

What the amendment would do

If the amendment becomes law:

1. **CHIP continues with full funding through FY 2019.** After the country accumulates real-world experience with the new coverage system established by reform legislation, Congress can make an informed decision whether to move CHIP children into the Exchange. In the meantime, the popular and successful CHIP program will continue to serve millions of low-income children, without forcing them into a new and untested system of coverage that would dramatically raise their health care costs and reduce covered benefits.
2. **In 2016, HHS reports to Congress about the difference between subsidized coverage in the Exchange and children's coverage through CHIP.** This report will inform Congress' decisions about what happens to CHIP after 2019. If Congress decides to move CHIP children into the Exchange, this schedule allows time for a well-planned transition.
3. **States can count on federal CHIP dollars through FY 2019.** From FY 2013 through FY 2019, states will qualify for federal matching funds whenever eligible children receive covered services. CHIP's financial structure will thus fit with broader reform, in which Medicaid and Exchange subsidies are guaranteed without any rigid dollar limits in federal law. As a result, federal CHIP financing, like Medicaid and Exchange subsidies, will automatically adjust to changing conditions in each state, without artificial constraints locked into federal statute.
4. **States receive generous federal funding for all CHIP children.** Starting in FY 2014, the federal government will pay between 88 and 94 percent of CHIP costs, depending on the state. To qualify for enhanced funding, states must implement recognized best practices for streamlining enrollment of eligible children.
5. **Children can count on CHIP eligibility.** Through FY 2013, states may not reduce CHIP eligibility below levels in effect on October 1, 2009. Beginning in FY 2014, all states must cover children up to at least 250 percent of FPL.
6. **Children can count on affordable access to essential health care.** States may not increase CHIP costs charged to families, except to reflect increases in median income among low-income families after FY 2013. And if a state would cover a service for poor Medicaid children, it must offer that same service to CHIP children.
7. **Families can conveniently apply for children's coverage using their federal income tax returns.** Beginning in calendar year 2014, parents can ask for their federal income tax returns to be used to establish their children's eligibility for Medicaid, CHIP, and subsidies in the Exchange. Unless there is reason to believe that the tax return information is inaccurate, it will determine eligibility whenever possible, without requiring families to complete additional, redundant paperwork. However, no tax information can be disclosed to health agencies unless such agencies have contractual or other legal obligations that, in the judgment of the Treasury Department, fully safeguard taxpayer privacy and data security.

8. **Outreach and enrollment grants begun by CHIPRA continue.** Grants of \$50 million a year will help community-based organizations and states enroll eligible children into coverage.
9. **Health subsidy programs gain access to the National Directory of New Hires (NDNH),** which is the nation's most comprehensive information about quarterly wage earnings and new hires. Programs like Food Stamps, Supplemental Security Income (SSI), and Unemployment Insurance already use NDNH to verify eligibility. By adding Medicaid, CHIP, and Exchange subsidies to the list of programs authorized to access NDNH, the amendment will prevent eligibility errors, safeguard program integrity, and increase the ability of program administrators to establish eligibility based on recent income data.
10. **Any net federal budget savings are shared, 50/50, between deficit reduction and a new Fund for Vulnerable Children and Families.** The Secretary of HHS can use this fund to combat infant mortality, help low-income children with autism spectrum disorders and other disabilities, and provide health services (including mental health care) to children who are in foster care or homeless.

A subsection-by-subsection analysis

Subsection (a) requires CHIP programs, beginning in FY 2014, to cover children with incomes at or below 250 percent of FPL, determined using the same modified gross income (MGI) methodology that applies to premium and cost-sharing subsidies in the Exchange.

Subsection (b) provides that, through FY 2013, states may not cut back CHIP eligibility that was in effect on October 1, 2009. Beginning in FY 2014, however, a state that currently covers children above 250 percent of FPL, determined using MGI, may either maintain or scale back such coverage.

Paragraph (1) of subsection (c) provides that, through FY 2013, a state may not charge families more in premium or out-of-pocket costs than it charged as of October 1, 2009. In later years, charges can increase above FY 2013 levels to the extent that, according to the Secretary of HHS, median income rose for low-income families nationally.

Paragraph (2) of subsection (c) provides that, beginning in FY 2014, a state CHIP program may not deny services that the state's Medicaid program covers for poor children.

Subsection (d) appropriates sufficient funding, from FY 2013 through FY 2019, for the federal government to make matching payments whenever a state provides eligible children with covered services.

Subsection (e) increases federal matching funding for CHIP. Starting in FY 2014, each state's FMAP increases by 23 percentage points over and above the enhanced CHIP matching rate already in place, up to a maximum of 94 percent. To receive this increased reimbursement, a state must implement the following "best practices" for children's coverage: 12-month continuous eligibility, the absence of asset tests, the option to enroll without an in-person interview, joint applications for Medicaid and CHIP, administrative renewals based on data, presumptive eligibility, and express lane eligibility. In addition, states must implement other practices that the Secretary finds substantially increase enrollment of eligible children while reducing eligibility errors and lowering operational administrative costs.

Subsection (f) continues the performance bonuses created by CHIPRA to reward states that increase enrollment of eligible children into Medicaid.

Subsection (g) permits parents, on federal income tax returns filed in calendar year 2013 and later years, to request disclosure of their returns to help determine their children's eligibility for CHIP, Medicaid, and subsidies in the Exchange. If a parent makes this request, relevant information on the return is disclosed to the agencies determining eligibility, but only if such agencies have contractual or other legal obligations that, in the judgment of the Secretary of the Treasury, adequately safeguard taxpayer privacy and data security. When a family has made this request, tax return information and other data matching determine the child's subsidy eligibility, whenever possible. Families must provide additional information only if such data do not resolve an eligibility issue or if the data appear potentially inaccurate. After they learn about eligibility based on their tax returns, families can seek additional subsidies using other methods.

Subsection (h) continues the outreach and enrollment grants begun by CHIPRA. Beginning in FY 2012, such grants are funded in the amount of \$50 million a year. These grants go to community-

based organizations to educate families about available subsidies and to help children enroll in coverage. They can also go to states to help implement systems changes that increase enrollment and retention.

Subsection (i) requires HHS, by March 1, 2016, to report to Congress about the differences between CHIP and subsidized coverage available to children in the Exchange. The comparison will include covered benefits, family out-of-pocket and premium costs, public-sector costs, pediatric provider networks, quality of care, legal protections, barriers to enrollment and service, interstate variations, continuity of coverage and care, and the impact of placing parents and children in the same or different health plans. If children receive better coverage through CHIP than in the Exchange, the report will describe the policy changes that would be needed to improve subsidized Exchange coverage so that it equals CHIP.

Subsection (j) adds Medicaid, CHIP, and Exchange subsidies to the list of programs that have access to the National Directory of New Hires to establish and verify eligibility.

Subsection (k) provides that, if CBO determines that the amendment as a whole reduces the federal budget deficit, half of the resulting savings will be deposited in a Fund for Vulnerable Children and Families, which will be used to combat infant mortality, provide services to low-income children who have autism spectrum disorders or other disabilities, and improve health care services for low-income children who are either in the foster care system or homeless. Each year, the Secretary must account to the Congress for all of the Fund's revenues and expenditures.

Subsection (l) makes a technical correction to the CHIP statute allowing CHIP to cover children who become ineligible for Medicaid because, under the legislation, Medicaid eligibility is changed to reflect Modified Gross Income. This subsection is taken from the underlying bill.