Investing in Missouri's Future: The Children's Health Insurance Program

June 2009

FEDERAL AUTHORIZATION

The Children's Health Insurance Program originally was authorized under federal law for 10 years ending in 2007. Congress reauthorized the program in 2008, but the bill was vetoed by President Bush. Congress then passed, and the President signed, a temporary extension through March 31, 2009. On January 14, 2009, the House of representatives passed its new bill by more than a two-to-one margin. The Senate passed its bill on January 29, also by a sizable margin. The slightly revised bill moved back to the House on February 2, 2009, where it was approved. The very same day, President Obama signed the bill into law.

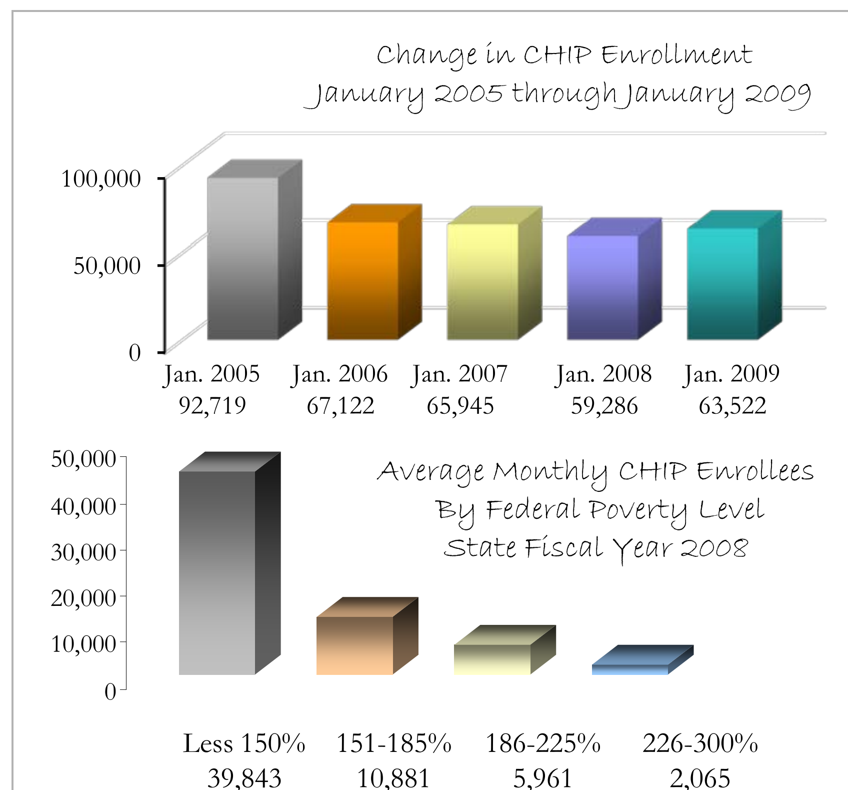
The new bill will cover approximately 4 million additional uninsured children, paid with a 62-cent increase in the federal tobacco tax. It extends federal support for CHIP through 2013. It removes the five-year waiting period for legal immigrant children and pregnant women who enroll in Medicaid or CHIP. It also allows states to cover children in families with incomes up to 300 percent of the federal poverty level with full federal CHIP funding but does not establish a "cap" on eligibility levels.

CHIP Cost-Sharing Comparisons State Fiscal Years 2005-2007

SFY 2005	Cost-Sharing
up to 185% FPL	no copays or premiums
186-225% FPL	copays
226-300% FPL	copays/premiums
SFY 2006	**Cost-Sharing**
151-185% FPL	1% premium cap
186-225% FPL	3% premium cap
226-300% FPL	5% premium cap
SFY 2007-2008	**Cost-Sharing**
151-185% FPL	4% premium cap
186-225% FPL	8% premium cap
226-300% FPL	14% premium cap

STATE PROGRAM

Through state fiscal year 2005, there were no cost-sharing requirements imposed on CHIP enrollees with family incomes below 185 percent of the federal poverty level. CHIP enrollees with family incomes between 186 percent and 225 percent of the federal poverty level were required to pay copayments. CHIP enrollees with family incomes between 226 percent and 300 percent of the federal poverty level were required to pay premiums and copayments. Because of changes made by the Missouri General Assembly, the cost-sharing requirements for CHIP changed in SFY 2006. The changes imposed a premium cap of 1 percent of household income for those with incomes between 151-185 percent of the federal poverty level, 3 percent of household income for those between 186-225 percent of the federal poverty level and 5 percent of household income for those with incomes between 226-300 percent of the federal poverty level.



