## Covering Children: How Medicaid and CHIP Work Together

Medicaid and the Children's Health Insurance Program (CHIP) have worked together to reduce the number of uninsured children to a historically low rate of 4.8% in 2015. Of the 45.2 million children covered by both programs, the vast majority (92 percent) are enrolled in Medicaid – either Medicaid or CHIP-funded Medicaid coverage. CHIP has played an important role in extending coverage and simplifying enrollment procedures for both programs, but Medicaid is the main source of coverage as Figure 1 shows.

Figure 1. Child Enrollment in Medicaid and CHIP, FY 2015

■ Medicaid-funded coverage ■ CHIP funded Medicaid expansion ■ Separate CHIP
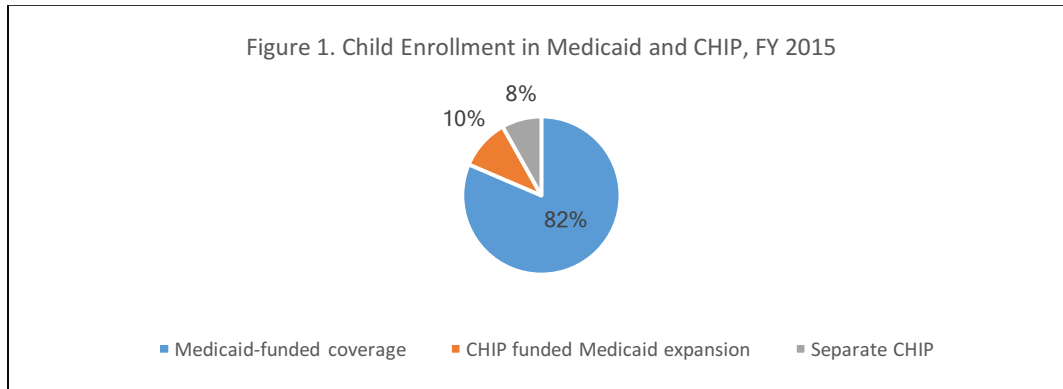
Medicaid and CHIP have different financing structures. Federal matching funds in Medicaid are open-ended and permanent. By contrast, CHIP is a block grant that makes federal funds available up to a predetermined limit each year for a fixed number of years. CHIP must be periodically renewed by Congress. *Without Medicaid as it is currently structured, CHIP could not effectively do its job of covering children in families who have low or moderate incomes but are not sufficiently poor to qualify for Medicaid*. Historically, states have used enrollment freezes and waiting lists to stay within their federal CHIP allotments, undercutting coverage for children. Most recently the state of Arizona closed its CHIP program which was just reopened last year.

If children in Medicaid were moved into CHIP, the cost to the federal government would need to be increased by $11.9 billion to cover the additional 34 million children. This is an underestimate because it does not include the cost of many children with disabilities. The increase is due to the fact that the federal government spends almost 20% more per child in CHIP than per child in Medicaid. The CHIP block grant is not a significant federal budget platform because of the relative small federal investment ($14.5 billion in 2017) corresponding to the relatively small and inexpensive population of children covered.

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