Georgetown University
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Medicare Access and CHIP Reauthorization Act of 2015: Summary of Key Provisions Impacting Children

On April 16th, President Obama signed into law the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA), now Public Law 114-10, which provides new federal funding for the Children's Health Insurance Program (CHIP) through 2017 and permanently adjusts the flawed Medicare physician payment formula to prevent cuts in reimbursements to Medicare providers.[1] It also extends other funding programs important to low-income families, including home visiting programs and Transitional Medical Assistance (TMA). This brief summarizes the provisions related to CHIP as well as extensions impacting children in low-income families.

Key CHIP Provisions

Without Congressional action, no new CHIP funds would have been available for federal fiscal year (FY) 2016, which begins October 1, 2015. MACRA extends funds for CHIP for two additional years with no major structural program changes. It maintains the general financing structure and the majority of improvements included in the Children's Health Insurance Program Reauthorization Act (CHIPRA) of 2009 (Public Law 111-3) as well as increased federal funding to states and coverage protections included in the 2010 Patient Protection and Affordable Care Act (ACA, Public Law 111-148).[2]

Extends CHIP Funding through September 30, 2017 (FY2017)

Under prior law, no additional federal CHIP funding was available after September 30, 2015. MACRA provides new federal funding for each of fiscal years 2016 and 2017 (See Table 1). Over the two-year period, the national allotments will total $39.7 billion.[3] Since CHIP's inception, the federal government has set aside these national allotments for each year for the program, which are then distributed by a specified formula to states and territories. (See "How are state CHIP allotments calculated?" on page 2.)

The new law extends funds for CHIP for two additional years with no major structural program changes.

Table 1: CHIP National Allotment Levels (FY2016 - FY2017)

Year	Allotment (In Billions)
FY2016	$19.3
FY2017	$20.4
Total (2016-2017)	$39.7

Increases Federal Match Support to States Starting in FY2016

Beginning October 1, 2015, each state will receive a 23 percentage-point increase in its CHIP federal matching rate, or enhanced federal matching percentage (EMAP), up to a maximum of 100 percent. The 2010 ACA applies the 23 percentage-point increase in federal funding through FY2019; MACRA funds the increase through 2017. Appendix 1 shows each state's original 2016 EMAP and the 23 percentage-point increased CHIP EMAP rates, which will begin October 1, 2015. MACRA adjusts the allotment formula to ensure that each state's FY2016 allotment fully accounts for the 23 percentage-point bump. Appendix 2 provides estimates of each state's FY2016 allotment.

How are state CHIP allotments calculated in FY2016 and FY2017?

Each state's allotment will factor in the ACA's 23 percentage-point EMAP increase based on the state's total federal spending in the previous federal fiscal year. While typically each state's CHIP allotment is "rebased" on spending in odd-numbered years, to account for the EMAP bump MACRA rebases each state's allotment for both FY2016 and FY2017.

Fiscal Year 2016

This first year's allotment is based on a state's total federal FY2015 spending, including additional federal support above the allotment level from redistribution of funds from states that do not spend their full allotment as well as funds from the Child Health Contingency Fund.[4] The figure is then adjusted as if the additional 23 percentage-point increase were already in place in 2015. A final adjustment to the figure accounts for health care inflation and state child population growth.

Total federal FY2015 spending
x *2015 EMAP+23 percentage points (up to 100% maximum)/2015 EMAP*
x *health care inflation factor*
x *state child population growth factor*
= *FY2016 Allotment*

Fiscal Year 2017

The FY2017 allotment is based on FY2016 spending, including additional federal support above the allotment level from redistribution of funds from states that do not spend their full allotment as well as funds from the Child Health Contingency Fund. The figure is then adjusted to account for health care inflation and state child population growth.

Total federal FY2016 spending
x *health care inflation factor*
x *state child population growth factor*
= *FY2017 Allotment*

NOTE: While MACRA fully funds CHIP through FY2017, as in the past states still have two years to spend their allotments. MACRA, however, only allows states to carry two-thirds of any remaining FY2017 allotment funds into 2018.