In SFY 2006, premiums were calculated at a FPL percentage of annual total income, or e.g., at 151 percent of FPL, or $25,066*, a family of three would pay a monthly premium of $20.89.

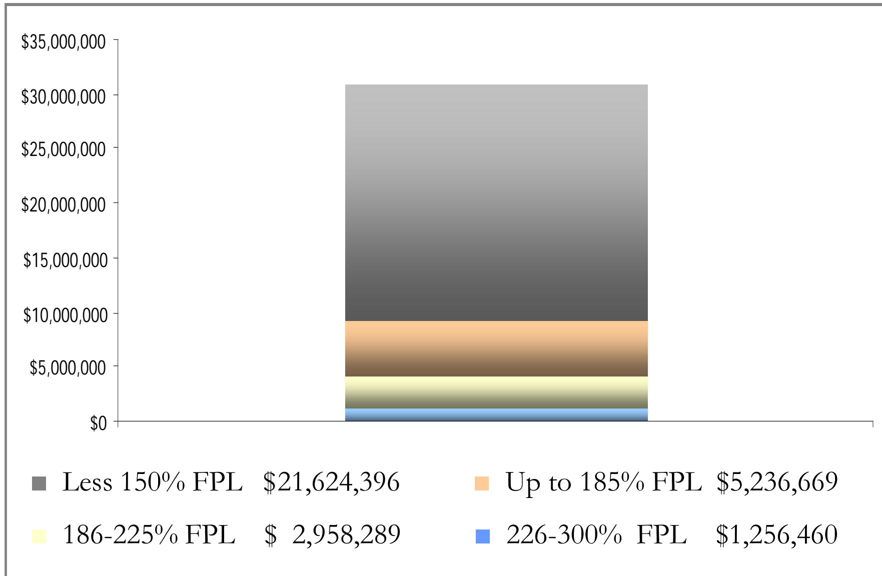
In 2007, premiums were calculated on income that fell between the poverty level brackets, for example, 151 percent FPL, or $25,755**, minus 185 percent of FPL, or $31,765*. The calculated premium then becomes 4 percent of $6,010 or $20.03 monthly resulting in a lower premium than the previous methodology. These premium affordability amounts will increase each year as the FPL is adjusted. The premium is based on family size and income to ensure that no family pays more than 5 percent of their income for coverage.

**U.S. Census Bureau **Using income figures prepared by the Department of Social Services Jan. 2007.*

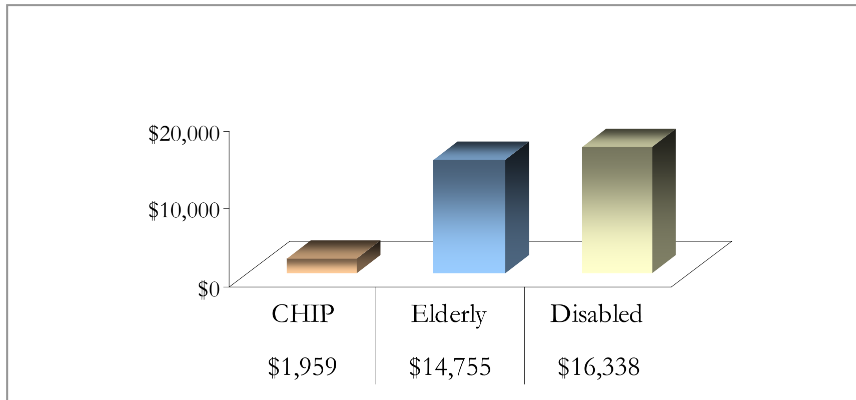
CROWD-OUT PROVISIONS

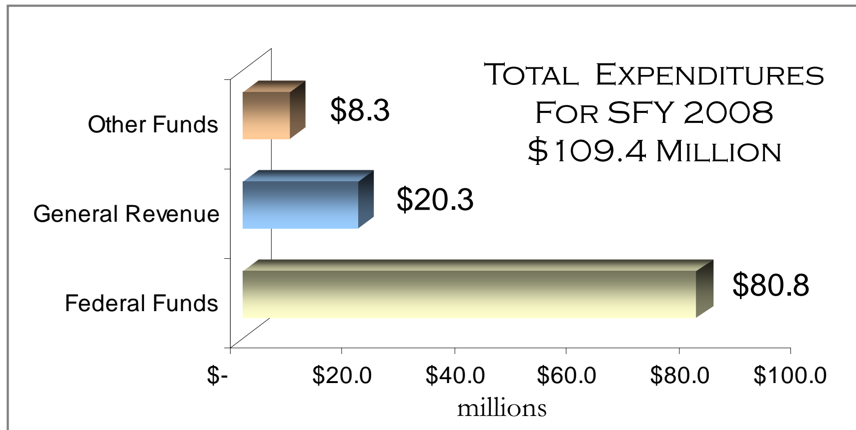
In order to be eligible for CHIP coverage, a child must have been uninsured for six months and lack access to affordable insurance.

