



THE POLICY PAGE

An update on state and federal action from

The Center for Public Policy Priorities

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Legislative Committees Consider Children's Health Insurance Program (CHIP)

(For an overview of Title XXI, the new federal CHIP block grant, see PP #58, September 1997)

Overview. The new federal Children's Health Insurance Program (CHIP) is well underway in many other states. However, despite the availability of \$564 million in federal funds and ample state matching funds in fiscal year 1998, Texas has taken only a few small steps toward implementation. A growing number of organizations and individuals across the state are calling for a more ambitious CHIP plan to provide all Texas children with family incomes up to 200 percent of the poverty level with comprehensive health coverage. In fact, the CHIP Coalition has put forward a set of principles against which any child health proposal should be judged. A Senate interim committee on CHIP will offer opportunities for public input over the next months on health care for Texas' children. Most recently, a general proposal for CHIP has been presented by the Commissioner of the Texas Department of Health, with the support of the Governor. These and other developments are detailed in this issue of the Policy Page.

New Senate Committee Announces Hearings. In March, Lt. Governor Bob Bullock appointed an interim Senate committee to study and make recommendations on the implementation of CHIP in Texas. The committee of 3 consists of the Chairman Senator Mike Moncrief (Ft. Worth), Senator Bill Ratliff (Mt. Pleasant), and Senator Elliot Shapleigh (El Paso). A joint hearing of the Senate Interim Committee on CHIP, the House Public Health Committee, and the House Appropriations Committee was held in Austin on May 21. The two House committees had held hearings in October 1997 and January 1998, at which an overview of the new federal block grant to states was presented. The May hearing was the first in a series which will examine different CHIP policy decision options. Members were provided an updated overview of federal CHIP law and policies, and a special focus on the options and issues related to eligibility for the CHIP program. The schedule for future hearings is as follows:

- June 25 **Benefits**
- July 23 **Procurement and Administration**
- August 20..... **Implementation and Funding**
- September 23 **Wrap Up: Review and Integration of Issues**

Though the May hearing did not include public testimony due to the length of the agenda, it is expected that public testimony will be taken at future hearings after the completion of invited testimony. Members of the public may access exact meeting times and places via the Texas Legislature Online web page at www.capitol.state.tx.us (click on Texas Senate, committees), or by calling Senator Moncrief's office at (512) 463-0112 within 2 weeks of the hearing.

Who Is In Charge Here? The state leadership has never spelled out for the public exactly what the process for developing a Texas CHIP program will be, and the federal law creating CHIP does not specify either the players or the process to be used. While many other states began to pursue CHIP development actively in the fall of 1997 — e.g., through creation of special commissions to study CHIP, special legislative sessions, and public proposals and statements of support for CHIP — Texas' statewide elected officials maintained silence on the issue until quite recently. When Attorney General Morales attempted in January to dedicate \$151 million of the first year's installment of Texas' tobacco settlement (\$1.2 billion in 1998) to providing state match for CHIP, Rep. Robert Junell (San Angelo) and Sen. Bill Ratliff (Mt. Pleasant) challenged this as an illegal encroachment on the Legislature's budgetary authority (they head the House and Senate committees that write the state budget). To resolve this dispute, the A.G. and the Legislators agreed to a Memorandum of Understanding (MOU) which states that the legislature (not the A.G.) will allocate those funds in 1999. Though the MOU promises that legislation will be **introduced** which includes the A.G.'s allocation of the funds, there was no promise made to **promote** that allocation.

Medicaid Expansion Is First Step. The press coverage of this Tobacco Settlement dispute was the first time many Texans had heard of the new federal CHIP block grant. With this increased public awareness came a corresponding increase in pressure on elected officials to take action on CHIP. Behind the scenes and away from the public eye,

consensus was reached among key elected officials that the state should "reserve" its 1998 block grant allocation by filing a CHIP "mini-plan" committing the state to expansion of Medicaid eligibility to all children (under age 19) in families with incomes at or below the federal poverty income level. (Currently, only children born *after* 9/30/83 are eligible for poverty-related coverage. This expansion will allow the 15 to 18-year-olds, now excluded, to access Medicaid coverage.) The state projects that 63,000 teenagers will be enrolled by the end of 1999 under the new policy. Through this action, the state ensures that Texas' 1998 block grant funds (\$564 million) are available through the year 2000; if no Texas plan were approved in FY 1998 the funds would be redistributed to other states.

