



Weathering The Storm

Synopsis

States Move Forward on Child and Family Health Coverage Despite Tough Economic Climate

On February 9, 2009, just three weeks into his term as the 44th President of the United States, President Obama signed into law the Children’s Health Insurance Program Reauthorization Act of 2009 (CHIPRA).

The law strengthened and renewed the Children’s Health Insurance Program (CHIP) through September 30, 2013, provided states with funding to further expand eligibility for their programs, and created new fiscal incentives and tools for states to cover more children already eligible for CHIP and its larger companion program, Medicaid.¹ With enactment of the legislation, the federal government reaffirmed its commitment to covering children and bolstered state-based momentum to improve Medicaid and CHIP.

Even as CHIPRA was being signed, it was clear that the country was facing a deep economic crisis that could undermine the potential promise of the new law. For many years, governors and state legislatures have been working to get the nation’s uninsured children covered and calling on Congress and the President to help achieve that goal. Much of this state-based activity, however, occurred before the full force of the recession had hit state coffers.² While CHIPRA puts significant new federal money on the table for states to cover more children, it also requires them to contribute some of their own funds to the effort. In light of unprecedented state budget deficits,³ there was a very real threat that states would simply opt to pass on the new opportunities in CHIPRA, especially with the prospect of broader national health reform on the horizon.

The Center for Children and Families (CCF) took a first look at how states have responded to passage of CHIPRA in the midst of this shifting landscape. (The full report is available at <http://ccf.georgetown.edu>.) With the vast majority of states having concluded their legislative sessions, it provides a review of state activity to improve child and family health coverage from January 1, 2009 through September 1, 2009. To a remarkable extent, given the recession, states have continued to respond to the strong political support for children’s health coverage⁴ and taken advantage of the passage of CHIPRA (as well as a temporary increase in the Medicaid federal matching rate for states maintaining coverage provided under the economic stimulus package) to sustain and strengthen their efforts to cover more of the nation’s children.



GEORGETOWN UNIVERSITY
CENTER FOR CHILDREN
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**“In a decent society,
there are certain obligations
that are not subject to
tradeoffs or negotiation –
health care for our children
is one of those obligations.”**

*President Obama, in signing
CHIPRA, February 4, 2009*



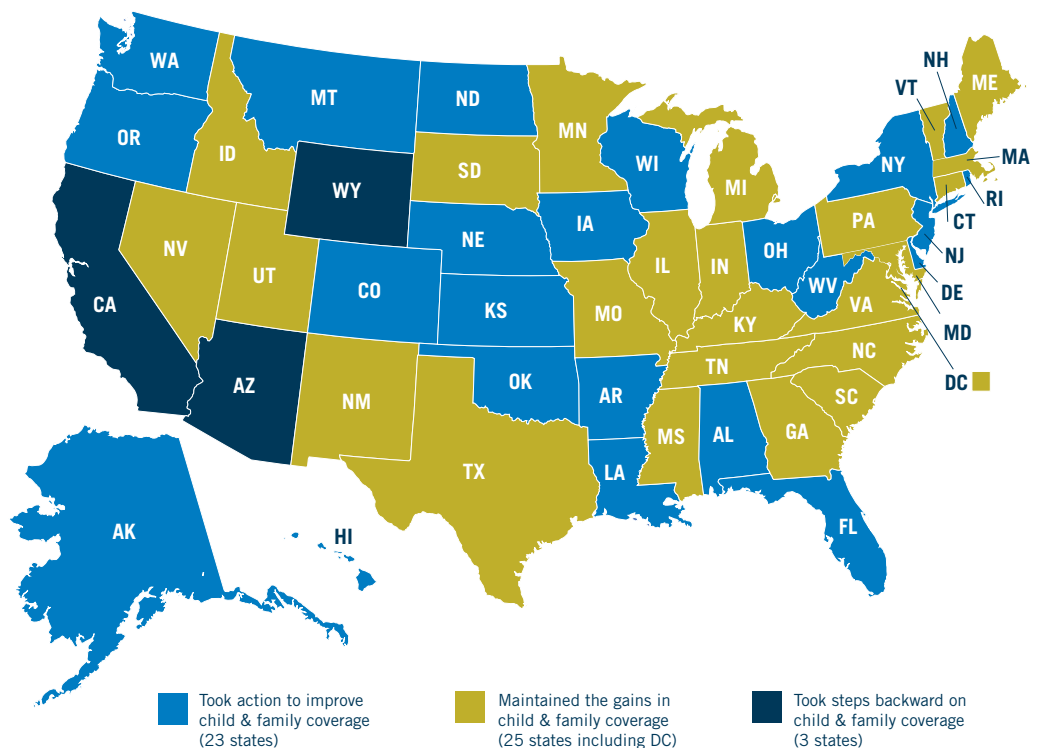
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Since the beginning of the year:

- Nearly all states are “weathering the storm” when it comes to children’s coverage.**
 With only a few exceptions, states avoided cutting children from Medicaid or CHIP, even as the weakening economy forced many to scale back other investments in vital social services. (See Figure.)
- Close to half of all states are affirmatively moving forward in covering more children.**
 Despite major fiscal challenges, a significant number of states: 1) expanded eligibility for their Medicaid or CHIP programs, and/or 2) made it easier for uninsured children already eligible for Medicaid or CHIP to enroll in, and stay enrolled in, the programs. (See Table.)

