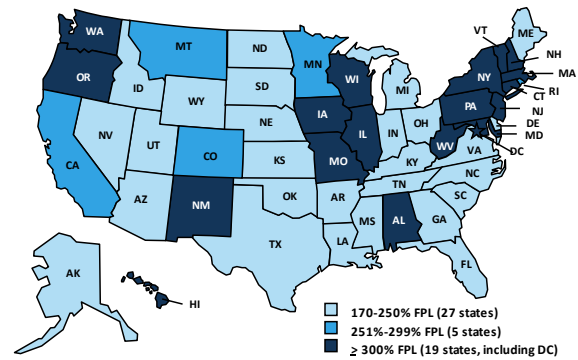


May 2017 | Fact Sheet

President Trump's 2018 Budget Proposal Reduces Federal Funding for Coverage of Children in Medicaid and CHIP

Medicaid and the Children's Health Insurance Program (CHIP) are key sources of coverage for children, covering nearly four in ten children (39%) nationwide¹ and 44% of children with special health care needs. Medicaid covered over 37 million children in FY 2016.² CHIP serves as an important complement to Medicaid. In FY2016, it covered about 9 million children in families who earn too much to qualify for Medicaid but often lack access to affordable private coverage.³ States provide CHIP by creating a separate CHIP program, expanding Medicaid, or adopting a combination approach. All states have expanded eligibility for children through Medicaid and CHIP (Figure 1). New legislative authority is needed to continue CHIP funding beyond September 2017. If Congress does not extend CHIP funding, it is estimated that all states will exhaust their federal CHIP funds during FY 2018.⁴

Figure 1
Income Eligibility Levels for Children in Medicaid/CHIP, January 2017



NOTE: The FPL for a family of three in 2017 was \$20,420. Thresholds do not include the standard five percentage point of the FPL disregard.
SOURCE: Based on results from a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2017.



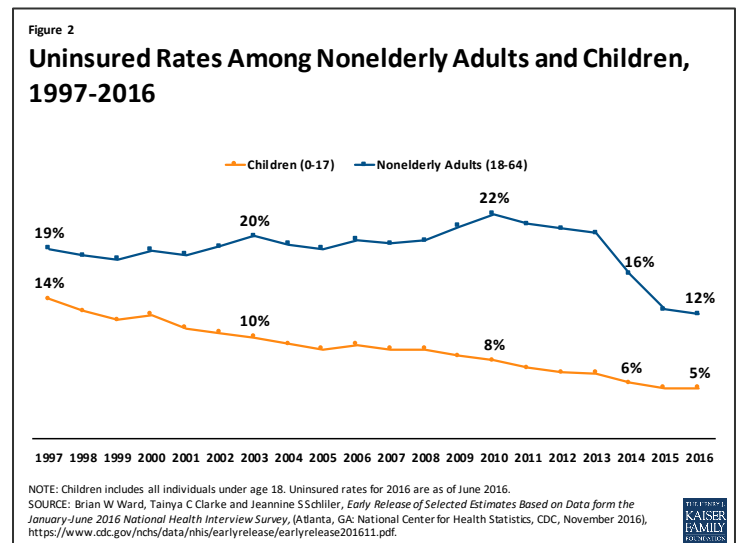
President Trump's FY2018 proposed budget includes fundamental changes to Medicaid that would transition federal financing to a block grant or per capita cap for children and other groups, with reductions in federal funding of \$610 billion. These changes are in addition to eliminating enhanced federal funding for the Affordable Care Act (ACA) Medicaid expansion to low-income adults. While the budget does not include many details, the provisions in the American Health Care Act (AHCA) would allow states to impose a block grant or per capita cap for children in Medicaid with requirements to cover mandatory children (under 100% of the federal poverty level (FPL) for school age children and under 133% FPL for children ages 0-5). Under the block grant option, states could cap enrollment or impose waiting lists for children above minimum levels and would not be required to provide comprehensive benefits.