TEXAS CHIP COALITION PROMOTES PRINCIPLES FOR CHIP IMPLEMENTATION.

A broad-based coalition of Texas organizations —both statewide and local groups —has developed a set of principles to guide the development of Texas' CHIP program. The principles were drafted to be broad enough to allow for widespread endorsement, yet they set a high standard for Texas' program. For example, the first and foremost principle is that Texas CHIP should cover as many children as possible (i.e., to 200% of the federal poverty level if the federal funds are adequate, and estimates to date indicate they are). Individuals and organizations across the state are strongly encouraged to express support of these principles to key decision-makers. Demonstrations of local support will be important to Texas Legislators as they consider CHIP. Attached to the end of this Policy Page are the principles and a list of supporters. For a separate copy of the principles, and information on how your group can sign on, please call the Center at (512) 320-0222 or the Children's Hospital Association of Texas (512) 320-0910.

HEALTH COMMISSIONER S (GOVERNOR S?) CHIP PROPOSAL PRESENTED TO SENATE, HOUSE COMMITTEES

At the May 21 hearing, Dr. Reyn Archer, Texas Commissioner of Health, presented a brief 4-page proposal or outline for Texas CHIP program. This proposal was initially presented behind the scenes to Texas' state Senators and Representatives as being the product of both the Texas Department of Health (TDH) and the Governor's Office. In later conversations with the press, the Governor's office has characterized the proposal as the Health Commissioner's plan, but acknowledged that it was developed in consultation with the governor's staff, and it has the governor's support.

In presenting the proposal to the legislative committees, Dr. Archer expressed a wish to submit a CHIP (Title XXI) plan to the federal government promptly (i.e., before completion of the series of scheduled hearings, and certainly long before the legislative session), asserting that doing so would allow the state to be ready to begin implementation promptly after legislative authorization is passed. Chairman Moncrief and several other members indicated that the public process of this summer's hearings was needed to develop a plan, and requested that the TDH staff work with the Texas Health and Human Services Commission (THHSC) staff to develop a more detailed proposal for the Interim committees to study. In addition, the TDH-THHSC staff have scheduled several meetings with CHIP Coalition members to discuss details and concepts being developed by the agencies for inclusion in the TDH-THHSC CHIP plan proposal.

Major points of the TDH-THHSC-Governor's plan revealed to the public to date include:

- **Income Eligibility:** Children would be covered only up to 133% of the federal poverty level (federal law allows Texas to cover up to 200% FPL).
- **Private Administration:** The program would be a non-Medicaid, non-entitlement private health insurance program.
- **Special Needs Children:** Services to children with special health care needs would not be provided through the private health insurance plans, but instead through a state-administered "wrap-around" or "carve-out" program (no details available at this time).
- **Cost-sharing:** Some cost-sharing by parents would be required for all enrollees, subject to the limits imposed by federal CHIP law.
- **Coverage Options:** Parents would have a variety of coverage options (subject to various federal standards for benefits), including subsidy of employer-sponsored health plans, coverage offered by HMOs currently participating in Medicaid Managed Care, and coverage purchased through the Texas Healthy Kids Corporation.
- **Eligibility Determination:** The state would contract with a private entity to perform eligibility screening and health plan enrollment.
- **Eligibility Test:** CHIP eligibility would be simplified (relative to Medicaid) by using a simple income test that does not cap the value of a family's assets (e.g., its automobile), and by guaranteeing 12 months of continuous eligibility to a

child regardless of changes in his family's income during that period. These changes **would not**, however, be made in Medicaid, and thus enrollment in CHIP would be favored.

