

CHIP TIPS

A new series highlighting opportunities for covering children under Medicaid and CHIP

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NEW FEDERAL FUNDING AVAILABLE TO COVER IMMIGRANT CHILDREN AND PREGNANT WOMEN

The recently enacted CHIP reauthorization law (known as CHIPRA) includes a number of programmatic and financing changes that affect both Medicaid and CHIP. One of these changes is a new option, often referred to as "ICHIA,"¹ that allows states to receive federal funds for providing Medicaid and CHIP coverage to lawfully residing immigrant children and pregnant women regardless of their date of entry. Previously, states had been prohibited from using federal Medicaid or CHIP funds to cover legal immigrants who had been in the country less than five years, under restrictions enacted as part of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).

WHAT HAPPENED BEFORE CHIPRA?

Prior to CHIPRA, states were prohibited from using federal funds to provide Medicaid or CHIP to most lawfully residing immigrants for the first five years they were in the U.S. States could receive federal funds to provide coverage to lawfully residing immigrants after their first five years in the U.S., provided they met the programs' other eligibility requirements. States have always been and continue to be prohibited from using federal funding to cover undocumented immigrants under Medicaid or CHIP, except for emergency Medicaid services.²

However, to provide care to immigrants, some states chose to use state funds to cover immigrants who were excluded from Medicaid and/or CHIP under the federal restrictions. These state programs vary in terms of the groups of immigrants they cover and the scope of coverage provided. As of May 2009, 17 states, including the District of Columbia, had state-funded programs in place to cover lawfully residing recent immigrant children and/or pregnant women (Figure 1).

WHAT CHANGES DOES CHIPRA MAKE?

Under CHIPRA, states can receive federal matching funds for providing Medicaid and CHIP to immigrant children and pregnant women who are lawfully residing in the U.S., regardless of their date of entry. A state can choose to cover children, pregnant women, or both.

Figure 1. States that Cover Lawfully-Residing Immigrant Children and Pregnant Women with State-Only Funds



Source: National Immigration Law Center, "State-Funded Medical Assistance Programs" (Updated September 2008) and National Immigration Law Center, "State-Funded SCHIP Programs" (Updated September 2008).

Note: The following states offer coverage to some immigrant children and/or pregnant women, but are not included in the map due to the small number of individuals actually covered: AK, CO, FL, OH, NM, WY.

HOW DOES IT WORK?

States could start receiving federal funds for providing coverage to lawfully residing recent immigrant children and pregnant women as of April 1, 2009. To do so, a state must submit a state plan amendment to the Centers for Medicaid and Medicare Services (CMS), specifying one or both populations. In some states, state legislation may also be necessary to permit a state to adopt the new option.

A state must adopt the new option in its Medicaid program before it can take up the option in CHIP. This is required to ensure that children at lower income levels are covered as a first priority.

- **Who is a lawfully residing immigrant?**

Agencies administering other benefit programs have defined “lawfully residing” immigrants to include “qualified immigrants,”³ as well as other categories of immigrants who are lawfully present and intend to remain in the United States. The precise definition of “lawfully residing” for the purpose of providing health coverage to children and pregnant women awaits CMS guidance.

- **What are the requirements for verifying immigration status?**

States are required to verify the immigration status of immigrants at the time of enrollment in Medicaid and CHIP. CHIPRA also requires states, as part of their ongoing renewal procedures, to verify that children and pregnant women covered under this option continue to be lawfully residing in the U.S. The legislation indicates that the same documentation presented to verify status at the time of initial enrollment should be used at renewal if possible; CMS will provide further guidance on this issue.

- **How much federal support will a state receive?**

Children. States are eligible to receive the enhanced CHIP match rate for *all* children covered under this option—even if they are determined eligible for Medicaid rather than CHIP. This is because the underlying CHIP statute permits states to receive the CHIP matching rate for any Medicaid expansion a state implements after March 31, 1997.

As an alternative to the CHIP match rate, states can opt to receive the enhanced Medicaid match rate provided for by the American Recovery and Reinvestment Act until December 31, 2010 for children who are income-eligible for Medicaid. This alternative would be beneficial for some states where the temporarily enhanced Medicaid match rate exceeds the CHIP match rate.

Taking up the new coverage option may also help states receive additional federal funding in some indirect ways. Because future CHIP allocations (commencing in fiscal year 2011) will reflect states’ past spending, a state that adopts the new option in its CHIP program in fiscal year 2009 and/or 2010 will help increase its future allocation.