State Share of CHIP Expenditures By Federal Poverty Level – State Fiscal Year 2007

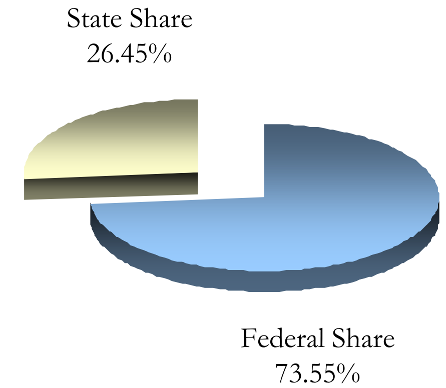


Total Expenditures Per Enrollee State Fiscal Year 2008





CHIP Federal Matching Fund Ratio State Fiscal Year 2008



The CHIP program costs the state little in general revenue because of a Medicaid federal matching fund ratio of 73.18 percent federal/26.82 percent state. Plus, many enrollees pay premiums for their coverage. In SFY 2007, Missouri collected $6.5 million in premiums.

CHIP EXPENDITURES

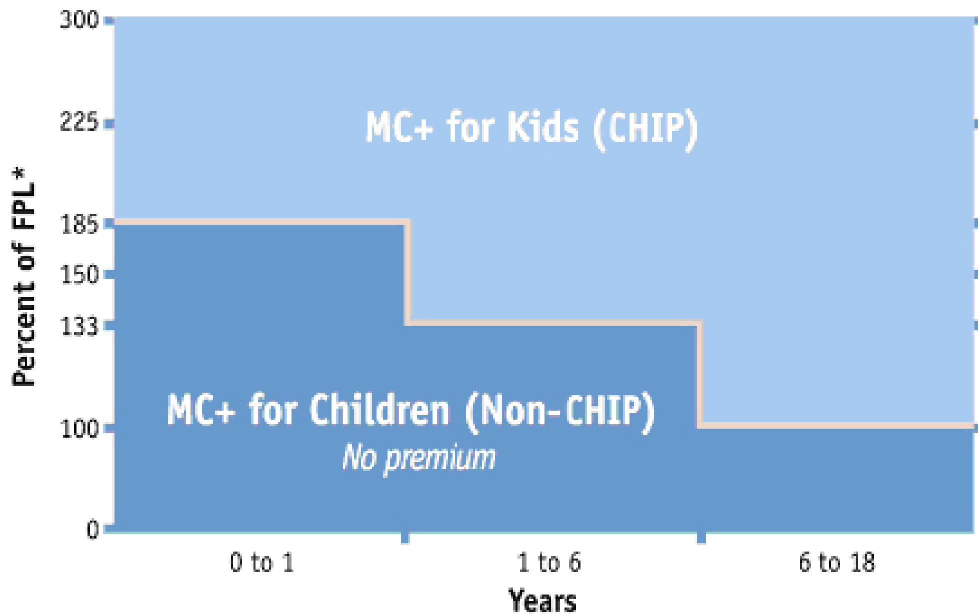
The CHIP is a prudent investment for the state. Under CHIP, annual expenditures per child average only $1,959 while the annual costs per enrollee for the elderly and the disabled are $14,755 and $16,338, respectively.

Total CHIP expenditures for SFY 2008 were $109.5 million. Missouri spent $23.0 million in general revenue, $6.3 million in other funds and $81.3 million in federal funds.

The CHIP continues to be recognized as a practical investment for the state to ensure early intervention for potential health problems and at the same time, saving total state dollars and achieving healthier life styles for Missouri's low-income citizens.

Source: All data in this report provided by the Missouri Department of Social Services

Covered Children by Age and Income



The MC+ for Kids program provides the same health services as those covered under MC+ for Children, except that CHIP kids are not eligible for non-emergency medical transportation. Based on an income scale, some individuals covered under Missouri's CHIP program must pay premiums.

MHA GOVERNMENTAL RELATIONS STAFF

For more information on the CHIP program, please contact MHA's Governmental Relations staff.

Daniel Landon
Senior Vice President of Governmental Relations
573/893-3700, ext. 1349
dlandon@mail.mhanet.com

Steve Renne
Vice President of Children's Health and Medicaid Advocacy
573/893-3700, ext. 1338
srenne@mail.mhanet.com