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October 30, 2014

The Honorable Ron Wyden
Chairman, Senate Finance Committee

The Honorable Orrin G. Hatch
Ranking Member, Senate Finance Committee

The Honorable Fred Upton
Chairman, House Energy and Commerce Committee

The Honorable Henry A. Waxman
Ranking Member, House Energy and Commerce Committee

Dear Senator Wyden, Senator Hatch, Representative Upton and Representative Waxman:

I am pleased to provide response to your letter of July 29, 2014, regarding the operation of the Children's Health Insurance Program (CHIP) in Massachusetts.

Massachusetts has achieved near-universal coverage thanks in part to programs such as CHIP. Providing coverage reflects our values as a Commonwealth and helps keep families strong and children healthy. Massachusetts is a strong supporter of CHIP and below you will find responses to the specific questions in your July 29, 2014 letter.

1. *How many individuals are served by your state's CHIP program? What are the characteristics of CHIP enrollees in your state (e.g. income, health status, demographics)?*

   As of June 2014, there were 117,000 children enrolled in our CHIP program, including over 1,200 children with disabilities. Just over 95,000 have family income that is less than or equal to 200% of the Federal Poverty level. Of the children for whom we have race information, less than 1% are American Indian/Alaska Native, 2% are interracial, 9% are Asian/Pacific Islander, 14% are Black/Non-Hispanic, 25% are Hispanic and 50% are White.

2. *What changes has your state made to its CHIP program as a result of the Patient Protection and Affordable Care Act? How has the implementation of PPACA impacted the way your state administers CHP?*

   Massachusetts has updated our CHIP policies to align with PPACA, including the use of Modified Adjusted Gross Income to determine eligibility and altered the residency and citizenship/non-citizen rules related to eligibility. We also updated the rules for children with unpaid premiums to allow the children to re-enroll in CHIP after a 90 day waiting period, even if the premiums remain unpaid.

   The Commonwealth has also extended the hospital presumptive eligibility available under PPACA to individuals eligible under the CHIP unborn child option.

   While this was not required under PPACA, Massachusetts eliminated the six month waiting period that was in place for CHIP children with income 200% to 300% FPL who were ineligible due to having dropped group health insurance coverage.

   Along with the other coverage and eligibility changes made under PPACA, Massachusetts replaced Healthy Start, our CHIP unborn child option program, which provided only pregnancy related services to pregnant women who were ineligible for the Medicaid (MassHealth) Standard program. These women are now provided with full MassHealth Standard benefits under CHIP.

3. *To the extent the following information is readily available and you believe it is relevant, please describe the services or benefits and/or cost sharing currently provided in your state under CHIP that are not comparably available through your state's exchange or through the majority of employer sponsored plans in your state.*

   Massachusetts charges premiums to CHIP children on a sliding scale (ranging from $12 to $28 per child per month) and caps family premiums at $84 per month, with the result that CHIP premiums are much lower than those charged by private plans. CHIP children are also exempted from paying premiums if they have a parent enrolled in a Qualified Health Plan and receiving tax credits. There is no cost sharing for any services for CHIP children with direct coverage where private plans typically have deductibles and charge copays for most services.

   Also, our CHIP plan allows us to provide premium assistance to enable families to enroll their children in available employer-sponsored insurance that they would not otherwise be able to afford. This is not an option available to families in the exchange. Further, combined premiums and cost-sharing in our CHIP premium assistance program cannot exceed 5% of family income making this CHIP program too, like CHIP direct coverage, far more affordable than coverage through an exchange or unsubsidized employer coverage.

   In addition, there are some benefits available to children in our CHIP program that are generally not available through private plans, including those offered through the exchange or employer sponsored plans. The scope of benefits in our CHIP program was designed specifically to meet the needs of children. These benefits include eyeglasses, hearing instrument specialist services, diversionary behavioral health services, early intervention services, special education evaluation services, and child-specific screening and diagnostic services. Some of these services are of course available in private plans, but many may not be, particularly in the employer plans that are not subject to our state insurance laws. Our CHIP program also provides full dental benefits for children and while these benefits

may be purchased through the exchange as separate plans, a family purchasing dental benefits and medical benefits receives no higher tax credit than a family purchasing only medical benefits. Since dental coverage is not required to meet the individual mandate, it is likely some parents may forgo dental coverage for their children due to costs.

