Revisiting CHIP Buy-In Programs for Children

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Revisiting CHIP Buy-In Programs for Children

Abstract
States have a long history of providing families with the option to purchase Medicaid or Children's Health Insurance Program (CHIP) coverage for their children, but these programs have dwindled in recent years. In a February 2020 Health Affairs blog post, we review states' experiences with buy-in programs for children, present updated information on the four remaining CHIP buy-in programs, and compare them to child-only coverage on the individual market. Properly designed, targeted, and marketed, buy-in programs could be a cost-effective way of moving toward universal coverage for children.

Keywords
CHIP, health insurance, children, Medicaid, public option

Disciplines
Health Economics | Health Policy | Health Services Administration | Maternal and Child Health | Other Medicine and Health Sciences

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States have a long history of providing families with the option to purchase Medicaid or Children’s Health Insurance Program (CHIP) coverage for their children. As of January 2011, at least 15 states offered a buy-in program to families whose income exceeded their state’s Medicaid or CHIP eligibility limits. However, these programs have dwindled over the last decade.

In a February 2020 Health Affairs blog post, we review states’ experiences with buy-in programs, present information on the four remaining CHIP buy-in programs, and compare the costs of these plans to child-only coverage on the individual market. This document provides an overview of our findings. For our complete analysis and recommendations, please see our blog.

In the wake of the Affordable Care Act (ACA), some states decided that buy-in programs were no longer needed. Moderate-income families became eligible for subsidized plans on the state and federal marketplaces, while previously uninsurable children had new coverage options due to the ACA’s pre-existing condition protections, community rating, and guaranteed issue provisions. In some states, buy-in options were not well known, targeted only a small population of children, or were too expensive for families. This is due, in part, because families with buy-in coverage are typically responsible for the full cost of their monthly premium, unlike those in traditional Medicaid and CHIP. As a result, some states ended their programs due to poor take-up and low enrollment.

The ACA’s new benefit requirements also complicated administration of these programs by requiring qualified private plans to provide “minimum essential coverage.” While traditional Medicaid and CHIP plans met these standards, CHIP buy-in plans fell into a regulatory gray zone. Some states chose to discontinue their buy-in program rather than incur the costs of increasing benefits, while others saw their buy-in premiums rise dramatically as a consequence of the requirements to offer more robust benefits.

All but four states (Florida, Maine, New York, and Pennsylvania) ended their Medicaid or CHIP buy-in program in the last decade. Five other states offer a Medicaid buy-in only for children with special health care needs. Although few states have been able to maintain viable and vibrant buy-in programs, there are reasons to revisit them now as the number of uninsured children increases and families’ costs for private coverage continue to rise. The 2018 CHIP reauthorization also offers states new flexibility to pursue these plans.

In general, during plan year 2019, CHIP buy-in premiums were less expensive than unsubsidized, child-only plans on the Florida, Maine, New York, and Pennsylvania federal marketplaces and on New York’s state marketplace.

Key findings summarized on page two ▶
<table>
<thead>
<tr>
<th>State</th>
<th>CHIP Buy-In Program Name</th>
<th>Household Income Eligibility (% of Federal Poverty Level)*</th>
<th>Enrollment</th>
<th>Monthly Premium, per child</th>
<th>Lowest Monthly Premium, Silver/Gold Marketplace Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida</td>
<td>Healthy Kids full-pay (ages 5-18)^2</td>
<td>&gt;200% FPL^3</td>
<td>15,540^2</td>
<td>Healthy Kids: $230 with dental coverage, $215 without dental coverage^4</td>
<td>$274/$285</td>
</tr>
<tr>
<td></td>
<td>MediKids full-pay (ages 1-4)^2</td>
<td></td>
<td>8,583^2</td>
<td>MediKids: $157^5</td>
<td></td>
</tr>
<tr>
<td>Maine</td>
<td>Health Insurance Purchase Option (HIPO)^5</td>
<td>18-month program for children transitioning off Cub Care (CHIP) (&gt;208% FPL) or MaineCare (Medicaid) (&gt;157% FPL) due to change in family income^6^6</td>
<td>16^7</td>
<td>$250^6</td>
<td>$280/$348</td>
</tr>
<tr>
<td>New York</td>
<td>Child Health Plus (&quot;CHP&quot;) full premium^8</td>
<td>&gt;400% FPL^8</td>
<td>22,600^9</td>
<td>Varies by region, from $144-$320; $224 on average^9</td>
<td>$197/$236</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>Full-Cost CHIP^11</td>
<td>&gt;314% of FPL^11</td>
<td>10,494^12</td>
<td>Varies by plan; $233 on average^12^13</td>
<td>$278/$309</td>
</tr>
</tbody>
</table>


For the full analysis, please see Health Affairs.