



The Medicaid and CHIP Stability Protections: Consequences of Repeal

If the stability protections are rescinded, states can cancel coverage for low-income families who rely on Medicaid and CHIP to help them through bouts of unemployment; for seniors in need of basic and long-term care services; and for people with disabilities relying on Medicaid to allow them to stay in the community.

Introduction

In the past few years, Medicaid and CHIP (Children’s Health Insurance Program) coverage for low-income children and families facing job loss, seniors in need of health and long-term care services, and people with disabilities has held remarkably steady. This is because the Recovery Act and the Affordable Care Act (ACA) have ensured that states do not adopt more restrictive eligibility rules or enrollment procedures. The ACA’s stability protections (sometimes known as the “maintenance-of-effort” provisions) keep coverage stable for adults in Medicaid until January 1, 2014 and for children in Medicaid and CHIP until September 30, 2019. States that cover adults above 133 percent of the federal poverty level can reduce eligibility for these adults prior to January 1, 2014 if they have a budget deficit. Recently, a number of states have asked Congress to repeal the stability protections so that they can cut back coverage.

Who Is At Risk?

If the stability provisions are rescinded, states could eliminate Medicaid for anyone who is covered at state option, including the major groups listed below. A state also could cut eligibility, shut down enrollment in its CHIP program or even entirely abolish it. Arizona would have eliminated its CHIP program this past spring if the protection for children in CHIP had not been in place.

Children. 14.1 million children are covered at state option in either Medicaid (7.5 million) or through a separate CHIP program (6.6 million). Most of them are in low-income working families with parents whose jobs do not offer affordable employer-based insurance for dependents.

Parents and Other Adults. Close to 8 million adults are covered at state option. In the last recession, these adults were particularly vulnerable to cuts, even though their coverage is already extremely limited—the median income threshold for parents who have lost their jobs is 37% of the federal poverty level (\$6,775 a year) and most states do not offer any coverage to other non-disabled adults.

Seniors. Medicaid provides coverage on an optional basis to 2.8 million low-income seniors, many of whom live just below the poverty line and rely on Medicaid for healthcare services (not otherwise covered by Medicare) and long-term care services. Many of them have chronic conditions such as dementia, Parkinson’s, cancer, and heart disease.

People with Disabilities. Medicaid provides coverage on an optional basis to 2.3 million people with disabilities, such as: multiple sclerosis, AIDS, severe mental illness, and traumatic brain injury. These beneficiaries often rely on Medicaid for the support services and equipment that they need to stay out of nursing homes and remain in the community.

All beneficiaries through “backdoor” cuts. If the stability protections are rescinded, states could add red-tape barriers to the application and renewal process that discourage people from enrolling. For example, states could require parents to visit a welfare office to enroll their children, even if it means they must miss work or travel significant distances. These “backdoor” strategies can be brutally effective in reducing enrollment and hit everyone who relies on Medicaid, including the very lowest-income people.

Potential Implications of Repeal

Loss of coverage. If the stability protections are rescinded, states can cancel coverage for low-income families who rely on Medicaid and CHIP to help them through bouts of unemployment; for seniors in need of basic and long-term care services; and for people with disabilities relying on Medicaid to allow them to stay in the community.

Weakening of the economic recovery. Cuts to Medicaid translate into significant cuts in state business activity and jobs, particularly in the health sector.

Imperiling the country’s success in insuring children. Through CHIP and Medicaid, the country has driven the uninsured rate of children down to the lowest level on record. Major cuts could quickly unravel these gains.

Examples of the Kinds of People At Risk if Stability Provisions are Rescinded

- An elderly nursing facility resident whose annual income (\$8,200) is just above SSI standards (75% of poverty) but below 100% of poverty (\$10,830 in 2010).
- A parent of two children who works full-time at a minimum wage level in a service sector job that does not provide health insurance coverage.
- A pregnant woman who has a part-time job, which does not offer health insurance, and earns more than \$14,403/year (133% of poverty in 2010).
- A 68 year-old widow with multiple conditions, such as fibrosis of the lungs, rheumatoid arthritis, and high blood pressure, whose income (\$8,400) is too high to qualify for SSI (75% of poverty or \$8,088 in 2010) but qualifies for Medicaid home and community-based services, allowing her to remain in the community.
- A 7 year-old boy with autism living with his parents whose income is 110% of poverty (\$20,141 in 2010) and qualifies through a home and community-based service waiver.
- A woman with disabilities who earns less than \$27,075/year (250% of poverty in 2010), whose employer does not offer coverage and who needs Medicaid's coverage of physician services, personal care services, and prescription drugs.
- An 85-year old with Alzheimer's disease with a monthly income of \$1,950 (less than 300% of SSI) qualifies for nursing facility care. She is allowed to keep \$30 a month for personal needs, and the remainder of her income goes to the nursing facility to cover her medical and support needs.
- A 50 year-old man who has multiple sclerosis with recurring drug and physician costs that average \$750/month "spends down" to Medicaid medically needy eligibility levels (median is 55% of poverty).
- A 4-year old girl with asthma whose parents operate a small business and cannot afford the \$13,770 it would cost to buy family coverage. Instead, they pay premiums of \$27 a month to enroll her in the state's CHIP program where she receives routine preventive care and medication for her asthma.

All examples except the last one are taken from [Medicaid: An Overview of Spending on Mandatory vs. Optional Populations and Services](#), Kaiser Commission on Medicaid and the Uninsured, June 2005 (edits were made by CCF staff to update income and FPL levels to applicable 2010 data).