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Title: Extension of the Children’s Health Insurance Program
Introduced by: Denise Collins, MD, for the Wayne County Delegation
Original Authors: Eric Walton and Diane Y. Wang
Referred to: Reference Committee B
House Action: **APPROVE**

Whereas, enacted in 1997, the Children’s Health Insurance Program (CHIP) currently provides health care to 8.9 million children nationwide. Children are covered by CHIP if their parents earn too much for Medicaid but cannot afford private insurance. Since its enactment, rates of uninsured children within the typical CHIP family income range fell from 22.8 percent to 6.7 percent from 1997 to 2015¹, and

Whereas, there are currently 116,000 people covered under CHIP in the state of Michigan, and

Whereas, during fiscal year 2016, Congress spent approximately \$14.5 billion on CHIP², and

Whereas, CHIP is jointly funded by federal and state governments, and funds are administered individually at the state level³. In FY 2016, Michigan received \$240 million federally and utilized \$3.9 million state funds, and

Whereas, CHIP is a government block grant program that requires Congress to periodically extend funding. After two years, unspent allotments are moved to a redistribution fund and allocated to states exceeding projected expenses. In April 2015, via Public Law 114-10, Title III Section 301, a two-year renewal of CHIP funding was administered that expired September 30th, 2017⁴, and

Whereas, during the first four months of FY 2018, states operated CHIP without renewal of federal funding until Congress extended CHIP with a 6-year extension on January 22, 2018⁵. During this time, Congress approved a stopgap measure of \$2.85 billion in funding for CHIP through March 31, 2018. However, this did not provide new funds – rather, it allowed the Centers for Medicare and Medicaid Services to disproportionately allocate money from the redistribution fund to 20 states (including Washington, D.C.) running out of money fastest, and

Whereas, this patch funding reduced the money allocated to the remaining 31 states, including Michigan, accelerating the deficit rate, and

Whereas, prior to the 6-year extension, it was estimated that five states (GA, KS, KY, RI, and VA) would run out of funds by January 2018 and the 20 emergency shortfall states by February 2018^{6,7,8}. In total, 31 states were projected to exhaust CHIP funds by March 2018 and by the end of fiscal year 2018, all 50 states would have exhausted remaining CHIP funding, and

Whereas, in response to the loss of CHIP funding during the first quarter of FY 2018, 14 states planned to terminate or phase out CHIP coverage for children. Seven other states planned to close or cap total enrollment. Colorado, Virginia, and Oklahoma planned to decrease or terminate funds for pregnant women. A handful of states would have transitioned children from CHIP to Medicaid programs; thereby, increasing state costs through the lower Medicaid reimbursement rate⁹, and

53 Whereas, before the 6-year extension of funds, Michigan had not officially announced
54 alternative plans to manage dwindling CHIP funds¹⁰, and

55
56 Whereas, neither the American Medical Association (AMA) nor the Michigan State Medical
57 Society (MSMS) have policy regarding long-term funding for CHIP; therefore be it

58
59 RESOLVED: That MSMS supports long-term continued funding of the Children’s Health
60 Insurance Program (CHIP) and opposes termination of CHIP enrollment in Michigan, regardless of
61 federal funding status; and be it further

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63 RESOLVED: That the Michigan Delegation to the American Medical Association (AMA) ask our
64 AMA to lobby the United States Congress and other appropriate government officials to convert the
65 Children’s Health Insurance Program into a long-term program that provides comprehensive and
66 affordable, accessible health care for qualifying children; and be it further

67
68 RESOLVED: That the Michigan Delegation to the American Medical Association (AMA) ask our
69 AMA to lobby the United States Congress and other appropriate government officials to continue
70 long-term Children’s Health Insurance Program funding to avoid the harm associated with short-term
71 stopgap measures; and be it further

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73 RESOLVED: That MSMS work with the Michigan State Legislature to provide adequate
74 insurance coverage to uninsured Michigan children with family household incomes up to 217 percent
75 of the federal poverty level, during periods without Children’s Health Insurance Program funding, by
76 enrolling these children in Medicaid.

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78
79 WAYS AND MEANS COMMITTEE FISCAL NOTE: NONE

Relevant MSMS Policy: None

Relevant AMA Policy:

State Children’s Health Insurance Program Reauthorization (SCHIP) D-290.982

1. Our AMA strongly supports the State Children’s Health Insurance Program reauthorization and will lobby toward this end.
2. Our AMA will lobby Congress to:
 - a. provide performance-based financial assistance for new coverage costs with expanded coverage of uninsured children through (SCHIP) through an enhanced federal match;
 - b. allow states to use (SCHIP) funds to augment employer-based coverage;
 - c. allow states to explicitly use (SCHIP) funding to cover eligible pregnant women;
 - d. allow states the flexibility to cover all eligible children residing in the United States and pregnant women through the (SCHIP) program without a mandatory waiting period;
 - e. provide \$60 billion in additional funding for (SCHIP) to ensure adequate funding of the (SCHIP) program and incentivize states to expand coverage to qualified children, and support incentives for physicians to participate; and
 - f. ensure predictable funding of (SCHIP) in the future.
3. Our AMA will urge Congress to provide targeted funding for (SCHIP) enrollment outreach.

¹ Recommendations for the Future of CHIP and Children’s Coverage. MACPAC. January 2017.

² Centers for Medicare & Medicaid Services (CMS): Children’s Health Insurance Program (CHIP). CMS. February 12, 2017. <https://www.hhs.gov/about/budget/fy2017/budget-in-brief/cms/chip/index.html>.

³ CHIP State Program Information. <https://www.medicaid.gov/chip/state-program-information/index.html>.

⁴ MACRA, P.L. 114-10.

⁵ Summary of 2018 CHIP Funding Extension.

⁶ Luthi, S. Congress' CHIP patch accelerates rate states will run out of money. December 20, 2017.
<http://www.modernhealthcare.com/article/20171220/NEWS/171229996/congress-chip-patch-accelerates-rate-states-will-run-out-of-money>.

⁷ Luthi, S. Congress punts CHIP to 2018 as states reach panic mode. December 21, 2017.
<http://www.modernhealthcare.com/article/20171221/NEWS/171229982?ite=28197&ito=1155>.

⁸ When Will CHIP Funding Run Out? Georgetown University Health Policy Institute: Center for Children and Families.

⁹ State Plans for CHIP as Federal CHIP Funds Run Out. The Henry J. Kaiser Family Foundation. December 6, 2017.
<https://www.kff.org/medicaid/fact-sheet/state-plans-for-chip-as-federal-chip-funds-run-out/>.

¹⁰ Roelofs T., CHIP Health Funding for Michigan in Jeopardy. Bridge. December 5, 2017.
<http://www.bridgemi.com/children-families/chip-health-funding-michigan-children-jeopardy>.