



Center for Public Policy Priorities
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Texas will submit CHIP state plan to federal authorities in February, Plan will cap program far below potential

- ★ Public hearing in Austin February 4
- ★ CHIP Advocacy Day at Capitol in Austin February 17

State Medicaid Officials have announced that they are close to completing a draft State Plan for Phase II of Texas' Children's Health Insurance Program (see "A Quick Review" below) for submission to the federal government. Texas Health and Human Service Commission (THHSC) officials plan to make the document available to the public on Tuesday January 26, via the agency's website (<http://www.hhsc.state.tx.us>). Agency officials say the plan will express Texas' intention to set the upper eligibility limit at children in families with income at 150% of the federal poverty income, or \$24,675 annual income for a family of 4. Agency staff have been directed that the costs of the CHIP program they design, combined with the costs of any increase in children's Medicaid enrollment, must not exceed in cost the \$151 million annual allocation recommended by Legislative interim committees (see story, below). In order to create a program which can comply with this restriction not only in the 2000-2001 budget period, but also in the next biennium, the agencies must limit CHIP eligibility to a significantly lower level than allowed by federal law.

The decision to require that both Medicaid and CHIP be financed with the \$151 million annual state allocation was not articulated in the written recommendation adopted by the interim committees. The Legislature, and in particular the budget-writing committees, can lift this restriction and dedicate the full \$151 million per year to CHIP if they want CHIP to be designed to serve all of the low-income uninsured children allowed under the federal law. THHSC will hold a public hearing to hear comments on the CHIP Phase II State Plan on Thursday February 4 in Austin from 4:00 to 7:00 p.m. at the Stephen F. Austin State Office Building, 1700 North Congress Avenue.

At 1.3 million uninsured children, 24.5% of all Texas children lack health insurance – just short of 1 in every 4. No matter whose statistics you look at, Texas has the highest percentage of uninsured children in the U.S.

CHIP ADVOCACY DAY AT THE CAPITOL

When: Wednesday, February 17, 1999
Sponsored by the Texas CHIP Coalition

Come join us for a day at the Capitol on Wednesday, February 17 to remind our state legislators of the value of CHIP and how it will help many of the uninsured kids in Texas stay healthy. We will be thanking our representatives and senators for the progress made so far on CHIP and we will be asking them to support a program that covers as many uninsured kids as possible. A basket of chocolate CHIP cookies will be delivered to each legislator, the governor and lieutenant governor.

We will have a forum in the morning to review the current status of CHIP and advocates will use the afternoon to make visits to legislators. Talking points and background information on CHIP will be provided.

Registration will begin at 9:30 a.m. and the program will start at 10:00 a.m. at the Texas Medical Association Auditorium at 15th and Guadalupe Streets. This building is within walking distance of the Capitol.

HOW TO REGISTER :

1. Please fax back the attached form to 512/320-0927 by February 3rd! Please indicate on the attached form if you would like a boxed lunch at \$5. Payment can be made when you arrive.
2. PLEASE NOTE: We are trying to coordinate the cookie deliveries and visits so legislators are not overwhelmed with visitors during this busy time. If you want to deliver a basket of cookies to a particular legislator, you will need to reserve it by contacting Heather Paffe at (512) 236-1880, or email to:hpaffe@aol.com (first-come basis). If you are coming with a group, please have just one member call to arrange the deliveries for the group.
3. YOU should make appointment with any legislator you want to visit, whether or not you will be delivering cookies.

*Additional details will be available on the Internet at www.main.org/txchip, or email chatjnj@onr.com.
 Not online? Call (512) 320-0222 (Anne Dunkelberg) with your questions.

Please check the appropriate line:
 _____ Individual Registration
 _____ Organization Registration (if faxing on behalf of an organization, please attach a separate sheet with the names of each member who will be attending)

Name _____

Organization _____

Address _____

Telephone _____ Fax _____

Email _____

How many box lunches would you like to order? _____ (Box lunches will be \$5 each, and payment can be made at the event.)

Fax to (512)320-0927

Interpretation of Legislative Committee Decisions Would Limit CHIP's Scope

On November 10, members of Texas' Senate Interim Committee on Children's Health Insurance, House Public Health Committee, and House Appropriations Committee unanimously approved four recommendations for the development of a Children's Health Insurance Program (CHIP) for our state. The committees recommend that the Legislature should:

- authorize and fund a state-designed CHIP plan within an annual budget of \$151 million state dollars per year (to be matched with federal dollars), and
- authorize the Texas Health and Human Service Commission (THHSC) and the Texas Department of Health (TDH) to implement a CHIP program based on the plan design recommended by an interagency work group, "with the goal of providing health insurance to children in families with incomes from 100% of the federal poverty level (FPL) to 200% of FPL."

