

GAO Highlights

Highlights of [GAO-15-268T](#), a testimony before the Subcommittee on Health, Committee on Energy and Commerce, House of Representatives

Why GAO Did This Study

Without health insurance coverage, children are less likely to obtain routine medical or dental care, establish a relationship with a primary care physician, and receive immunizations or treatment for injuries and chronic illnesses. As such, Congress faces important decisions about the future of CHIP. PPACA extended federal funding for CHIP through fiscal year 2015, and Congress will be deciding whether to act to extend that funding.

States can operate CHIP as a separate program, include CHIP-eligible children in their Medicaid programs, or use a combination of the two approaches. If funding for CHIP runs out after 2015, children in CHIP-funded Medicaid programs will remain in Medicaid. For the 5.3 million children in separate CHIP programs, beginning in October 2015, PPACA requires that if a state's CHIP funding is insufficient to cover all CHIP-eligible children, the state must establish procedures to ensure that they are screened for Medicaid eligibility, and, if not eligible, enroll them in QHPs certified as comparable to CHIP.

This testimony is based on prior work conducted from February 2011 through November 2013, and highlights relevant GAO findings on cost, coverage, and access in CHIP.

View [GAO-15-268T](#). For more information, contact Carolyn L. Yocom at (202) 512-7114 or yocomc@gao.gov.

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CHILDREN'S HEALTH INSURANCE

Cost, Coverage, and Access Considerations for Extending Federal Funding

What GAO Found

Over the last 17 years, the State Children's Health Insurance Program (CHIP)—a federal-state program that provides coverage to about 8 million low-income children—has played an important role in providing health insurance coverage for children who would otherwise be uninsured. The Patient Protection and Affordable Care Act (PPACA) created alternative coverage options with the establishment of subsidized coverage—through a premium tax credit and cost-sharing subsidies—offered through health insurance exchanges, however, there remain important considerations related to cost, coverage, and access when determining the ongoing need for the CHIP program.

- **Cost.** In 2013, GAO found that consumer costs in CHIP plans were lower than under the benchmark plans selected by states as models for the benefits that would be offered by qualified health plans (QHP) through exchanges in 2014. For example, when comparing CHIP plans in five states with separate CHIP programs to state benchmark plans, GAO found that the CHIP plan in the states typically did not require the payment of deductibles, while all five states' benchmark plans did. Similarly, the amount of any applicable cost-sharing was almost always less for CHIP plans and the difference was particularly pronounced for physician visits, prescription drugs, and outpatient therapies. PPACA provisions, which seek to standardize QHP costs and reduce cost-sharing for certain individuals, could narrow the cost gap. GAO's work also suggests that some children transitioning out of CHIP would not be eligible for the premium tax credit because they have a parent with employer-sponsored health coverage that is considered affordable under Internal Revenue Service regulations.
- **Coverage.** GAO's prior work from 2013 found that coverage was generally similar in separate CHIP and benchmark plans, though some variation exists. GAO also found that in contrast to CHIP plans where dental benefits are included, in some states, dental coverage is optional through exchanges and may be offered as a stand-alone dental plan. GAO found that families choosing such coverage could face higher costs. Further, in the current landscape of coverage options, many children eligible for CHIP, Medicaid, or the premium tax credit will have different eligibility than their parents, which can create complex scenarios of coverage for families. In 2012, GAO estimated that 21 percent of children eligible for CHIP, Medicaid, or the premium tax credit under PPACA would have different eligibility than their parents.
- **Access.** GAO's prior work found that CHIP enrollees generally reported having access to health care at rates comparable to children with private insurance, with some exceptions. In 2013, GAO's analysis of national survey data indicated that CHIP enrollees reported positive responses regarding their ability to obtain care, and the proportion of positive responses was generally comparable to those with Medicaid or with private insurance.