In general, the EMAP increase applies to the same expenditures as the regular CHIP EMAP. CHIPRA disallows the enhanced CHIP match for expansions of eligibility above 300 percent of the federal poverty line (FPL), but states with levels of eligibility above 300 percent FPL either pre-CHIPRA or as a result of converting eligibility levels to a new income counting methodology known as Modified Adjusted Gross Income (MAGI) are not subject to the prohibition. Based on current eligibility levels, all states will receive the EMAP plus the 23 percentage-point bump for CHIP-eligible children. The EMAP increase also does not apply to CHIP expenditures that already have matching rates above the EMAP such as translation and interpretation services (EMAP plus five percentage points), citizenship documentation costs (75 percent), or administration of payment error rate measurement (90 percent). The EMAP bump also does not apply to CHIP-financed breast or cervical cancer care (regular EMAP).[5]

Extends "Qualifying States" Option

The funding extension maintains the "qualifying states" option (§2105 (g)) for two years, which allows 11 states to continue drawing the enhanced CHIP matching rate (including the additional federal support through the EMAP bump described above) for pre-CHIP Medicaid expansions to children.[6]

Extends CHIPRA's Child Enrollment Contingency Fund

Financed by separate mandatory appropriations equal to 20 percent of the national allotment, the contingency fund is designed to provide relief in the event a state encounters a CHIP funding shortfall due to demonstrated success enrolling and retaining eligible children in Medicaid and CHIP. The fund continues to be available for FY2016 and FY2017.

Increases Funding for Outreach and Enrollment ($40 million)

CHIP's 2009 reauthorization and subsequently the ACA invested $140 million in national and state-level outreach to reach and enroll more children in Medicaid and CHIP. Since 2009, this funding has provided three rounds of grants to community-based organizations and states as well as a round dedicated to Tribal organizations.[7] The new law adds $40 million for outreach and enrollment grants in FY2016 and FY2017.

Extends Express Lane Eligibility (ELE) Authorization through FY2017

Currently in place for children in 13 states, ELE allows states to use findings from other means-tested programs, like the Supplemental Nutrition Assistance Program (SNAP), to determine eligibility for and enroll children in Medicaid and/or CHIP. [8] The authorization was set to sunset in September 2015 following two prior short-term extensions but now remains in place until September 30, 2017. MACRA also requires HHS' Inspector General to submit a report on the use of ELE for Medicaid and CHIP to the Senate Finance and House Energy and Commerce committees on or before October 2016.

Extends CHIPRA Child Health Quality Provisions

The new law extends funding ($20 million through FY2017) for the Pediatric Quality Measures Program, established under CHIPRA, which supports states and providers in using and testing child and maternal health quality measures.[9] It also makes an additional $10 million available for the Childhood Obesity Research Demonstration Project through FY2017.[10]

All states will receive the enhanced match plus the 23 percentage-point bump for CHIP-eligible individuals in FY2016 and FY2017.

Other Provisions Impacting Low-income Children and Their Families

A separate "extenders" section of MACRA also funds programs that would have sunset without Congressional action.[11]

Home Visiting Program Funding

The new law provides $400 million annually in funding for the Maternal, Infant, and Early Childhood Home Visiting Program (MIECHV) through FY2017. Originally created under the ACA, MIECHV provides grants to states to fund evidence-based home visiting programs for vulnerable families.[12]

Continued Support For Family-to-Family Health Information Centers

This program, administered by the Health Resources and Services Administration (HRSA), provides grants to support family-staffed organizations in each state to assist families of children with disabilities or special health care needs in navigating the health care system. MACRA extends funding by $5 million annually through FY2017.

Permanent Authorization of Transitional Medical Assistance (TMA)

TMA provides time-limited Medicaid for beneficiaries transitioning to employment with higher earnings that would otherwise make them ineligible or Medicaid, providing coverage continuity as they transition into a new job. In 2001, an estimated 3.7 million parents received TMA Medicaid coverage.[13] After several short-term extensions of the program, MACRA makes TMA permanent.

Grants to Community Health Centers

The new law extends funds for community health centers by $2.9 billion annually through FY2017.

For More Information

For more on CHIPRA and the ACA's changes to CHIP, the following briefs are available at http://ccf.georgetown.edu.

- The Children's Health Insurance Program Reauthorization Act of 2009: Overview and Summary
- Summary of Medicaid, CHIP, and Low-Income Provisions in Health Care Reform

Endnotes

[1] Full text of MACRA and additional information available at https://www.congress.gov/bill/114th-congress/house-bill/2/text.

[2] For more information on CHIPRA and the ACA, see Georgetown University Center for Children and Families, "The Children's Health Insurance Program Reauthorization Act of 2009," (March 2009), available at http://ccf.georgetown.edu/ccf-resources/chipra-2009-overview-summary/?issue=chip%2F; and Georgetown University Center for Children and Families, "Summary of Medicaid, CHIP, and Low-Income Provisions in Health Care Reform," (April 2010), available at http://ccf.georgetown.edu/ccf-resources/summary-of-medicaid-chip-and-low-income-provisions-in-health-care-reform/?issue=chip%2F.