Even as these early CHIPRA implementation results come in, the landscape on children’s coverage is expected to shift again in the months ahead as states continue to cope with fiscal distress and broader health reform is debated. As part of national health reform, Congress is considering sweeping changes to child and family coverage, including the possibility of replacing CHIP with alternative coverage for children. The stakes for children in this debate are high. They and their families have much to gain from broader reform, but if it does not incorporate the key ingredients of successful CHIP and Medicaid programs—including strong affordability standards, a benefit package designed to address children’s unique health care needs, and simple, family-friendly ways to enroll in coverage—the gains made by states in recent years and through CHIPRA may unintentionally be eroded.

Nearly all States Maintained Gains or Improved Coverage for Children and Families in 2009



Key Findings on State Activity Following CHIPRA

With the vast majority of states having concluded their legislative sessions, CCF took a first look at state activity after the passage of CHIPRA and the availability of increased Medicaid funding in the economic stimulus package. In addition, CCF reviewed the implications of this state activity for national health reform. It finds that between January and September 2009:

- All but a few states held steady on children's health coverage, despite unprecedented state fiscal challenges. Except for California*, Arizona, and Wyoming, no state limited eligibility or implemented other changes that would cut children and families from Medicaid and CHIP.
- Twenty-three states implemented changes or enacted legislation to increase the number of children and families receiving health coverage through Medicaid and CHIP.
 - Eighteen states increased, or passed legislation to increase, their Medicaid and CHIP income eligibility levels so that more families can afford health coverage.
 - Eleven states (including six of those that also expanded eligibility) are working to cut red tape in Medicaid and CHIP to make it easier for uninsured children already eligible for the programs to enroll in and keep coverage.
- This positive activity on behalf of children builds on progress achieved over the past several years in Medicaid and CHIP. Today, all but three states provide or have adopted plans to provide coverage to children with family income at or above 200 percent of the federal poverty level (FPL) — with the majority (31 states) having decided to cover children at or above 250 percent of the FPL.
- Coverage of children and their families is at a critical juncture. Even as states continue to cope with serious fiscal problems, the debate over broader health reform is expected to continue. The changes now under consideration could fundamentally alter the coverage landscape for children. While they hold the promise of providing help to millions of children and their families, if health reform fails to build on the key ingredients of successful Medicaid and CHIP programs, some of the gains made over the past several years and through CHIPRA may be at risk.

* Note: California implemented a waiting list for its CHIP program in July 2009 but the Legislature has subsequently identified funding to re-open the program.



Despite facing unprecedented fiscal challenges, in 2009 states maintained and, in a surprising number of cases, expanded their health programs for children and families.



States Moving Forward on Child and Family Health Coverage in 2009

STATE	ELIGIBILITY EXPANSION	SIMPLIFICATION MEASURES
Alabama	X	
Alaska		X
Arkansas	X	
Colorado	X	X
Delaware	X	
Florida		X
Hawaii	X	
Iowa	X	X
Kansas	X	
Louisiana		X
Montana	X	
Nebraska	X	
New Hampshire	X	
New Jersey		X
New York	X	X
North Dakota	X	
Ohio	X	
Oklahoma	X	
Oregon	X	X
Rhode Island	X	X
Washington	X	X
West Virginia	X	
Wisconsin		X
TOTAL = 23	18	11

Source: Center for Children and Families. Note that the two columns do not add up to the total number of states since some states have enacted both eligibility expansions and simplification measures.

For Additional Information

The full report, *Weathering the Storm: States Move Forward on Child and Family Health Coverage Despite Tough Economic Climate*, is available at CCF's website ccf.georgetown.edu/index/weathering-the-storm

Endnotes

- 1 D. Horner, *et al.*, "The Children's Health Insurance Program Reauthorization Act of 2009," Center for Children and Families (February 2009).
- 2 M. Odeh & L. Arjun, "Children's Health Coverage: States Moving Forward," Center for Children and Families (May 2007); and M. Heberlein, *et al.*, "States Moving Forward: Children's Health Coverage in 2007-08," Center for Children and Families (September 2008).
- 3 I. Lav & E. McNichol, "New Fiscal Year Brings No Relief from Unprecedented State Budget Problems," Center on Budget and Policy Priorities (Updated September 3, 2009).
- 4 For example, a recent poll of registered voters showed that 87 percent favored ensuring that all children have health care coverage. First Focus, "Children and Health Reform," (August 13, 2009).