

Why GAO Did This Study

PPACA sought to increase access to affordable health insurance, and major provisions, such as a tax credit to offset the cost of private insurance premiums, will become effective in 2014. GAO estimated the extent to which (1) uninsured children would be eligible for Medicaid, CHIP, or the premium tax credit under PPACA, and (2) children would experience a change in eligibility among Medicaid, CHIP, and the premium tax credit under PPACA because of income changes. GAO also assessed CMS steps thus far to help states enroll children and related state challenges. GAO applied proposed and final 2014 PPACA eligibility rules to nationally representative 2009 data from the U.S. Census Bureau and interviewed officials from CMS and IRS, two federal agencies responsible for implementing relevant PPACA provisions, and six states that received federal funds for enrollment efforts.

What GAO Recommends

GAO recommends that in future rule making, the Secretary of the Treasury, in consultation with the Commissioner of Internal Revenue, consider the impact of the proposed standard for determining affordability of employer-sponsored insurance on eligible family members, and whether it would be consistent with PPACA to adopt an approach that would consider the cost of insuring eligible family members, or as necessary, seek clarification from Congress regarding its intent with respect to this standard. HHS and Treasury were given a draft of this report for review, but neither provided formal comments. Treasury provided technical comments, which GAO incorporated as appropriate.

View [GAO-12-648](#). For more information, contact Katherine Iritani at (202) 512-7114 or iritanik@gao.gov.

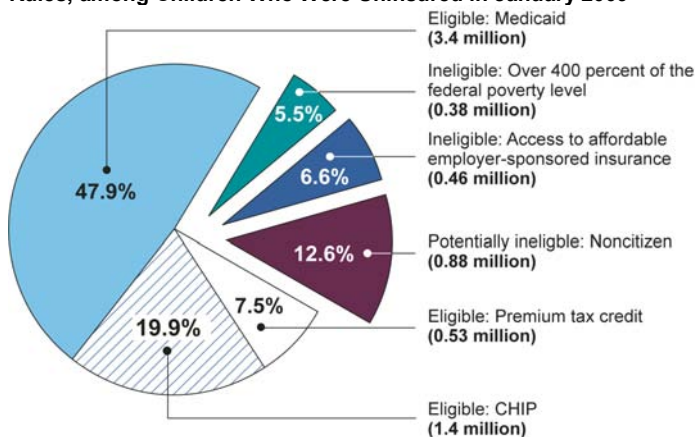
CHILDREN'S HEALTH INSURANCE

Opportunities Exist for Improved Access to Affordable Insurance

What GAO Found

GAO estimates that under the 2010 Patient Protection and Affordable Care Act (PPACA), about three-quarters of approximately 7 million children who were uninsured in January 2009 would be eligible for Medicaid, the State Children's Health Insurance Program (CHIP), or the new premium tax credit. The remaining children had family incomes too high to be eligible, were noncitizens, or would be ineligible for the premium tax credit because they would be considered to have access to affordable employer-sponsored insurance per the Internal Revenue Service's (IRS) proposed affordability standard, in which IRS interpreted PPACA as defining affordability for an employee's eligible family members based on the cost of an employee-only plan. Some commenters raised concerns that IRS's interpretation was inconsistent with PPACA's goal of increasing access to affordable health insurance as it does not consider the higher cost of family insurance and could result in some children remaining uninsured. Under PPACA, CHIP is not funded beyond 2015, and states may opt to reduce CHIP eligibility or eliminate programs in fiscal year 2020. Without CHIP, more children could become uninsured. In May 2012, IRS finalized its rule but deferred finalizing the proposed affordability standard.

Estimated Eligibility for Medicaid, CHIP, and the Premium Tax Credit under 2014 PPACA Rules, among Children Who Were Uninsured in January 2009



Source: GAO analysis of 2009 Survey of Income and Program Participation (SIPP) data.

GAO estimates that about 14 percent of children in January 2009 who met 2014 PPACA eligibility criteria for these programs experienced a change in household income that would affect eligibility within 1 year. Changes in eligibility among children in states without policies allowing them to remain eligible for Medicaid and CHIP for a full year were estimated to be higher than in states with such policies. Frequent eligibility changes could deter enrollment if the process for changing enrollment is burdensome.

The Centers for Medicare & Medicaid Services (CMS) has provided states with financial incentives and technical guidance to improve enrollment and to implement PPACA provisions. States reported challenges to enrolling eligible children, including the need for guidance to implement certain provisions—which CMS indicated was forthcoming—and state budget constraints.