Major Differences Between the CHIP Coalition Principles and the TDH-THHSC-Governor's plan:

- **Number of Children Covered:** CHIP Coalition principles call for coverage of the greatest possible number of children with the dollars available. Every credible estimate to date suggests ample CHIP funds are available to cover uninsured children up to 200% of FPL. *The TDH-THHSC-Governor's (for brevity, TTG) plan would cover only to 133% of FPL.*
- **Extent of Coverage:** CHIP Coalition Principles call for a comprehensive benefits package that can meet the needs of children with special health care needs. *Because the TTG plan description is so general to date, it is not clear that the wrap-around program for special needs kids would provide bona fide benefits, rather than simply being a fixed-budget program which would deny services or wait-list children if appropriated funds proved inadequate.*
- **Ease of Access to Medicaid, Texas Healthy Kids and CHIP:** CHIP Coalition principles call for simplification of enrollment in both Medicaid and CHIP, and for systematic and proactive referral and enrollment among Medicaid, CHIP, and Texas Healthy Kids. *The TTG proposal to have 12-month eligibility and no assets test in CHIP, but to **retain** those barriers to enrollment in Medicaid, would make the use of a single application for both programs impossible, and would direct enrollment of potentially Medicaid-eligible children into CHIP. This would seem to run contrary to Congress' intent that states not use CHIP funds to cover Medicaid-eligible children.*
- **Outreach to Eligible Children:** The Coalition also calls for a comprehensive outreach program that would essentially let all Texans know that their kids could be insured through one of the 3 programs. Parents could complete a single simple application, and be told for which of the three programs their children are qualified. *While some positive outreach components have been laid out in TTG plan work documents, as of this writing they fall considerably short of the family-friendly vision of the Coalition.*
- **Other Limitations of the TTG Proposal:** Other important CHIP Coalition priorities are not addressed in the materials released by the TTG workgroup to date (see Principles, attached). *For example, provisions to prevent loss of (or interruptions in) coverage have not been discussed. Also missing so far is discussion of how policies designed to prevent employers and workers from dropping existing coverage can be balanced with provisions to allow parents who have been paying an excessive percentage of income to buy children's coverage, or whose children's coverage fails to cover important benefits.*

WHAT'S NEXT?

As stated previously, it is uncertain how the process of CHIP development will ultimately unfold, or on what timetable. There **is** a possibility that a Phase II CHIP plan **will** be submitted to the federal authorities prior to the legislative session. Groups and individuals who want to weigh in and have their voices heard on the topic should do so "early and often." Your State Representative, State Senator, the Lieutenant Governor, the Speaker of the House, and the candidates for governor and lieutenant governor all need to hear from their constituents on this issue. With a few notable exceptions, elected officials have made no public commitments of support for CHIP in Texas. If Texans do not "lead their leaders" on this issue, an enormous opportunity to provide coverage for the vast majority of uninsured Texas children may be left on the table.

An internet web site with Updated information on Texas' CHIP developments, sponsored by the CHIP Coalition, should be available soon (we will distribute that information when available). The March of Dimes will be sponsoring community forums on CHIP around the state. The Center will be glad to help groups or individuals interested in participating in one of these local forums, or in learning more about how they and/or their community can have an impact on this process. We can try to answer questions, tell you what other groups in your community are already working on or want to work on CHIP. For more information, call Anne Dunkelberg at (512) 320-0222.

Principles for Texas' Children's Health Insurance Program

Background

Many working Texas families cannot afford health insurance for their children. Without health insurance, many parents delay preventive health care for their kids, often paying more later when their child becomes ill or needs hospitalization. Last year, Congress created a new block grant, known as the Children's Health Insurance Program, or CHIP, to help states offer low-income parents an affordable children's health insurance option. The bill, passed with overwhelming bipartisan support, gives states monies to fund programs as well as a lot of leeway in designing them.

Broad Access to Coverage

- **Texas should act promptly to cover as many children as possible.**

The CHIP program gives our state nearly \$2.5 billion federal dollars in the next five years to fund a Texas-designed CHIP program. Some matching funds must be provided by the state, but the federal government will pay the vast majority of the program costs. Texas will lose money if the state decides not to fully implement a CHIP program. The 1999 Texas legislature should make passage of a CHIP program its first task of the session. The program should cover as many children as possible and should not leave federal dollars on the table for redistribution to other states.

Family-Friendly Enrollment

- **Parents should be able to take all of their children to the same place for health care.**

Families should not have to seek health care in multiple locations because their children of different ages are eligible for different coverage.

