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Proponent Verbal Testimony on SB 45
Senate Committee on Public Health and Welfare

Chairperson Gossage and members of the Committee:

Thank you for the opportunity to provide testimony in support of SB 45, a commonsense bill that makes technical fixes to the statute related to the Children's Health Insurance Program (CHIP), **including fixing an unintended error that has affected eligibility for nearly 15 years.**

Kansas Action for Children is a nonprofit advocacy organization working to make Kansas a place where every child has the opportunity to grow up healthy and thrive. We work across the political spectrum to improve the lives of Kansas children through bipartisan advocacy, partnership, and information-sharing on key issues, including early learning and education, health, and economic security for families.

When kids have health coverage, they can go to the doctor and dentist, receive routine immunizations, receive medication, get treatments and therapies when needed, and get hospital care. A lack of health care, especially in childhood, leads to life-long chronic conditions, shorter life expectancy, increased lifetime medical costs, and sicker families. Healthy kids are more likely to enter school ready to learn, graduate high school, and become healthy, productive adults.

What Is the Children's Health Insurance Program (CHIP)?

The Children's Health Insurance Program (CHIP) is a federal-state health insurance program that extends health insurance options beyond Medicaid to families in Kansas. Many working Kansas families who struggle to afford health insurance for their children can qualify, depending on income levels, for CHIP coverage in Kansas.

To qualify for CHIP, children must be in families that meet income guidelines, calculated using the federal poverty level (FPL) income guidelines percentages. To understand what FPL can look like, 100% FPL in 2022 was just \$23,030 for a family of three (the equivalent of one parent working 40 hours per week at just \$11.52/hour). For families who have higher income levels and still qualify for CHIP, they pay a sliding scale premium up to \$50/month for their children's coverage.¹

¹ KanCare. (July 2022). *Kansas Medical Assistance Standards*. [https://kancare.ks.gov/docs/default-source/default-document-library/f-8-ks-medical-standard-7-22-\(2\)c0af3154f5e56149804cff0000ec1706.pdf?sfvrsn=ca4a501b_0](https://kancare.ks.gov/docs/default-source/default-document-library/f-8-ks-medical-standard-7-22-(2)c0af3154f5e56149804cff0000ec1706.pdf?sfvrsn=ca4a501b_0)

What Is the Unintended Error in the CHIP Statute?

Kansas kids currently qualify for CHIP if their family’s income is less than 250% FPL. Unfortunately, an error in the CHIP eligibility income guidelines in statute has been holding back hundreds of kids who should qualify for CHIP. When the Legislature last updated the CHIP eligibility percentages in 2008 during the conference committee process, **the year-specific language “2008 federal poverty income guidelines” was unintentionally included in the final bill that became law.** After the bill was enacted, the 2008 reference was never removed, impacting children’s eligibility for the program.

Further research uncovered that no other state references a specific year for their CHIP eligibility percentage and no other place in Kansas law that references federal poverty income guidelines references a specific year. **This “2008” year language in Kansas statute is an outlier.**

Because the 2008 reference is included in statute, Kansas previously had to annually convert and reduce the CHIP eligibility threshold as the current federal poverty income guidelines increase each year. Due to the difference between federal and state eligibility levels, the Kansas Medicaid program had to annually submit a State Plan Amendment (SPA) to the Centers for Medicare and Medicaid Services (CMS) showing this converted percentage. In 2021, Kansas CHIP eligibility at 250% of the 2008 federal poverty income guidelines converted to 225% FPL.²

As you can see in the table below, the conversion rates drastically changed across the last decade, with the 2013 percentage at 245% vs. the 2021 percentage at 225%. The 2022 and 2023 percentages were expected to have declined even further.

Eroding Kansas CHIP Eligibility Levels Since 2013

Year (Beginning April 1)	Upper Income Standard in Current Year FPL
2013	245%
2014	242%
2015	239%
2016	238%
2017	236%
2018	235%
2019	230%
2020	227%
2021	225%

Source: CMS. 2021. Kansas State Plan Amendment SPA-21-003.

² Kansas Health Institute. (2022). *Kansas Medicaid: A 2022 Primer*. https://www.khi.org/wp-content/uploads/2022/01/2022_medicaid_primer_web.pdf.

What Would SB 45 Do?

SB 45 removes the 2008-year reference in the CHIP statute, so this annual conversion no longer needs to happen, as well as removing 2009 and 2010 year references in the statute that are no longer needed. Finally, the bill removes a waiting period clause that is out of alignment with federal regulations. In 2019, Kansas submitted a state plan amendment (SPA) to eliminate the waiting period for CHIP. This bill puts statute back in alignment with the regulatory change.

Should SB 45 become law, families in the 225%-250% federal poverty income guidelines range who can't afford health insurance from another source would again qualify for CHIP.

A Temporary Fix in 2022, but a Permanent Fix Is Still Needed

During the 2022 legislative session, KAC advocated for a permanent fix to this error. SB 407 would have removed the year-specific language for the federal poverty income guidelines so Kansas families are on an even playing field with every other state in the country. However, that bill did not make it across the finish line.

Fortunately, the 2022 Legislature added funding through a budget proviso in SB 267 for FY 2023 to temporarily fix this issue for one year. They approved \$1.4 million (including \$394,000 from the State General Fund) to provide CHIP coverage for kids in households with a total income that falls beneath the 250% federal poverty income guidelines, temporarily ignoring the "2008" year reference in Kansas law. SB 407's fiscal note had estimated that more than 550 children would benefit from this fix in 2022-2023.

The budget proviso in the FY 2023 budget temporarily fixed the issue through June 30, 2023, but this unintended error still needs to be permanently fixed in statute. If this issue is not resolved by the end of FY 2023, **more kids will lose their CHIP coverage** – even if their family income doesn't change because any future percentage conversions will continue to decline.

We thank the Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight for recommending to the 2023 Legislature that this issue be addressed by sponsoring a bill (HB 2050) that is the same language as SB 45, as well as recognizing this error in statute needs to be corrected through a permanent fix.

CHIP has connected thousands of Kansas kids to insurance coverage over the last 25 years. We hope that there will be forward progress this session to address the error in statute that SB 45 works to address, ensuring more Kansas kids have insurance coverage in our state.

Thank you for the opportunity to speak in support of SB 45 today, and please do not hesitate to contact me at heather@kac.org if you have any questions.