

State Children's Health Insurance Program (SCHIP)

The State Children's Health Insurance Program (SCHIP) successfully insures over 6 million children whose families make too much to qualify for Medicaid and not enough to afford private coverage. Over the last ten years, SCHIP has been a health care safety net for the increasing numbers of uninsured children. Children who are insured are more likely to have a regular source of primary care, including immunizations, annual physicals, preventive care, and needed specialty care.

Even with SCHIP's success at enrolling children, 8.1 children remain uninsured. It is estimated that two-thirds of these children are eligible but simply not enrolled in SCHIP or Medicaid, the health insurance program for low-income Americans.

SCHIP's Start

SCHIP was created by the Balanced Budget Act of 1996 (P.L. 105-33, August 5, 1997) as a 10 year block grant for states, with \$40 billion in funding. States chose whether to create a new public health insurance program that would stand alone, an SCHIP/Medicaid hybrid program or an extension of their state's Medicaid program. Therefore, eligibility for the program varies from state to state, but in general,

children of working families who make between \$17,000 and \$50,000 per year are eligible. SCHIP has played an important role as part of the health care safety net, especially in times of economic downturn. As employer-based coverage has declined, Medicaid and SCHIP enrollment has steadily increased. As parents lose their jobs, they lose their health care coverage, making SCHIP and public health insurance programs indispensable.

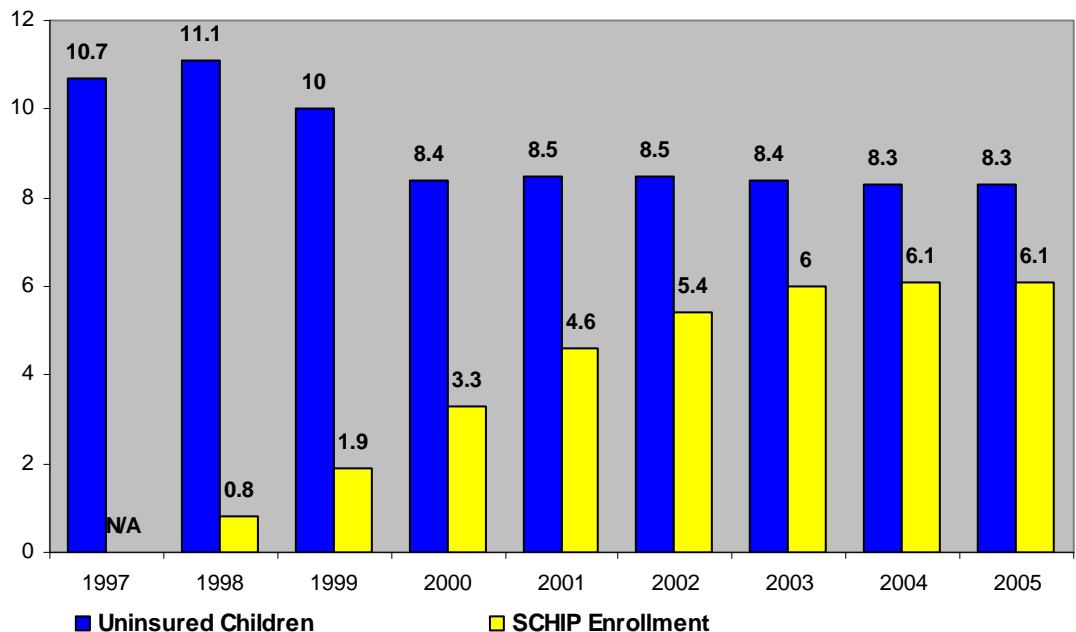
What Happened the Last Time?

The ten year block grant to states expired at the end of October 2007. During 2007, Congress worked to forward a reauthorization that would gain Bush administration approval. At the start of the session, the budget resolution provided up to \$50 billion over five years, without specifying the number of children to be covered.

