

## CHIP's Uncertain Future

In 1997, the Children's Health Insurance Program (CHIP) was created with bipartisan support to fill a significant gap in health coverage for uninsured working families. These are families who earn too much to qualify for Medicaid but for whom private coverage remains out of reach. In 2009, the program was reauthorized by Congress with an important addition: a guaranteed pediatric dental benefit. Today, CHIP provides affordable, age-appropriate medical and dental coverage to more than 8 million children and 370,000 pregnant women.

CHIP imposes caps on out-of-pocket costs that make health benefits affordable—especially dental coverage. Unfortunately, CHIP's future is up in the air because program funding expires on September 30, 2015. Unless Congress passes legislation to extend funding, families who rely on CHIP for their children's dental and medical care will lose access to this comprehensive, affordable health coverage.<sup>1</sup>

### What's at Stake for Kids' Oral Health?

Numerous studies have concluded that CHIP “has been successful in achieving the goals of reducing uninsurance among children” and “has reduced unmet health needs” among kids.<sup>2</sup>

The overwhelming majority of CHIP-enrolled kids have at least one working parent.<sup>3</sup> This program has provided a stabilizing financial force for families and the working poor. CHIP serves as a core safety net for families struggling to make ends meet due to depressed wages and a challenging job market.

CHIP also reflects the urgent need—recognized by members of both parties in Congress—to improve efficiency in our health care system. When it was reauthorized in 2009, the program funded annual “performance bonuses” that incentivized states to improve enrollment and retention efforts.<sup>4</sup>

Having both medical and dental coverage is crucial for families. Most parents and policymakers recognize the importance of medical benefits, but they may be less aware of the research that demonstrates why dental coverage matters.

Tooth decay is the most common chronic disease of childhood and is five times more prevalent than asthma.<sup>5</sup> Research shows that children with dental problems are much more likely to be absent from school, and a 2012 study found that teens with dental pain were four times more likely to receive below-average grades.<sup>6</sup>

### **CHIP: Then and Now**

When CHIP was enacted into law in 1997, the law did not require states to include dental coverage in their CHIP benefit package.

The lack of guaranteed dental benefits concerned a Connecticut dentist named Burton Edelstein and inspired him to form the Children's Dental Health Project (CDHP).

In 2009, the Children's Health Insurance Program Reauthorization Act (CHIPRA) was signed into law. The measure provided a guaranteed dental benefit for CHIP-enrolled kids in every state.

## Unintended Consequences

Medicaid and CHIP have been so successful in covering children that the Affordable Care Act (ACA) kept these programs in place as the foundation for expanding coverage. It would be a crushing blow to families to allow the expiration of CHIP funding before the new health care marketplaces are prepared to provide comparable and affordable benefits.

The Congressional Budget Office estimates that the families of nearly 2 million CHIP-enrolled children would not be eligible for subsidized coverage in the new health insurance marketplaces. The eligibility obstacle is a phenomenon known as the “family glitch.” Under the ACA, families can qualify for subsidies to buy coverage in state insurance marketplaces if they lack access to affordable employer-sponsored insurance plans. However, employer plans are deemed “affordable” if the employee’s costs for *individual* coverage falls below 9.5 percent of family income. The standard does not apply to the cost of *family* coverage.

Other issues complicate families’ ability to secure coverage in the health insurance marketplaces. That’s because many marketplace health plans do not include children’s dental benefits. As a result, many CHIP families will have to purchase dental coverage separately, without an additional subsidy. Furthermore, their insurance plans will have higher out-of-pocket costs than under CHIP.

Compare the financial costs for a family of four making \$59,000 (about 250 percent of the federal poverty level):

- CHIP protects this family from paying more than 5 percent of their income for children’s health- and dental-related cost-sharing and premiums. CHIP has minimal premiums, and CHIP programs in 18 states do *not* charge a premium.
- In the marketplace, this family could pay up to 17 percent of income for family coverage; costs for child-only coverage could reach up to 8.7 percent of family income. In addition, to purchase pediatric dental coverage (which Congress deemed an essential health benefit), the family may have to purchase a separate dental plan, for which the average cost is about \$30 per child, per month. Stand-alone dental plans in the marketplaces may also have out-of-pocket maximums of \$350 per child or \$700 for multiple children.

Unlike the cost-sharing limits that apply to Qualified Health Plans (QHPs) in the marketplace, the out-of-pocket maximums for stand-alone dental coverage are not adjusted for family income, further raising the health care costs for families.

The ACA has opened the door for many families across America to secure medical and dental coverage for their children. The Children’s Dental Health Project fought hard to ensure that children’s dental benefits were identified as one of the ACA’s 10 essential health benefits, and we continue to work hard to ensure that the promise of the law is realized. However, the ACA was not



conceived as a replacement for the CHIP or Medicaid programs, which are the foundation of our nation's health care safety net.

### **Disturbing Clues from Arizona**

Arizona's situation offers clues about the kind of effect that CHIP's expiration could have on families. In January 2010, Arizona froze enrollment in the state's CHIP program, known as KidsCare. In February of 2014, Arizona officials officially closed the program. Roughly 60 percent of the children forced out of KidsCare became eligible for Medicaid, but about 14,000 kids who are not eligible have basically one option—coverage through a QHP offered on Arizona's federally administered insurance exchange.<sup>7</sup>

The Center for Children and Families (CCF) at Georgetown University recently examined the impact of this change on Arizona families and found that, in most cases, they would face higher out-of-pocket costs without CHIP. "Families at the lowest income levels," the report concluded, "and those with more than one child, are even more likely to incur [insurance] costs that are many times higher than their KidsCare premiums."<sup>8</sup>

The CCF report also noted that "the state's experience provides important lessons for the upcoming discussion" about CHIP's future.<sup>9</sup>

### **Conclusion: Affordability Matters**

It is crucial that Congress extend funding for CHIP and ensure that hard-working, low-wage families maintain affordable coverage.

We know affordability matters. In a 2013 survey, nearly half of all parents reported that over the previous 12 months they or a family member had delayed seeing a dentist because of the out-of-pocket costs they expected to pay.<sup>10</sup> Moreover, in a 2011 survey, 63 percent of parents cited affordability as a highly motivating factor to enroll their children in the CHIP or Medicaid programs.<sup>11</sup> CHIP offers medical and dental coverage together, and makes these benefits affordable to parents.

A wide range of organizations have recognized the positive impact of the CHIP program, including the American Academy of Pediatrics, First Focus and the National Academy for State Health Policy.<sup>12</sup> Even a recent news article cited CHIP's "bipartisan support and proven track record."<sup>13</sup> This successful program deserves continued funding. Allowing CHIP funding to expire in 15 months would be a major step backward for children and their families—particularly at a time when our country has made important strides in expanding coverage.

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*Affordability is a crucial reason for Congress to extend funding for the CHIP program. Without CHIP, many families would be forced to pay higher costs for medical and dental coverage.*

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## Sources

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