Pregnant women. Most states that use the option to extend coverage to pregnant women will receive federal Medicaid matching funds for this coverage. However, CHIPRA does provide some options for states to cover pregnant women using CHIP funds (see Box 1).

Box 1. What Does CHIPRA Mean for Covering Pregnant Women?

New CHIP option: States have primarily used Medicaid to cover pregnant women in the past. As a result of CHIPRA, states can use a new option to receive CHIP matching funds to cover pregnant women who are above the income level at which the state currently covers pregnant women in Medicaid, or above 185%FPL – whichever is higher.

No change to “unborn child” option: CHIPRA does not change the ability of states to use CHIP funds to cover pregnant women by using the so-called “unborn child” option, which has been available since 2002. The rationale for this option is that it provides health coverage for the fetus, but in effect, it extends CHIP coverage to the pregnant woman. Because states using this option are, technically, covering the “unborn child” (who has no immigration status), and not the mother, they can use CHIP dollars to provide prenatal care for pregnant women regardless of their immigration status.

WHAT ARE THE CHOICES FOR STATES?

States currently providing state-funded coverage to immigrants. These states will need to submit a state plan amendment to begin to receive federal funding for eligible children and/or pregnant women whose coverage has been entirely state-funded. States that cover all children regardless of immigration status may need to modify their application process to ensure that they can identify the lawfully residing children who are newly eligible for federal funding.

To the extent that the federal funds newly available to cover immigrant children and pregnant women make additional state funds available, states could consider extending coverage to groups of immigrants who remain ineligible for federally-funded coverage, such as lawfully residing parents and other adults, or children who do not qualify as lawfully residing.

States not currently providing state-funded coverage for immigrants. These states could receive federal funds to cover lawfully residing recent immigrant children, pregnant women, or both, most of whom are now uninsured. Extending coverage to these groups will not only promote better access to care and improved health outcomes for them, it will also enable states to simplify outreach and enrollment efforts, in particular, efforts directed toward “mixed-status” families — families with members in different immigration statuses — who are a growing demographic. Further, increasing coverage for recent immigrant children and pregnant women could help ease the financial pressures that safety-net providers face in caring for the uninsured population.

States often pay for the costs of labor and delivery for recent immigrant pregnant women through emergency Medicaid. Extending Medicaid or CHIP to these pregnant women would help ensure the availability of appropriate prenatal care, which could help to reduce emergency Medicaid costs. Research demonstrates that prenatal care results in improved birth outcomes and cost-savings for babies — key aims for babies likely to be born U.S. citizens and eligible for Medicaid.

WHERE CAN I FIND MORE INFORMATION?

- The provisions for the option, often referred to as ICHIA, can be found in section 214 of [H.R. 2](#).
- For a fact sheet on the ICHIA provisions, from which the new CHIPRA option was drawn, as well as further information on issues affecting immigrant children and pregnant women, see the National Immigration Law Center’s website at <http://www.nilc.org>. The fact sheet, “New State Option Available to Provide Health Coverage to Immigrant Children and Pregnant Women” is available at <http://www.nilc.org/immspbs/cdev/ICHIA/ICHIA-facts-2009-04-01.pdf>.
- A summary of CHIPRA, other topics in the CHIP Tips series, and related resources are available at the CCF website at <http://ccf.georgetown.edu/index/chip-law>.
- A fact sheet on CHIPRA, other topics in the CHIP Tips series, and other resources on children’s coverage can be found at the Kaiser Family Foundation website at <http://www.kff.org/medicaid/childrenscoverage/resources.cfm>.
- CMS guidance on the new CHIPRA option to cover pregnant women is available at http://www.cms.hhs.gov/SMDL/downloads/S_HO051109.pdf.

ENDNOTES

¹ This new option is widely referred to as “ICHIA” because it was drawn from earlier legislation called the Immigrant Children’s Health Improvement Act (ICHIA) that was incorporated into CHIPRA.

² An indirect exception to this prohibition is through the CHIP “unborn child” option, which allows states to provide prenatal care to pregnant women regardless of their immigration status.

³ For a fuller explanation of the groups included in “qualified immigrants,” see http://www.nilc.org/pubs/guideupdates/tbl1_ovrvw-fed-pgms-rev-2009-4-01.pdf.

This publication (#7915) is available on the Kaiser Family Foundation’s website at www.kff.org and on the Center for Children and Families’ website at ccf.georgetown.edu.