The House passed HR 3162, the Children's Health and Medicare Protection (CHAMP) Act in August of 2007. The bill provided \$50 billion over 5 years for the SCHIP program to expand and cover an additional 5 million children. The House version included provisions to extend coverage to older children (up to age

SCHIP Enrollment and Uninsured Comparison 1997-2005

Source: U.S. Census, in millions



Children's Health Fund

Providing a Voice
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STATE CHILDREN'S HEALTH INSURANCE PROGRAM (SCHIP)

20 or 21, at state option), end the five-year waiting period for legal immigrant children and pregnant women and explore simplified eligibility determinations through express lane agencies.

The Senate passed S 1893 in August 2007, funding the program at \$35 billion over 5 years, to cover an additional 4 million children, but with program limitations to appease opponents in the Senate. The resulting compromise agreement between the Senate and House versions would have provided \$35 billion over 5 years and covered an additional 4 million children. This was to be funded in part by an increase in the federal tobacco tax. On October 3, 2007, the president vetoed the compromise legislation, two weeks later the House failed to override the veto by a vote of 273-156.

A second compromise bill, HR 3963 the Children's Health Insurance Program Reauthorization Acts (CHIPRA), was put forth in response to concerns regarding potential crowd-out, the substitution of public insurance for private insurance, income eligibility and immigrant children. This bill prohibited SCHIP funds for coverage of children beyond three times the federal poverty level, required additional verification of citizenship status and required all states to implement best practices to limit crowd-out.

Despite these concessions, President Bush vetoed HR 3963. The House of Representatives attempted to override the president's veto, but failed to gain the two-thirds majority needed by a vote of 260-152.

On December 20, 2007 Congress approved S 2499, the Medicare, Medicaid and State Children's Health Insurance Expansion Act of 2007. President Bush signed the bill on December 26, extending the State Children's Health Insurance Program until March 31, 2009. Foregoing an opportunity to insure an additional 4 million children, the President and Congress choose instead to end the political stalemate and simply sustain the program at current levels with additional funds to cover the 20 states faced with shortfalls in 2008. This allowed states to cover children currently enrolled in the program though, unfortunately, an opportunity to cover an additional 4 million children was lost.

The August 17th Directive

In the heat of the SCHIP Reauthorization debate, the Centers for Medicaid and Medicare Administration notified states through a letter that future expansions of SCHIP programs would be subject to certain requirements.

The directive required that states demonstrate enrollment of 95% of children in families earning less than 200% of FPL in public insurance before they seek to enroll additional low-income children in families earning more than 250% of the FPL. No state has ever demonstrated a 95% participation rate.

It was estimated that 14 states would be immediately been affected while, one year out, up to 23 states would be affected. Fourteen states had already covered children above 250% of the FPL. New York joined a lawsuit with Maryland, Illinois and Washington against the federal government on behalf of children and families in their states. The federal action threatened expansion plans in each of these states. In New York, for example, the rule would have blocked the state's plan to insure an additional 70,000 uninsured children whose families make between 250 and 400% of the FPL.

After the directive was found in violation of the Congressional Review Act, CMS issued a statement saying the agency would not enforce the directive. However, states that were once planning to expand their SCHIP programs and had either halted expansion or scaled back their efforts, are currently crippled not by administrative rules, but by sagging state budgets.

Immigrant Children

Currently, legal resident immigrant children are barred from the SCHIP program for five years, regardless of need. The Immigrant Children Health Improvement Act (ICHIA) would remove this restriction for legal immigrants. Immigrants who enter the U.S. legally as permanent residents hold jobs, serve in the armed forces, and pay taxes. It is estimated that almost 400,000 legal immigrant children live in families with incomes below 200% of the FPL, but are ineligible for SCHIP because of the five year rule. If included in SCHIP reauthorization, ICHIA would benefit not only these children but also 60,000 pregnant women.

CHF Position

The Children's Health Fund calls for Congress and the President to reauthorize the SCHIP program swiftly, to provide support for the 6 million children who depend on the program and allow the program to expand. CHF supports \$50 billion over five years to cover 11 million children. CHF supports policy changes to the program that would address the flawed payment structure of the program, cover legally residing immigrant children, cover pregnant women and ease SCHIP enrollment requirements.