- **Parents should be able to enroll all their children in health coverage without unreasonable hassles.**

Enrolling children in health coverage should be as simple as possible. Families should be able to mail one simple application to find out whether their kids are eligible for Medicaid, CHIP, or Healthy Kids coverage. Child care centers, Head Start programs, WIC centers, places where families get health care, and other community resources (e.g., stores, churches) should be able to help parents apply for children's health coverage.

- **Information about CHIP should be easy for parents to get.**

Among CHIP, Medicaid, and the new Texas Healthy Kids insurance program, families of all incomes should be able to access health insurance for their children. Ongoing public information and outreach should let Texas parents know about the new options available, and parents should be able to go to a single source to learn more about all three programs. Outreach should be tailored to meet the special needs of different communities and populations.

The Coverage That Children Really Need

- **CHIP benefits should meet the needs of all children.**

A comprehensive child-oriented package would cover checkups and other preventive health services, prescription medications, basic vision and dental care, mental health services and other medically necessary care including coverage for kids' special health care needs. It should recognize that any child, at any time, could develop a disability or chronic health care condition and should not include waiting periods for pre-existing conditions, or discriminate on the basis of diagnosis.

- **CHIP should be designed to reduce the possibility of children losing insurance.**

CHIP should ensure that kids do not lose access to health care due to a short-term problem like a late premium payment. If parents' income increases significantly, children should be enrolled in private insurance through a parent's job or Healthy Kids. If a long-term drop in a family's income to below CHIP levels means the family can no longer afford CHIP premiums, the children should be enrolled in Medicaid without a lapse in coverage. Mechanisms already available in Healthy Kids and Medicaid to ensure uninterrupted coverage should be used. CHIP should ensure that children have uninterrupted access to health care when their families move to a new location.

- **Parents should have choices among insurers, doctors and other health care providers.**
Parents should be able to purchase qualified CHIP coverage that meets the federal standards from multiple insurers. This could be achieved in a number of ways, including a purchasing credit or voucher approach. Where economical, CHIP funds could be used to help families buy qualified coverage through their employers.

Coverage That Supports Working Parents

- **Low-income working parents should be rewarded for insuring their kids.**
The federally required measures intended to prevent employers from dropping dependent health benefits for their employees should be balanced with provisions designed to avoid “punishing” responsible low-income parents who are already struggling to pay high children’s health insurance premiums.
- **Parents should be responsible for paying a fair share for CHIP coverage.**
CHIP’s goal is to allow low-income working parents to insure their kids at rates that will also allow them to pay for food, shelter, utilities, and child care. Federal CHIP rules ensure that the parents’ costs will not be excessive; Texas should ensure that premiums and co-pays are simple enough to minimize hassle for parents, health care providers and insurers.

Prepared by the Texas CHIP Coalition

Statewide Organizations In Support of Texas CHIP Coalition Principles:

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| Advocacy, Inc. | Texas Association of Community Health Centers |
| AARP, Texas | Texas Association of School Nurses |
| Any Baby Can, Inc. | Texas Association of Surgical Centers |
| The ARC of Texas | Texas Business Group on Health |
| The Association of Texas Hospitals & Health Care Organizations | Texas CASA, Inc. |
| Center for Public Policy Priorities | Texas Conference of Catholic Health Facilities |
| Childrens Hospital Association of Texas | Texas Conference of Churches |
| Columbia/ HCA | Texas Dental Association |
| Consumers Union, Southwest Regional Office | Texas Medical Association |
| Disability Policy Consortium of Texas | Texas Mental Health Consumers |
| Healthy Families Texas Coalition | Texas Nurses Association |
| League of Women Voters of Texas | Texas Organizations of Rural and Community Hospitals |
| The March of Dimes | Texas Pediatric Society |
| The Mental Health Association of Texas | Texas Public Health Association |
| The Migrant Clinicians’ Network | Texas Respite Resource Network |
| National Association of Social Workers /Texas | Texas Rural Health Association |
| National Council of Jewish Women | Texas School Health Association |
| Texans Care for Children | Texas Society for Clinical Social Work |
| Texas Academy of Family Physicians | United Cerebral Palsy of Texas, Inc. |
| Texas Advocates Supporting Kids with Disabilities (TASK) | |

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