

# The Alliance for Quality Education 2008 Advocacy Brief

## STATE CHILDREN'S HEALTH INSURANCE PROGRAM

### Issue

**The State Children's Health Insurance Program (SCHIP)** is up for renewal in the U.S. Congress. In place for the last 10 years, SCHIP is a federal-state partnership to provide health insurance for low-income children under 19 who are not eligible for Medicaid and do not have access to, or cannot afford, private coverage.

Each state has flexibility in how their SCHIP program is implemented. For example, earlier this year, South Carolina raised its income limit for eligibility from 150% of poverty to 200%. 43 states have an income limit at or above 200% of poverty—\$41,300 for a family of four.

Through the federal-state partnership, state funding is matched by the federal government. South Carolina is now eligible to receive a 4-to-1 match in federal dollars.

Under SCHIP, states contract with private providers and health plans to deliver care. Nationally, 75% of children in SCHIP and Medicaid are enrolled in private, managed care plans.

### **National statistics on uninsured children:**

- In its first 8 years, SCHIP reduced the number of uninsured children by 2.6 million
- Currently 6.6 million children in the country receive comprehensive care through SCHIP
- 9.4 million children (about 11% of children) were without health insurance in 2006
- During the last 2 years, the number of uninsured children has increased (a 710,000 increase from 2005 to 2006)
- From 2005 to 2006, the number of uninsured children from families between 200% and 400% of poverty increased by 340,000—nearly half the total increase in uninsured children

**Previous federal funding for SCHIP.** For the past 10 years, SCHIP has been funded at \$5 billion per year. However in 2006 and 2007 this amount was not enough due to the increasing number of children enrolled in SCHIP and rising health-care costs. Additional federal funds had to be allocated. It is estimated that maintaining current eligibility levels will require funding of about \$7.8 million per year.

**Renewing the program.** The program officially expired on Sept. 30, 2007. Congress has passed a Continuing Resolution that extends funding at current levels through Nov. 16, 2007, but this level of funding is not enough for states to maintain coverage for those children currently enrolled.

Congress is working on renewing the program for a 5-year period. Congress has passed (the House twice) with bi-partisan support a compromise bill to renew the SCHIP program. Under this bill, total spending would be \$12 billion per year expanding coverage to about 6 million children per year of which 4 million would otherwise be uninsured. The increase in funding would be paid for by a 61 cent increase in the federal cigarette tax. States would have the option of increasing coverage up to 300% of poverty (\$62,000 for a family of 4). Under this bill, the Urban Institute estimates that 70% of the children covered would have incomes below 200% of poverty.

The President has vetoed the bill. The President's SCHIP proposal called for spending \$6 billion per year. Opposition to the bill is based on several factors including the increase in government spending, an eligibility limit that is too high, and the possibility of families substituting SCHIP coverage for their own private insurance.

For the bill to become law, two-thirds of the members in both the U.S. Senate and the House of Representatives must vote to override the President's veto. Currently there are enough votes in the Senate, but not in the House, to override the veto. Efforts to renew this program are likely to continue.

### **Position**

Support federal legislation to significantly reduce the number of uninsured children. Uninsured children have much higher health risks than do covered children. They are more likely to go without health services, may avoid or delay care when it is needed, and are less likely to receive the proper medical care for childhood illnesses such as earaches, sore throats and asthma.

Children without proper health care are at a greater risk of poor school performance. Early developmental problems are not diagnosed and addressed. Uninsured children are 25% more likely to miss school and are more likely to have behavioral problems than insured children. Undetected illnesses and health-related needs such as glasses impair a child's ability to concentrate and learn.

*Primary source: "Foundation Resources on the State Children's Health Insurance Program and the Debate on Its Reauthorization," Kaiser Family Foundation website: ([www.kff.org/medicaid/schipresources.cfm](http://www.kff.org/medicaid/schipresources.cfm)).*