



THE CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP) AND CHILDREN WITH SPECIAL HEALTH CARE NEEDS: AN OVERVIEW

The Children's Health Insurance Program (CHIP) provides publicly sponsored health coverage for children, birth to 19 years old:

- Who are uninsured and whose families do not have access to affordable private insurance
- Whose family income exceeds their state's income eligibility for Medicaid but is less than the state's upper income limit for CHIP

Since it began in 1997, CHIP has helped millions of uninsured children get access to free or low-cost health coverage. CHIP is especially important for children with special health care needs who are uninsured and who are not eligible for Medicaid because their family's household income is too high. This public benefit program provides affordable and comprehensive health care coverage with minimal premiums and cost sharing. It helps ensure families do not have to delay or miss out on health care for their children because they cannot pay the full cost themselves.

Funding

A combination of state and federal matching dollars funds CHIP in each state and in the District of Columbia (DC). The federal match, called eFMAP (Enhanced Federal Medical Assistance Percentage), varies by state. It is based on state income compared to the national average. Find the [Enhanced Federal Medical Assistance Percentage for the Children's Health Insurance Program](#)¹ in each state and DC. Unlike Medicaid, where federal matching dollars are provided for each state dollar spent, the federal dollars available to each state's CHIP program are capped.

¹<http://kff.org/other/state-indicator/federal-matching-rate/>

²<http://kff.org/health-reform/state-indicator/medicaid-and-chip-income-eligibility-limits-for-children-as-a-percent-of-the-federal-poverty-level/>

³<http://downloads.cms.gov/cmsgov/archived-downloads/SMDL/downloads/SHO10006.pdf>

⁴<http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Medicaid-Benefits.html>

Administration

CHIP is a state-federal partnership. The Centers for Medicare and Medicaid Services (CMS) oversees CHIP, but within broad federal guidelines, each state administers its own program. This is why the population served, upper [income eligibility limit](#),² and covered services vary from state to state.

CHIP Eligibility

The CHIP program in each state and DC must cover uninsured children, birth through age 18, who are U.S. citizens, and whose household income is within a state's established eligibility limits. States have the option to also include uninsured pregnant women and/or unborn children whose income is too high for Medicaid. Additionally, states may choose to include children and pregnant women who are not citizens but have been [lawfully present](#)³ in the U.S. for less than five years.

Benefits

States have three options for structuring their CHIP program. They can implement CHIP as a Medicaid expansion; they can implement CHIP as a separate program; or they can do a combination of both.

1. Medicaid Expansion

States that use CHIP dollars to expand their Medicaid programs must follow Medicaid rules. The eligible population, mandatory covered services and any optional services must be the same as its Medicaid program. (See a [chart of mandated and optional covered services](#).⁴) This means enrolled children will receive the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) benefit, which is especially important for children with special health care needs. Medicaid expansion programs cannot have waiting lists.

2. Separate CHIP Programs

States that implement separate CHIP programs may close their programs for enrollment and maintain waiting lists. States have three options for defining covered services:

- They may choose the benefits in the federal BlueCross/BlueShield plan, the state's employee plan, or the largest commercial non-Medicaid HMO (Health Maintenance Organization) as the benchmark to define covered services.
- They may choose a plan that provides benchmark-equivalent services as long as it includes inpatient and outpatient care, physician services, surgical, medical, lab, and x-ray services, and well-baby and well-child care, including immunizations.
- With approval from the Secretary of the U.S. Department of Health and Human Services (HHS), a state may choose another health coverage option.

3) Combination

Some states use a combination of these implementation options. They use CHIP dollars to expand Medicaid income eligibility up to a certain limit and maintain separate CHIP programs above that limit. They can close enrollment and have waiting lists for the separate CHIP program, but not for the expansion program.

See [each state's CHIP program name and type](#).⁵

Additional Resources

Public Insurance Programs and Children with Special Health Care Needs: A Tutorial on the Basics of Medicaid and the Children's Health Insurance Program (CHIP)⁶ provides a broad overview of Medicaid and CHIP, the many different populations these programs serve, the changes they are undergoing under health care reform, and some detail to help readers think about opportunities to improve access to coverage for children with special health care needs.

Medicaid & CHIP: What's the Difference?

⁷

An infographic that provides an at-a-glance comparison of Medicaid and CHIP and the difference it makes for children with special health care needs.

Expand Eligibility for the State Children's Health Insurance Program (CHIP)⁸ explains the implications of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) and how states can receive funding to expand CHIP coverage to uninsured children in families with household income above 200% of the federal poverty level.

The Affordable Care Act and Children with Special Health Care Needs: An Analysis and Steps for State Policymakers⁹ provides an overview of the provisions of the Patient Protection and Affordable Care Act of 2010 (ACA) that will work to strengthen coverage for children under CHIP, including requirements to conduct outreach and enrollment of vulnerable populations including children with special health care needs.

Even more resources at:
<http://cahpp.org/resources/>

⁵<http://kff.org/other/state-indicator/chip-program-name-and-type/>

⁶<http://cahpp.org/resources/Medicaid-CHIP-tutorial>

⁷<http://cahpp.org/resources/infographic-medicaid-chip-whats-the-difference/>

⁸<http://cahpp.org/project/the-catalyst-center/financing-strategy/chip/>

⁹<http://cahpp.org/resources/the-affordable-care-act-and-children-with-special-health-care-needs-an-analysis-and-steps-for-state-policymakers/>