

# ARIZONA

## Children's Health Insurance Program (CHIP) KidsCare

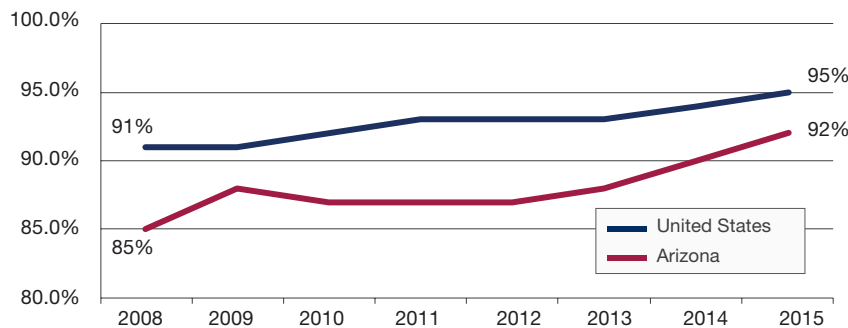


American Academy  
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DEDICATED TO THE HEALTH OF ALL CHILDREN™

### Children's health coverage in Arizona has reached historic levels.



### Program Design

States are able to structure their CHIP programs in different ways: by expanding Medicaid, by creating a separate program, or a combination of these approaches. Like most states, Arizona has a combination program with some CHIP children enrolled in Medicaid and others enrolled in its separate CHIP program known as KidsCare.

KidsCare covers uninsured children in families who do not qualify for Medicaid and earn up to 205 percent of the federal poverty level, or \$41,861 annually for a family of three. Arizona charges monthly premiums of \$40 or \$50 for some CHIP children but does not charge cost sharing for health care services.



### About CHIP

The Children's Health Insurance Program (CHIP) was enacted in 1997 to fill a growing gap in health coverage for children in working families. CHIP stands on the shoulders of Medicaid to provide health care for children who do not qualify for Medicaid and whose families lack access to affordable employer-based or private insurance.

CHIP has been an important catalyst in the nation's success in covering children, sparking a renewed determination to cover all children by expanding access and enrolling children already eligible for Medicaid. In doing so, states have built community partnerships to identify and enroll eligible children and introduced enrollment and renewal simplifications that drive administrative efficiency while promoting enrollment and retention.

States design their CHIP programs to meet the specific needs of the state's uninsured children. Separate CHIP programs are often modeled after commercial insurance, using managed care health plans to deliver services and requiring families to pay a share of the expense in the form of premiums and cost-sharing.

### Public Coverage for Children in Arizona, 2016

CHIP-funded Medicaid  
85,017

Separate CHIP  
22,389

Marketplace  
38,446

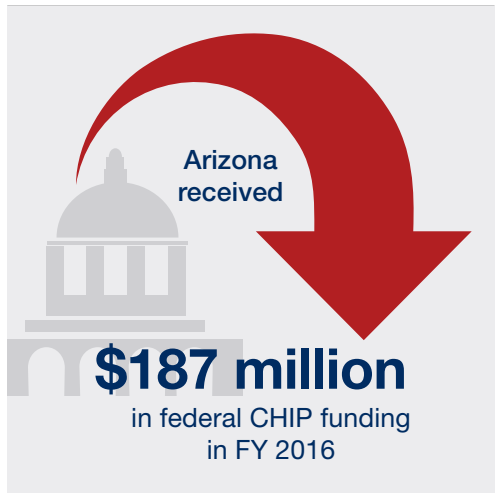
Medicaid  
904,347

Note: Separate CHIP enrollment is as of September 1, 2017. It was retrieved from the Arizona Health Care Cost Containment System (AHCCCS). See sources for more information.

# Federal Financing

## How does CHIP financing work?

CHIP is a federally-funded, state-administered block grant program. To encourage states to expand coverage, Congress covers a larger share of CHIP costs than it does under Medicaid by establishing a higher matching rate. For every dollar a state spends on CHIP, the federal government reimburses between 65 and 85 percent of costs.



## When does CHIP expire?

Unlike Medicaid, Congress must take action to extend CHIP funding whenever the current funding period expires, which currently is September 30, 2017. Initially, CHIP was funded for a 10-year period but the last two funding cycles have each extended CHIP for only two years.

## How does the ACA impact CHIP?

Recognizing that implementation of the Affordable Care Act's (ACA) coverage expansion represented a time of major change in the health care system, Congress wanted to protect children's coverage. It did so by requiring states to maintain eligibility levels and enrollment procedures through 2019, known as the maintenance of effort (MOE) provision. To help states stabilize children's coverage, Congress approved an increase of 23-percentage points in federal CHIP match, which went into effect in fiscal year 2016, raising the federal funding levels to cover between 88 and 100 percent of CHIP costs.

## Can children covered by CHIP get comparable coverage in the marketplace?

Research shows that CHIP is a better source of coverage—both in terms of affordability and child-focused benefits—for meeting children's health care needs across the country. With the future of the marketplace coverage uncertain, families and states need the greater predictability of a long-term extension of CHIP.

# What's at Stake for Arizona's Children and Families?

Affordable, high-quality, consistent coverage for more than 100,000 Arizona children is at risk without a CHIP funding extension at current levels. A delayed CHIP extension forces states to freeze or limit children's coverage. Uncertainty about the amount or timeline for continuation of funding places undue stress on families and states.

**Children** need access to continuous, affordable health care coverage to succeed in school and life.

**Families** need the peace-of-mind that comes from knowing their children can get the care they need at a price they can afford and that their family is protected from financial catastrophe in the event of an illness or injury.

**States** need sufficient time to plan budgets to ensure they can provide adequate coverage to low-income children and families who rely on CHIP.

*A long-term (5+ years) CHIP funding extension at current levels will ensure that no child experiences interruptions in coverage, that no family faces an uncertain future, and that state budgets are stabilized to continue serving their children and families. Key aspects of CHIP funding that should be maintained include:*

- Enhanced federal matching rates, including the 23-percentage-point CHIP “bump.”
- Requirements for states to maintain eligibility levels and prohibit additional barriers to coverage such as new premiums or added red tape to enrollment procedures.
- State flexibility to extend coverage to additional children and pregnant women, by raising eligibility levels or adding optional groups such as all lawfully-residing immigrant children.
- Financial support for states to conduct outreach and provide community-based enrollment assistance to reach eligible children.
- Investments in quality initiatives to measure, report, and improve health care for children in Medicaid and CHIP.

This fact sheet was created by the Georgetown University Center for Children and Families and the American Academy of Pediatrics.  
For data sources used, see <https://ccf.georgetown.edu/2017/09/09/chip-snapshot-data-sources/>.

For more information on Medicaid, CHIP, and the ACA, visit our websites at:  
[www.ccf.georgetown.edu](http://www.ccf.georgetown.edu)      [www.aap.org](http://www.aap.org)