



Texas CHIP Rolls Must Grow FAST to Avoid Losing Federal CHIP Dollars Permanently— 12-Month Coverage the Best Way

Between 2000-2006, Texas passed up over \$900 million in federal CHIP dollars. Congress had designated these dollars for Texas, but because we did not spend them, they went to other states.¹ Congress is now reauthorizing the SCHIP Block Grant, and will write new rules governing how much federal matching money Texas can receive for our Children's Health Insurance Program (CHIP) in the next decade. The good news for Texas is that Congress is proposing substantial new CHIP funding, designed to allow states enroll uninsured children who meet CHIP qualifications but are currently not enrolled. **The bad news for Texas is that Congress is proposing to determine a state's CHIP allocation based on how much a state is spending on CHIP in federal fiscal year (FFY) 2009.**

The Texas legislature must move quickly to remove barriers to CHIP enrollment growth. This would allow Texas to qualify for a block grant share that would meet our needs and allow the program to grow with our population. The best way to do this is to provide for 12-month coverage. Otherwise, our federal allocation will be permanently reduced.

What is Washington Considering for CHIP?

Before adjourning for their April recess, both the U.S. House and Senate passed their budget resolutions with a commitment of \$50 billion for SCHIP (the federal law term for what we call CHIP in Texas). Next, the House and Senate budget resolutions will go to a conference committee to reconcile their differences.

Senators Jay Rockefeller (D-WV) and Olympia Snowe (R-ME) have announced that they will introduce a bipartisan CHIP Reauthorization Bill in the U.S. Senate in the next two weeks. Until the bill is actually filed and the Congressional Budget Office "scores" its projected impact, exact details will not be known, but the Senators have released information about key provisions:

- **The bill would "re-base" allocated funds among states based on federal fiscal year 2009² spending in order to create an incentive for states to make progress in covering eligible, but not enrolled, children. Enhanced matching funds incentives would also be provided for states that show children's Medicaid enrollment growth and for states that simplify enrollment and eligibility processes;**
- Enhanced matching funds would be made available for states wishing to improve computer eligibility systems for children's Medicaid and CHIP to coordinate with such programs as School Lunch, and for outreach and enrollment to non-English speaking parents;
- Would simplify the option to provide prenatal care through CHIP and clarify that postpartum care is an allowable expense; and

¹ See CPPP Policy Page No. 277 at <http://www.cppp.org/files/3/POP277SCHIP.pdf>.

² The federal fiscal year runs October 2008-September 2009. The Texas fiscal year runs September 2008-August 2009.

- Would allow states the option to provide medical coverage to lawfully residing immigrant children and pregnant women under Medicaid and CHIP with no waiting period. This would allow Texas to draw federal matching funds for Legal Permanent Resident children in CHIP who are in their first 5 years in the U.S.³

What Are the Implications for the 80th Texas Legislature and CHIP?

- Texas has already lost \$913 million in federal CHIP block grant funds. These funds were returned unspent for redistribution to other states.
- Texas CHIP enrollment remains 184,000 children below September 2003 levels, and children's Medicaid rolls stands 71,000 children below December 2005 levels.
- Congress is considering a CHIP block grant formula that will reward states who cover more of their eligible but not enrolled children, and who adopt streamlined eligibility policies such as 12-month coverage and elimination of asset tests. It will also penalize states spending below their CHIP allocation amounts.
- Though the Texas House has passed a strong CHIP restoration bill (HB 109) by an overwhelming 128 to 17 margin, there are reports that the Lieutenant Governor, Senate Finance Chair and other key Senators continue to resist the 12-month coverage which is key to rebuilding Texas CHIP enrollment.
- Some have objected to a child remaining on CHIP if a parent's income increases above 200% during the 12-month coverage period. These objections are unfounded:
 - HHSC 2006 statistics⁴ clearly show that many more children move from CHIP to Medicaid every month (with a higher cost and a lower federal match rate) due to lower income, than are denied CHIP for being over 200% FPL.
 - HHSC statistics show that for every one child whose family income increases over the CHIP limit during an eligibility period:
 - 1.7 children's income drops to the Medicaid level (thus the state would save money by keeping them on CHIP longer); and
 - 3.5 children lose coverage completely due to denials for missing information and failure to complete renewal – in other words, without ever learning whether those children remain eligible for CHIP.

In order to avoid further losses in federal CHIP funds, a reduced CHIP block grant allocation, and potential loss of new enhanced matching funds for CHIP and children's Medicaid, the Texas Legislature should make a strong, clear, and unambiguous commitment to restoring Texas CHIP, and to eliminating bureaucratic barriers preventing to eligible uninsured Texas children from receiving decent affordable health coverage from Medicaid and CHIP.

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³ See <http://www.senate.gov/~rockefeller/news/2007/pr033007a.html> for more information

⁴ Texas Health and Human Services Commission, *Children's Health Insurance Program: 2006 Status Report*, http://www.hhsc.state.tx.us/reports/CHIP_Status_Report_2006.pdf