The recommendations direct THHSC and TDH to monitor a number of implementation issues and report to

the 2001 Legislature. A special joint Senate-House committee will oversee CHIP development as well. The recommendations and plan design can be seen on the TDH website at www.tdh.state.tx.us.

We're Not There Yet. While the recommendations represent a major step toward making CHIP a reality in Texas, advocates were disappointed to learn that — though the recommendation does not state so — many legislators and state agency staff have been told that the \$151 million per year will have to cover more than just the actual costs of the CHIP program. Instead, some lawmakers want that budget to also cover the costs of any upsurge in Medicaid enrollment that may result when families apply for CHIP for their children, and discover that they are already eligible for Medicaid. If the CHIP program budget is held to this restriction, the THHSC and TDH are expected to limit Texas CHIP to families from 100-150% FPL, rather than the full 200% FPL allowed under federal law. This will reduce the number of potentially-eligible Texas children from 471,000 (at 200% FPL) to about 270,000 (at 150% FPL).

Limiting the program to this size will also mean that Texas' CHIP spending will be far below our federal block grant allocation for CHIP, and unused funds after three years may be reallocated to other states under federal law. As of December 1998, 30 states had committed to covering children to 200% FPL or higher, 10 states have set caps between 160-185% FPL, and 11 states had set caps at 150% FPL or lower (total includes District of Columbia).

State agency staff estimate that CHIP outreach could result in as many as 122,000 children being newly enrolled in Medicaid. Children's enrollment in Texas Medicaid has dropped by over 170,000 since the passage of federal welfare changes in 1996, despite the fact that those laws did not reduce Medicaid eligibility in any way. If our legislature ultimately decides to restrict the size of the CHIP program by requiring state agencies to absorb new Medicaid costs in the CHIP budget, the result will be a CHIP program that falls far short of its potential, and children's Medicaid coverage that is still below pre-welfare "reform" 1996 levels.

What Will Happen Now? It is now up to the 76th Texas legislature to clarify whether our CHIP program will cover children up to twice the poverty line, or whether it will be capped at some lower rate. However, exactly how the legislature will approach CHIP is not yet known. Legislators experienced vocal opposition from anti-government groups (e.g., the Eagle Forum) in the 75th session over the creation of the Texas Healthy Kids Corporation — a program with no public subsidy for children's coverage — and would like to avoid being drawn into similar controversy over CHIP. Because of this, it is possible that CHIP will be enacted with little more than an authorizing line item in the appropriations bill.

What To Do: No matter what legislative vehicle is ultimately chosen for CHIP, it is critical that Texas' leaders get a strong message from CHIP supporters in every part of our state.

Readers who support the creation of a CHIP program designed to reach the maximum number of low-income uninsured children allowed by federal law should communicate with their state Representative and Senator today. Messages to the Governor, Lieutenant Governor, and Speaker of the House are equally important.

- The entire \$151 million per year recommended by the legislative committees should be made available for CHIP alone. Additional funds should be appropriated to cover any growth in Medicaid.
- It is especially important to tell legislators about examples of families with incomes between 100% and 200% FPL in their communities who face major barriers to insuring their kids.
- Texas Medicaid eligibility standards should be streamlined to make it easy for CHIP and Medicaid to share a single application form for children. Texas still imposes an "assets test" (requiring applicants to prove the value of the family car, etc.) which is not required by federal law, and which only a handful of states still use.
- CHIP should be structured to meet the health coverage needs of all children. If the services required by children with special health care needs are not provided through basic CHIP coverage, the state should create "wrap-around" programs to ensure those needs are met.
- CHIP outreach activities to the public should be coordinated with other programs to let all Texans know that every uninsured child could be covered through either Medicaid, CHIP, or the Texas Healthy Kids Corporation.

A QUICK REVIEW: CHIP 101

Congress created CHIP, a new federal block grant program under Title XXI of the Social Security Act, in August 1997 to cover children in families with incomes at or below two times (200% of) the federal poverty level (FPL). As an interim measure, Texas officials exercised (effective July 1998) an option under CHIP law for states to extend Medicaid eligibility to teenagers under the FPL. Because the 1999 session is the first held by the Texas Legislature since that time, Texas is one of the last states to make major decisions about what kind of program to create with the new federal funds. (Texas is allotted up to \$2.5 billion dollars for the first 5 years of the program. The \$151 million annual allotment of state dollars recommended by the legislative committees would draw \$424 million in federal dollars if it is used for CHIP alone. The match rate for Medicaid is less favorable to Texas.) The program is optional for states, so our Legislature could create a program that is generous and covers many of our uninsured children, or one that is quite limited. For more information see Policy Pages #58 and #66, and the Texas CHIP Coalition website at <http://www.main.org/txchip/>.

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