The proposed budget also would reduce federal funding under CHIP and cap the eligibility level for which states could receive federal funding for children's coverage at 250% FPL. The budget proposes to extend CHIP funding for two years through FY2019. However, it proposes several changes to CHIP. It would eliminate the 23 percentage point increase in the federal match that was provided to states under the Affordable Care Act (ACA), which would reduce funding for states. It also would cap the eligibility level for which states could receive federal CHIP matching funds at 250% FPL. In addition, it would eliminate

the maintenance of effort requirement that the ACA established to protect existing coverage gains for children. This provision requires states to keep Medicaid and CHIP eligibility levels at least as high as those they had in place at the time the ACA was enacted through September 30, 2019. Lastly, it would allow states to move children ages 6 to 18 with incomes between 100% and 133% FPL who were transitioned from CHIP to Medicaid under the ACA back to CHIP. These changes would result in net saving in CHIP of \$5.8 billion over ten years.

Under the proposed budget, about half of states would lose federal matching funds for children due to the 250% FPL eligibility cap on federal matching funds, which would likely lead them to reduce eligibility for children. As of January 2017, 24 states, including DC, have Medicaid/CHIP income eligibility limits above 250% FPL, including 19 states that cover children at or above 300% FPL (Table 1). These states would lose access to federal matching funds for coverage of children with incomes above 250% FPL under the proposed changes, which would increase state costs and likely lead to states reducing eligibility for children. In addition, states could further reduce children’s eligibility to the minimum levels (100% FPL for children ages 6 to 18 and 133% FPL for children ages 0-5) since the maintenance of effort provision would no longer apply.

Together, the proposed changes to Medicaid and CHIP would result in significant reductions in federal financing for children’s coverage. In response to these reductions, states will likely need to make program cutbacks, including reductions in eligibility and benefits. Such reductions would likely reverse the recent progress achieved in making affordable coverage available to working families and reducing the children’s uninsured rate to a record low of 5% (Figure 2). Coverage losses among children would lead to reduced access to care and other long-term negative effects for children and increase financial pressure on states and providers.



State	Upper Medicaid/CHIP Income Limit	
	Without Income Disregard	With Income Disregard ¹
Median	250%	255%
Alabama	312%	317%
Alaska	203%	208%
Arizona	200%	205%
Arkansas	211%	216%
California	261%	266%
Colorado	260%	265%
Connecticut	318%	323%
Delaware	212%	217%
District of Columbia	319%	324%
Florida	210%	215%
Georgia	247%	252%
Hawaii	308%	313%
Idaho	185%	190%
Illinois	313%	318%
Indiana ²	250%	262%
Iowa	302%	307%
Kansas	239%	244%
Kentucky	213%	218%
Louisiana	250%	255%
Maine	208%	213%
Maryland	317%	322%
Massachusetts	300%	305%
Michigan	212%	217%
Minnesota	283%	288%
Mississippi	209%	214%
Missouri	300%	305%
Montana	261%	266%
Nebraska	213%	218%
Nevada	200%	205%
New Hampshire	318%	323%
New Jersey	350%	355%
New Mexico	300%	305%
New York	400%	405%
North Carolina	211%	216%
North Dakota	170%	175%
Ohio	206%	211%
Oklahoma	205%	210%
Oregon	300%	305%
Pennsylvania	314%	319%
Rhode Island	261%	266%
South Carolina	208%	213%
South Dakota	204%	209%
Tennessee	250%	255%
Texas	201%	206%
Utah	200%	205%
Vermont	312%	317%
Virginia	200%	205%
Washington	312%	317%
West Virginia	300%	305%
Wisconsin	301%	306%
Wyoming	200%	205%

SOURCE: Based on a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured with the Georgetown University Center for Children and Families, 2017.

¹ Modified Adjusted Gross Income rules include an income disregard equal to five percentage points of the federal poverty level applied at the highest income level for Medicaid and separate CHIP coverage.

² Indiana uses a state-specific income disregard equal to five percent of the highest income eligibility threshold for the group.

Endnotes

¹ Kaiser Family Foundation analysis of the 2016 Annual Social and Economic Supplement to the Current Population Survey.

² Centers for Medicare & Medicaid Services (CMS), FFY 2016 Number of Children Ever-Enrolled in Medicaid and CHIP, (Baltimore, MD: CMS, May 2016, <https://www.medicaid.gov/chip/downloads/fy-2016-childrens-enrollment-report.pdf>).

³ Ibid.

⁴ Medicaid and CHIP Payment and Access Commission (MACPAC), *Federal CHIP Funding: When Will States Exhaust Allotments?*, (Washington, DC: MACPAC, March 2017), <https://www.macpac.gov/publication/federal-chip-funding-when-will-states-exhaust-allotments/>