

# Summary of Key Child Health Provisions of the Medicare Access and CHIP Reauthorization Act (H.R. 2)

June 2015

On April 16, 2015, President Obama signed into law the Medicare Access and CHIP Reauthorization Act (MACRA) (H.R. 2) (P.L. 114-110). The centerpiece of this landmark legislation is a permanent repeal of the sustainable growth rate formula (or SGR) that sets reimbursement rates for doctors providing Medicare services. Notable for children, the legislation included a two-year straight extension of funding for the Children's Health Insurance Program (CHIP), maintaining all of the current-law provisions that were established under the Children's Health Insurance Program Reauthorization Act (CHIPRA) of 2009 (P.L. 111-3).

According to Congressional Budget Office (CBO) estimates, MACRA scores at \$214 billion over ten years. However, \$73 billion of the total amount was offset, including the CHIP funding extension (which was scored at \$5.7 billion, approximately 2.7 percent of the bill's overall spending). All told, MACRA added \$141 billion to federal budget deficit over ten years.

While efforts to secure a four-year CHIP extension (to match CHIP funding with its authorization period) fell short, the bill's timely passage in advance of the impending September 30, 2015, deadline ensures continuity of coverage for children who rely on CHIP. MACRA also included additional funding for several other important programs for children.

A summary of the key child health provisions in MACRA is below.

**Two-year extension of CHIP funding through September 30, 2017.** MACRA includes a two-year extension in funding for state CHIP allotments. It provides \$19.3 billion for fiscal year (FY) 2016 and \$20.4 billion for FY 2017. Each state's allotments are calculated as under current law with one exception. For FY 2018, any remaining funds from states' 2017 allotments are reduced by one-third. The reduction in states' FY 2017 carryover funds in FY 2018 was derived as a means to reduce federal spending on the CHIP extension (see CHIP clawback below).

**CHIP clawback derived from state carryover funds in fiscal year 2019.** A portion of the cost of the CHIP extension is paid for using a gimmick that reduces states' available FY 2017 carryover funds in FY 2018. According to MACRA, any spending beyond the \$5.7 billion CHIP baseline will be paid out of the FY 2017 carryover fund. Specifically, section 301 includes a "clawback" provision that removes one-third of all CHIP carryover funding in FY 2018 from unspent FY 2017 state allotments and, instead, takes those funds from CHIP to be returned to the Federal Treasury. Although this provision lowers the CBO score for CHIP in FY 2016 and FY 2017, the clawback reduces available state CHIP funds and creates a funding hole in FY 2018 that Congress will need to address if CHIP is to continue to be funded through the end of the authorization period, which ends in FY 2019.

**Two-year extension of Express Lane Eligibility option.** In 2009, CHIPRA included a new Express Lane Eligibility provision to allow states additional options to retain and enroll eligible children in Medicaid and CHIP. Specifically, CHIPRA created a new state plan option that permits states to rely on information from state income tax data or findings on income, household size, or other factors of eligibility from another program designated as an Express Lane agency to determine a child's eligibility for Medicaid or CHIP. Express Lane agencies include the Supplemental Nutrition Assistance Program, the Free and Reduced School Lunch Program, the Temporary Assistance for Needy Families Program, Head Start, and the Women, Infants and Children Program, among others. MACRA extends state authority to use Express Lane eligibility determinations through FY 2017.

**Inspector General study on Express Lane Eligibility program integrity.** MACRA directs the U.S. Department of Health and Human Services inspector general to submit to the U.S. Senate Committee on Finance and the U.S. House Energy and Commerce Committee a report on state implementation of the Express Lane Eligibility (ELE) option. The report, which is due 18 months following MACRA's enactment (October 16, 2016), is to include data on the number of individuals that have been enrolled in Medicaid and CHIP through the use of the ELE option and assess the extent to which individuals enrolled through the ELE option meet eligibility requirements under Medicaid and CHIP. The report is also to provide data on Federal and State expenditures under Medicaid and CHIP for individuals enrolled through ELE.

**Additional funding for the Outreach and Enrollment Grant Program.** In 2009, CHIPRA established a new grant program to finance outreach and enrollment efforts that increase participation of eligible children in Medicaid and CHIP, including funding for a national enrollment campaign; grants to states, local governments, schools, and other non-profit organization; and targeted funding to improve enrollment of Native American children in public coverage. MACRA provides additional funding of \$40 million for the two-year period FY 2016 and 2017 to continue the Outreach and Enrollment Program to help increase the enrollment and participation of eligible children in Medicaid and CHIP.

**Two-year extension of funding for the Maternal, Infant, and Early Childhood Home Visiting Program.** The Maternal, Infant, and Early Childhood Home Visiting Program (MIECHV) provides states, territories, and tribes with grants to support evidence-based in-home visiting programs to improve prenatal care, birth outcomes, and long term developmental outcomes for at-risk families. MACRA extends MIECHV funding through FY 2017. Specifically, it ensures full-year funding of \$400 million for FY 2015 and provides \$400 million for each of FY 2016 and FY 2017. Previously, the Affordable Care Act (ACA) appropriated a total of \$1.45 billion for FY 2010 through FY 2014 for MIECHV.

**Two-year extension of funding for the Community Health Centers Program.** MACRA extends mandatory funding for the Community Health Centers Program (CHC), authorized under the ACA, through FY 2017 at the FY 2015 level of \$3.6 billion per year. The CHC program was set to expire on September 30, 2015. MACRA also extends funding for the National Health Service Corps Program for an additional two years, through FY 2017.

**Two-year extension of funding for the Family-to-Family Health Information Centers.** MACRA extends Family-to-Family Health Information Center (F2F) funding through FY 2017. This program, administered by the Health Resources and Services Administration, provides grants to support family-staffed organizations in each state to assist families of children with disabilities or special health care needs. The ACA appropriated \$5 million for each of the years FY 2009 through FY 2012 for F2Fs. MACRA ensures full-year funding of \$5 million for FY 2015 and provides additional funding of \$5 million for each of FY 2016 and FY 2017.

**Two-year extension of Pediatric Quality Measures Program.** MACRA provides \$20 million for the Pediatric Quality Measures Program through FY 2017. Under the Pediatric Quality Measures Program, the Centers for Medicare & Medicaid Services has identified and published a core measure set of children's health care quality measures for voluntary use by state Medicaid and CHIP programs.

**Two-year extension of the Childhood Obesity Demonstration Project.** MACRA provides \$10 million for the ACA's Childhood Obesity Demonstration project. The Childhood Obesity demonstration project supports community strategies that aim to combat childhood obesity in low-income children aged 2-12.

CHIP remains an essential source of coverage for 3 million children across the United States. It is a model program that has helped to cut in half the number of uninsured children since its inception in 1997. Extending CHIP for two years certainly provides peace of mind for states, providers and families who understand the importance of CHIP for the children under their care.

While the funding extension is certainly good news, our work is not done. CHIP funding is now set to expire on September 30, 2017. Unless there is alternative coverage that meets CHIP's standards in terms of affordability and benefits Congress will again be called on to act to ensure CHIP continues through the remainder of its authorization period, which ends in FY 2019. We must maintain and protect the coverage that is working well for our children.