

Reauthorization of the Children's Health Insurance Program

February 5, 2009

On February 4, 2009, President Barack Obama signed the Children's Health Insurance Reauthorization Act of 2009 into law. This law renews and expands the State Children's Health Insurance Program (CHIP) for the next four and a half years. Among other changes, this legislation creates parity for the treatment of mental health and substance use disorders and creates a commission charged with reviewing the impact of CHIP and Medicaid reimbursement policies on quality of care for beneficiaries.

Increasing Enrollment

- Preserves coverage for about 6.7 million children who already receive insurance coverage through CHIP. In addition, this bill expands coverage by providing a federal match for services provided to children with family incomes up to 300% of federal poverty level (**Sec. 114**).
- **Sec. 214** gives states the option to provide coverage to pregnant women and children who are legal U.S. immigrants, eliminating the 5-year waiting period after entry into the U.S.
- **Sec. 2113** establishes a grant program which allows the Secretary to provide grants to states, local governments, Indian tribes, federal health safety net organizations (FQHCs, disproportionate share hospitals, entities eligible for the 340(B) drug pricing program), public or non-profit private organizations, faith-based organizations, or elementary/secondary schools to conduct outreach and increase enrollment in the CHIP and Medicaid programs.
- **Sec. 203** gives states the option to rely on eligibility determinations of an Express Lane Agency (a public agency identified by the state Medicaid/CHIP agency to be capable of making eligibility determinations for government programs, such as TANF or the State Medicaid plan) to expedite enrollment in CHIP.

Coverage of Mental Health & Addiction Services

- **Sec. 502** provides for mental health and addiction parity: for CHIP plans that provide both medical benefits and mental health or substance use disorder benefits, such plans must ensure that the financial requirements and treatment limitations are equivalent across medical and mental health/substance use disorder benefits.
 - Applies to mental health conditions or substance-related disorders as defined by each plan (similar to the Wellstone and Domenici Mental Health Parity and Addiction Equity Act of 2008).
 - Does not mandate that a CHIP plan must offer mental health or substance use disorder benefits.
 - Eliminates the current CHIP provision that authorizes states to lower the amount of mental health coverage they provide to CHIP children to 75% of the coverage provided in the benchmark plans listed in statute.

Quality Improvement Initiatives

- **Sec. 1139A** asks that by January 1, 2010, the Secretary of Health and Human Services identify and publish for public comment an initial set of child health quality measures - including the availability of early detection services for physical and mental conditions and treatment to correct or ameliorate the effects of physical or mental conditions - for use by state Medicaid and CHIP programs.
- **Sec. 1139A** allows the Secretary to award no more than 10 grants, totaling \$20 Million per year, to states and child health providers to conduct demonstration projects to improve the quality of care for Medicaid and CHIP beneficiaries. Such projects may be focused on a wide array of issues including the implementation of care management techniques for children with chronic conditions and the adoption of health information technology.
- **Sec. 1139A** asks that by January 1, 2010, the Secretary establish a program for the development and dissemination of a model electronic health record format for children enrolled in CHIP or Medicaid.
- **Sec. 506** establishes the Medicaid and CHIP Payment and Access Commission (MACPAC) which is charged with reviewing 1) Medicaid and CHIP payment policies that impact expenditures for services in different sectors - including the process for updating hospital, skilled nursing facility, physician, FQHC, RHC and other fees, 2) payment methodologies, 3) the relationship between payment policies and quality of care for Medicaid and CHIP beneficiaries.
 - Beginning in 2010, MACPAC must submit a report to Congress containing the review (mentioned above) and any recommendations.
 - Beginning in 2010, MACPAC must submit a report to Congress which examines the issues affecting Medicaid and CHIP, including the implications of changes in health care delivery.

Funding

- **Sec. 701** establishes a 62 cent increase in the federal cigarette tax, resulting in a \$1.01/pack federal tax on cigarettes.