[3] The $39.7 billion available to states in total CHIP allotments differs from the Congressional Budget Office (CBO) estimate that the CHIP funding extension will cost $5.6 billion because the figures are designed to serve very different purposes. The $39.7 billion figure reflects the total amount of CHIP funding (or, more technically, "budget authority") set aside for states in national allotments over the next two years. In contrast, the CBO figure is designed to estimate the additional federal spending on CHIP, Medicaid, and other programs above "baseline" levels (i.e., spending that would have occurred even in the absence of MACRA) that will result from extending CHIP as part of MACRA. For more information on the CBO score, see http://www.cbo.gov/sites/default/files/cbofiles/attachments/hr2.pdf.

[4] A state's federal spending includes additional federal support to a state beyond its allotment from redistribution of funds from states that do not spend their full allotment as well as funds from the Child Health Contingency Fund. For more information, see Georgetown University Center for Children and Families, "The Children's Health Insurance Program Reauthorization Act of 2009," (March 2009), available at http://ccf.georgetown.edu/ccf-resources/chipra-2009-overview-summary/?issue=chip%2F.

[5] 42 U.S.C. §1397ee (b) (2010).

[6] States eligible to claim EMAP for pre-CHIP Medicaid expansions for children under the "qualifying states" option include Connecticut, Hawaii, Maryland, Minnesota, New Hampshire, New Mexico, Rhode Island, Tennessee, Vermont, Washington, and Wisconsin.

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[7] "Connecting Kids to Coverage outreach and Enrollment Grants," Center for Medicaid Services, available at http://www.insurekidsnow.gov/professionals/outreach/grantees/.

[8] T. Brooks, et al., "Modern Era Medicaid: Findings from a 50-State Survey of Eligibility, Enrollment, Renewal, and Cost-Sharing Policies in Medicaid and CHIP as of January 2015," Kaiser Commission on Medicaid and the Uninsured (January 2015), available at http://ccf.georgetown.edu/ccf-resources/modern-era-medicaid-findings-50-state-survey-eligibility-enrollment-renewal-cost-sharing-policies-medicaid-chip-january-2015/.

[9] Agency for Healthcare Research and Quality, "Pediatric Quality Measures Program (PQMP) Centers of Excellence Grant Awards," (March 2012), available at http://www.ahrq.gov/policymakers/chipra/pubs/pqmpfact.html#note2.

[10] "Childhood Obesity Research Demonstration Project (CORD)," Centers for Disease Control and Prevention, available at http://www.cdc.gov/obesity/childhood/researchproject.html.

[11] For more information, see E. W. Burak, "Express Lane Stays Open for Another Year (and other extensions)," Say Ahhh! Blog Georgetown University Center for Children and Families, available at http://ccf.georgetown.edu/all/express-lane-stays-open-for-another-year-and-other-extensions/.

[12] "Maternal, Infant, and Early childhood Home Visiting," Health Resources and Services Administration U.S. Department of Health and Human Services, available at http://mchb.hrsa.gov/programs/homevisiting/.

[13] C. Yocom, "Medicaid: Additional Enrollment and Expenditure Data for the Transitional Medical Assistance Program," U.S. Government Accountability Office, Letter to Senator Orrin Hatch and Representative Joseph Pitts (March 2013), available at http://www.gao.gov/assets/660/653058.pdf.

Appendix 1: CHIP Federal Matching Rate, FY2016

STATE	CHIP Enhanced Federal Medical Assistance Percentages (EMAP) (FY2016)	CHIP EMAP with ACA's 23% Point Increase Beginning October 1, 2015
Alabama	78.91	100.00
Alaska	65.00	88.00
Arizona	78.24	100.00
Arkansas	79.00	100.00
California	65.00	88.00
Colorado	65.50	88.50
Connecticut	65.00	88.00
Delaware	68.38	91.38
District of Columbia	79.00	100.00
Florida	72.47	95.47
Georgia	77.29	100.00
Hawaii	67.79	90.79
Idaho	79.87	100.00
Illinois	65.62	88.62
Indiana	76.62	99.62
Iowa	68.44	91.44
Kansas	69.17	92.17
Kentucky	79.22	100.00
Louisiana	73.55	96.55
Maine	73.87	96.87
Maryland	65.00	88.00
Massachusetts	65.00	88.00
Michigan	75.92	98.92
Minnesota	65.00	88.00
Mississippi	81.92	100.00
Missouri	74.30	97.30
Montana	75.67	98.67
Nebraska	65.81	88.81
Nevada	75.45	98.45
New Hampshire	65.00	88.00
New Jersey	65.00	88.00
New Mexico	79.26	100.00
New York	65.00	88.00
North Carolina	76.37	99.37
North Dakota	65.00	88.00
Ohio	73.73	96.73
Oklahoma	72.69	95.69
Oregon	75.07	98.07
Pennsylvania	66.41	89.41
Rhode Island	65.29	88.29
South Carolina	79.76	100.00
South Dakota	66.13	89.13
Tennessee	75.54	98.54
Texas	69.99	92.99
Utah	79.17	100.00
Vermont	67.73	90.73
Virginia	65.00	88.00
Washington	65.00	88.00
West Virginia	79.99	100.00
Wisconsin	70.76	93.76
Wyoming	65.00	88.00