4. *Do you recommend that CHIP funding be extended? If so, for how long, and for budgeting and planning purposes, under what timeframe should Congress act upon an extension? If you do not believe that CHIP funded should be extended, what coverage (if any) do you believe CHIP enrollees in your state would be able to obtain? How many children covered by CHIP do you estimate would become uninsured in the absence of CHIP?*

   Massachusetts strongly supports the indefinite extension of CHIP funding as it is an integral part of ensuring that low income children have affordable, comprehensive insurance and provides federal financial support to states to help fund that coverage. While children in the Medicaid expansion portion of our CHIP program would be covered through Medicaid if CHIP funding is not extended, the state would no longer receive CHIP enhanced federal funding for their coverage.

   Given the differences in cost sharing between our CHIP program and private insurance plans, it is clear that children currently enrolled in our separate CHIP program would be negatively affected if CHIP funding is not extended. If their families are unable to afford the premiums and copays under private insurance, they may become uninsured. As noted above, they may also need benefits that are not generally provided by private insurance.

   In addition, many of these families may be impacted by the eligibility standards under the ACA for individuals who have an offer of private insurance through their employer. These standards only take into account the cost to purchase individual coverage through an employer, rather than the cost to purchase family coverage.

It is difficult to estimate the number of children who would become uninsured if CHIP funding is not extended but, given that over 27,000 of the children currently enrolled in our CHIP program have family income above Medicaid levels, but at or below 200% FPL, it is likely that a significant portion of that population would become uninsured if CHIP funding is not extended.

In addition, as you know, the ACA established Maintenance of Eligibility (MOE) requirements that prohibit states, until 2019, from imposing more restrictive eligibility and enrollment standards for children in Medicaid and CHIP. These mandates were effective as of March 23, 2010. We believe that this demonstrates strong legislative intent to continue CHIP program funding until at least 2019.

5. *In spite of the restructuring and reallocation of allotments that occurred in 2009, some CHIP funding remains unspent. Do you believe the annual allotments your state has received since 2009 have been sufficient and the formula is working appropriately? Do you believe there is a need for Congress to further address the issue of unspent allotments?*

   The annual CHIP allotments that we have received since 2009 have been sufficient.

6. *Over the past number of years, states have worked to reduce the number of uninsured children and Medicaid and CHIP have been a critical component of that effort. Do you believe there are federal policies that could help states do an even better job of enrolling eligible children? What other policy changes, if any, would help improve enrollment of eligible children, reduce the number of uninsured, and improve health outcomes for children in your state?*

   Massachusetts has taken advantage of the Express Lane option in the 2009 CHIP Reauthorization bill and now uses Supplemental Nutrition Assistance Program (SNAP) information to automatically renew children with income up to 150% FPL. We recommend that any CHIP funding extension include additional administrative

simplification policies to help increase the number of eligible children in coverage.

Massachusetts also recommends that the Performance Bonus program included in the 2009 Reauthorization bill also be included in any funding extension. However, we recommend that the program be modified to allow bonuses to go to states with smaller percentages of growth but have the highest level of coverage for children as compared to when the 2009 baseline enrollments were calculated. The current program penalizes states, such as Massachusetts, that have traditionally had high levels of coverage and therefore cannot achieve the significant percentage gains in coverage necessary to qualify for a bonus.

The quality provisions included in the 2009 CHIP Reauthorization, including the establishment of a core set of children's health care quality measures and the CHIPRA Quality Demonstration grants have done much to advance the quality of care provided to children and we hope that any extension of CHIP funding would include a similar emphasis on quality of care. The quality funding in CHIPRA continues to improve the value of CHIP funded coverage and services. The investment has already advanced work on better quality measurement in pediatrics, spread of best practices in Patient Centered Medical Home service delivery, and the creation of a multi-stakeholder coalition to set improvement priorities and collaborative approaches to improvement in pediatric health care.

Finally, Massachusetts has found federal funding to support outreach to be extremely helpful as we try to find and enroll the remaining 1-2% of uninsured children in the state and hope that such funding will continue to be available in the future.

Thank you for your interest in the Commonwealth's CHIP program and for the opportunity for us to share our strong support for reauthorization of the CHIP program and for changes to improve and strengthen this valuable program. Please do not hesitate to contact me for any further information.

Sincerely,