

October 2017 | Fact Sheet

Comparison of Key Provisions in the Senate and House CHIP Bills

The Senate Finance Committee and the House Energy and Commerce Committee each have scheduled a mark-up on October 4, 2017 on separate bills to extend funding for the Children’s Health Insurance Program (CHIP). CHIP was established in 1997 with bipartisan support and allows states to cover children in families that earn too much to qualify for Medicaid but cannot access or afford private insurance. Every state has a CHIP program, and nearly all states cover children at least up to 200% of the federal poverty level (\$40,840/year for a family of 3 in 2017). CHIP covered nearly 9 million children in 2016, and, together with Medicaid, has helped reduce the uninsured rate for children to a record low of 5%.

The federal government matches state CHIP spending up to an annual limit, but federal funding for CHIP expired on September 30, 2017. Without action by Congress, the majority of states will face an FY2018 budget shortfall. As of late summer 2017, 10 states anticipated that they would exhaust CHIP funds by the end of 2017, and 32 states projected running out of funds by March, 2018. As states run out of federal funds, some will take action to freeze enrollment or end coverage, which would lead to coverage losses for children.

Table 1 below provides a high level summary of key provisions in the Senate and House CHIP bills, and Table 2 provides a more detailed comparison.

Table 1: High Level Comparison of Senate and House CHIP Funding Bills		
	Senate Finance Committee The Keep Kids’ Insurance Dependable and Secure “KIDS” Act of 2017	House Energy and Commerce Helping Ensure Access for Little Ones, Toddlers, and Hopeful Youth by Keeping Insurance Delivery Stable Act of 2017, “Healthy Kids Act”
Federal Funding	5 year funding extension of CHIP	
Express Lane Eligibility	Extends Express Lane Eligibility	
Maintenance of Effort	Extends state maintenance of effort requirement for children below 300% FPL	
Demonstration Programs and Outreach	Extends Childhood Obesity Demonstration, Pediatric Quality Measures Program, and Outreach and Enrollment Program	
Federal Match Rate	Transitions down from enhanced match to regular CHIP match rate by 2021	
DSH Payments	No provision	Modifies DSH allotments by eliminating 2018 cut and extending cuts to 2026 and 2027
Payments to Puerto Rico	No provision	Provides \$1 billion in Medicaid financing to Puerto Rico
Offsets	No provision	<ul style="list-style-type: none"> • Increase states’ ability to obtain payments from insurers under third-party liability • Include lottery winnings and other lump sum payments in calculations of eligibility determinations • Increase Medicare premiums for higher income beneficiaries

Table 2: Detailed Comparison of Key Provisions in the Senate and House CHIP Funding Bills

Provision	Senate Finance Committee: Keep Kids' Insurance Dependable and Secure Act of 2017	House Energy and Commerce Committee: Helping Ensure Access for Little Ones, Toddlers, and Hopeful Youth by Keeping Insurance Delivery Stable Act of 2017
CHIP Funding	Extends federal CHIP funding for 5 years, from FY2018-FY2022. Also extends Child Enrollment Contingency Fund payments for states with a funding shortfall and CHIP enrollment exceeding a state-specific target level.	Same as Senate bill.
Express Lane Eligibility	Extends authority for states to rely on findings from agencies such as those that administer TANF or SNAP for initial Medicaid/CHIP eligibility determinations and renewals.	Same as Senate bill.
State Maintenance of Effort	Extends states' maintenance of effort requirements for children in families below 300% FPL for 10/1/19 through 9/30/22.	Same as Senate bill.
Demonstration Project Funding	Extends federal funding for childhood obesity demonstration project and pediatric quality measures program for FY2018-FY2022.	Same as Senate bill.
Outreach and Enrollment Funding	Extends federal funding for CHIP outreach and enrollment grants from FY2018-FY2022.	Same as Senate bill.
CHIP Enhanced FMAP Phase-Out	Continues 23% CHIP enhanced FMAP for FY2018 and FY2019, then decreases to 11.5% in FY2020, and removes enhanced FMAP in FY2021 and FY 2022.	Same as Senate bill.
CHIP Risk Pools	No provision.	Allows states to include CHIP children and those in look-alike programs in the same risk pool and specifies the CHIP look-alike programs qualify as minimum essential coverage. Look-alike programs are for children under 18 who are ineligible for Medicaid and CHIP and purchase coverage through the state that provides benefits at least identical to CHIP funded through non-Federal funds including premiums.
Medicaid DSH Cuts	No provision.	Removes \$2 billion DSH cut for FY2018 and adds federal DSH cuts of \$8 billion in FY2026 and \$8 billion in FY2027 (currently set to expire in 2025).
Medicaid Payments to Puerto Rico	No provision.	Increases federal Medicaid payments to Puerto Rico by 1% for FY2018 and FY2019 (new rate is medical CPI + 1%) and an additional \$880 million. Provides for a further increase of \$1.2 million from 10/1/17 through 12/31/19 if Puerto Rico Financial Oversight and Management Board certifies that Puerto Rico has taken reasonable and appropriate steps to reduce Medicaid fraud, waste, abuse; implemented strategies to reduce unnecessary, inefficient, or ineffective Medicaid spending; improved the use and availability of Medicaid data for program operation and oversight; and improved Medicaid care quality and patient experience. Also provides 90% federal matching funds to Puerto Rico for staff and costs to eliminate Medicaid fraud for 1/1/18 through 12/30/19.
Medicaid Third Party Liability	No provision.	Increases states' ability to pursue Medicaid reimbursement from liable third parties, incentivizes states to do so for expansion adults, and requires state Medicaid Integrity Programs to include training on third party liability. Also requires Secretary to post third party liability best practices online and monitor state efforts.

		Allows Secretary to reduce state's FMAP by 0.1% for quarters in the year after a state fails to comply with federal third party liability requirements (reduction can be cumulative for failure to comply in consecutive years). Applies Medicaid third party liability provisions to CHIP. Provisions are effective 10/1/19 unless otherwise specified (subject to exception if state legislature not in session).
Medicaid Lump-Sum Payments	No provision.	Require states to consider lottery winnings and other lump sum payments (including gambling winnings, damages from suits other than personal physical injuries or physical sickness, and liquid assets from an estate) as income over a period of months in determining Medicaid ineligibility for an individual eligible based on MAGI as of 1/1/18. Secretary can establish hardship criteria and state can intercept lottery winnings for Medicaid recoupment.
Medicare Parts B and D Premium Subsidies	No provision.	Sets Medicare Part B and D premium subsidies at 80% for individuals with incomes between \$160,000 and \$500,000 and removes Medicare Part B and D premium subsidies for those with income above \$500,000 (current law is 80% for all those above \$160,000). Beginning in 2027, the \$500,000 amount is increased by percentage that CPI for the 12 months ending with August of the previous CY exceeds average CPI for the 12-month period ending with August 2025.