would be adjusted downward and upward, respectively, so that in 2019 all states would receive the same level of additional assistance for covering children with incomes between 200 and 300 percent of FPL.

The Secretary would study and then submit a report to Congress by December 31, 2011, that would explore the feasibility and best options by which children enrolled in CHIP could, at their option, buy into family coverage in the exchanges or allow parents eligible for tax credits to use the credit to buy into coverage offered by CHIP. This could include requiring states to provide for the option of purchasing CHIP coverage through the state exchanges.

Nothing in this amendment would modify the restrictions that were included in CHIPRA to deny the possibility that undocumented immigrant children would be covered within either Medicaid or CHIP.

### **Background:**

Much progress has been made in terms of coverage of our nation’s children due in large part to the creation of CHIP on a bipartisan basis in 1997 and the gradual expansion of Medicaid to serve America’s poorest children. An estimated 14.1 million children and pregnant women

will be enrolled in CHIP in 2013 and children will be very close to having obtained a standard of universal coverage at that time.

The Chairman's Mark would end this existing system of CHIP coverage, which has served children well. Instead, children would receive a combination of highly diverse health plans, offered through the exchange, supplemented with "wrap-around" coverage of services not covered by the exchange plans. In terms of out-of-pocket costs, wrap-around coverage would, in theory, give children the minimum legal requirements under the CHIP statute—but almost every state has gone far beyond these federal minimums in limiting children's out-of-pocket costs. The Chairman's Mark would thus cause a massive increase in copayments and deductibles for low-income children who currently receive CHIP, potentially endangering their access to essential care. Further, it is not clear how a single, statewide wrap-around could effectively dovetail with multiple, highly diverse benefits packages offered through the exchange. Most fundamentally, even if the wrap-around were strengthened to retain all current cost-sharing protections, and even if the problem of fitting a statewide wrap-around with diverse exchange plans could be overcome, rigorous research has never evaluated the adequacy of care that children receive from wrap-around arrangements. The proposed amendment would thus prevent millions of low-income children from having their current, successful health coverage upended in favor of a novel, untested system of fragmented coverage that is unsupported by any reasonable evidence of adequacy.

Rather than creating massive dislocation of coverage for 14.1 million children in 2013, the amendment would seek to, as President Obama has called for, "build upon what works." The amendment may even lower the cost of the bill, since per capita CHIP costs should be lower than exchange coverage plus the service and administrative costs of wrap-around benefits. The amendment would build on the successful coverage initiatives already in place for children and make four modifications/improvements to CHIP to ensure near universal coverage for children, fitting smoothly with broader health reforms proposed in the Chairman's Mark. This would be far more likely to serve children well than to repeal a program that has made such a dramatic improvement in children's coverage and access to essential health care during the 12 years since the initial enactment of CHIP.

**Offset:** This amendment should save money.