Source: ASPE FMAP 2016 Report, available at http://aspe.hhs.gov/health/reports/2015/FMAP2016/fmap16.cfm.

Appendix 2: Estimated FFY2016 Federal CHIP Allotments, Impact of 23% EMAP Increase

State	FFY16 CHIP Allotment	Additional Federal Funds in 2016 Due to EMAP + 23 Percentage-Point Increase
Alabama	190,127,318	41,274,959
Alaska	28,953,485	7,569,742
Arizona	124,366,960	27,541,264
Arkansas	103,431,253	21,233,497
California	2,749,978,717	718,739,291
Colorado	232,039,688	61,448,571
Connecticut*	75,170,715	34,220,942
Delaware	35,209,591	8,942,691
Dist. Of Col.	21,623,733	4,540,091
Florida	935,246,628	231,890,007
Georgia	427,804,857	98,542,843
Hawaii*	50,430,509	13,008,639
Idaho	71,545,896	14,144,498
Illinois	442,392,389	114,975,252
Indiana	159,120,635	36,385,326
Iowa	147,640,608	36,966,291
Kansas	105,267,524	26,121,835
Kentucky	149,890,237	31,536,351
Louisiana	213,021,096	50,799,741
Maine	32,977,204	7,918,163
Maryland*	302,338,252	79,021,129
Massachusetts	482,765,009	126,177,166
Michigan	165,589,516	38,501,640
Minnesota*	95,678,236	46,965,234
Mississippi	240,976,068	44,555,774
Missouri	198,364,173	46,904,114
Montana	110,035,531	25,530,299
Nebraska	108,618,815	27,666,920
Nevada	61,101,333	14,332,179
New Hampshire*	39,999,678	14,526,673
New Jersey	444,560,881	115,946,599
New Mexico*	119,678,140	25,437,343
New York	987,246,365	257,856,015
North Carolina	752,349,503	174,575,872
North Dakota	21,582,090	5,640,511
Ohio	365,210,770	86,690,450
Oklahoma	181,151,716	43,477,442
Oregon	255,037,989	59,952,332
Pennsylvania	367,636,245	94,675,477
Rhode Island*	60,659,997	15,852,949
South Carolina	171,426,956	35,358,553
South Dakota	23,550,601	6,083,904
Tennessee*	277,330,072	64,765,377
Texas	1,474,302,053	362,138,028
Utah	136,145,993	28,544,305
Vermont*	25,569,460	13,194,347
Virginia	283,180,489	74,013,082
Washington*	204,651,172	56,470,048
West Virginia	70,240,188	14,082,901
Wisconsin*	219,256,185	53,767,849
Wyoming	10,338,704	2,762,227
50 State/DC TOTAL	**14,552,811,222**	**3,643,266,734**

* 2105(g) “qualifying” states.

Unofficial estimates conducted by Georgetown CCF and the Center on Budget and Policy Priorities, based on state-reported spending estimates to the federal Centers for Medicare and Medicaid Services (CMS) as of May 2015. FFY2016 allotments are calculated using FFY2015 spending increased by accounting for the 23% EMAP increase, and then for child population growth and per capita health expenditure growth factors. An additional step was taken for 2105(g), or “qualifying states” to estimate federal CHIP funding for spending on Medicaid-enrolled children that qualify for the EMAP+23% boost.Estimated new federal dollars in FFY2016 due to the 23% EMAP increase reflect estimated FFY2016 allotment at regular EMAP subtracted from the estimated 2016 allotments with the EMAP+23% increase, seeking to isolate the impact of the new matching dollars from the child population and health cost growth factors.

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