

HEALTHY MONTANA KIDS PLAN: AN OVERVIEW

Background

Montana has taken part in the federal-state Children's Health Insurance Program (CHIP) since 1999. The program provides health insurance coverage to low-income children whose families earn too much to qualify for the Medicaid program. The federal government provides a specified amount of money for the CHIP program each year. If the combined federal allotment and state matching funds do not cover a state's costs for the program, the state can change eligibility levels, revise the benefits provided by the program, or establish waiting lists.

This briefing paper summarizes some of the key aspects of Montana's CHIP program and key questions to be settled by Congress in the future.

Healthy Montana Kids Plan

Montana's CHIP program has been known as the Healthy Montana Kids Plan, or HMK, since passage of Initiative 155 in 2008. That initiative increased the CHIP eligibility level from 175% of poverty to 250% of poverty and required that the state coordinate its CHIP and Medicaid programs to the greatest extent possible as one program – the Healthy Montana Kids Plan.

Children who are eligible for Medicaid are in what is known as HMK Plus, while CHIP-eligible children are in the HMK Plan. The medical services available to the two different groups of children can and do differ, based on both federal and state law. CHIP services in Montana include hospital, physician, well-child, dental, and mental health services, as well as prescription drugs and eyeglasses.

Federal Matching Rates

Like Medicaid, CHIP is funded by both the federal and state governments. The federal government has always paid a higher federal medical assistance percentage, or FMAP, for CHIP than it has for Medicaid-funded services. The CHIP FMAP was enhanced to an even greater extent with passage of the Patient Protection and Affordable Care Act (ACA) in 2010.

ACA increased the CHIP matching rate by 23 percentage points for every state, beginning in 2016. At that time, Montana's CHIP matching rate went from about 76% to almost 99%. It has remained at that level since then, meaning the federal government pays nearly all of the costs of providing medical care to CHIP-covered children in Montana.

Questions on the Horizon

CHIP was a time-limited program that has been funded by Congress through extensions of funding authority or reauthorization of the program four times since it was first scheduled to end in 2007. The most recent reauthorization ended in September 2017, and Congress was unable to pass legislation reauthorizing the program after that. However, Congress did include enough funding in a short-term spending bill passed in late December 2017 to fund the program through March 2018.

Many observers expect Congress to take up reauthorization legislation when it returns from its December recess.

If so, several aspects of the CHIP program could be open to discussion and revision. They include:

- the current enhanced FMAP authorized by ACA. Two reauthorization bills that were introduced but failed to pass in fall 2017 both called for gradually eliminating the ACA-enhanced matching rate during the 5-year reauthorization period. The enhanced rate of 23 percentage points would have remained in effect through federal fiscal year 2019, dropped to 11.5 percentage points in FY 2020, and returned to the pre-ACA level in FY 2021 and FY 2022.
- the so-called “maintenance of effort” requirement that ACA imposed on the CHIP program through 2019. Under this requirement, a state cannot change the eligibility standards it had in place at the time ACA was passed in 2010.
- the use of “express lane” eligibility. This process allows a state to rely on eligibility determinations made for other public assistance programs when deciding whether a child is eligible for CHIP.

If Congress does not reauthorize the program or provide continued funding in another manner, states can continue to use any federal CHIP funds that they had not previously used to pay for services. States would then have to decide how or whether to continue their programs when funding ran out.

CI0425 8004soxa.docx

Sources

- Title 53, chapter 4, part 10, Montana Code Annotated (Children’s Health Insurance).
- Title 53, chapter 4, part 11, Montana Code Annotated (Healthy Montana Kids Plan).
- H.R. 3922, the Community Health and Medical Professional Improve Our Nation Act of 2017.
- S. 1827, Keep Kids’ Insurance Dependable and Secure Act of 2017.
- “The Future Of CHIP: The KIDS Act Of 2017,” Sara Rosenbaum, *Health Affairs Blog*, Sept. 21, 2017.
- “Memo Re: Maintenance of Effort,” *Center for Medicaid, CHIP and Survey & Certification*, U.S. Department of Public Health and Human Services, Feb. 25, 2011.
- “State Children’s Health Insurance Program (CHIP): Reauthorization History,” *The Kaiser Commission on Medicaid and the Uninsured*, February 2009.