



POLICY ALERT

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TEXAS' CHIP FUNDING IN JEOPARDY AT THE FEDERAL LEVEL

The 2007 Texas legislative session saw important health care victories for Texas children through the Children's Health Insurance Program. Now it's up to Washington to reauthorize enough money so that Texas children can receive the quality coverage they deserve.

This week will see a full Senate vote on SCHIP and important decisions about the House bill in the Energy and Commerce Committee. Ultimately, this legislation will fund Texas' CHIP program for the next 5 years.

More than any other state, Texas needs a strong CHIP reauthorization to allow our program, which has dropped by more than 200,000 children (over 40% of enrollment) to recover, and then to grow with the population. **CHIP is effective and saves the state money, yet the President is threatening to veto the developing legislation, claiming that it would expand the program dramatically, reduce private coverage of low-income children, and pave the way for "government-run health care."**

THE TRUTH ABOUT SCHIP

1. SCHIP has never been adjusted for population growth or inflation. The original 1997 SCHIP legislation authorized the same flat \$5 billion for every year (i.e., \$25 billion over 5 years), so no money has been added to account for population growth or inflation. Because of this, the actuaries at the Centers for Medicare and Medicaid Services (CMS) have projected that without additional block grant funds, SCHIP enrollment nationwide will have to be cut by one-third, or by 1.5 million children by 2012.

2. Increasing funding for SCHIP has bipartisan support. Both the U.S. Senate and the House of Representatives voted this spring to allocate an additional \$50 billion over the next 5 years (2008-2012) for the SCHIP block grant.

3. SCHIP would mostly cover children who would otherwise be uninsured.

- Only 15% of new children covered under the Senate's proposal would result from expansion, according to the independent Congressional Budget Office (CBO).
- According to the CBO, by 2012 the Senate bill would cover 4.1 million U.S. children who would otherwise be uninsured. This number includes:
 - 2.7 million children eligible for CHIP or Medicaid right now under current rules (but not enrolled, and currently uninsured)

- 800,000 children who would have lost CHIP coverage because of lack of federal funds without the increase, and
- 600,000 (15% of the 4.1 million) children who would get new CHIP coverage due to actual expansions.

4. SCHIP is not a “government-run health care model.” The vast majority of children on CHIP and children’s Medicaid get their health care from private doctors through private health insurance plans and HMOs which contract with state programs.

5. SCHIP preserves private coverage better than the President’s proposed tax breaks. An M.I.T. analysis of the Bush health insurance tax credits (often cited by the administration itself) found that the tax breaks would increase, not decrease, the number of uninsured Americans (because so many employers would drop coverage), and that 77% of Americans who would benefit from the tax credits were already insured. In contrast, according to CBO, the Senate SCHIP bill would cover 4.1 million children who would otherwise be uninsured, plus another 2.1 million children who were previously covered.

6. The Senate bill does not convert SCHIP into a program for higher income families. Eighty-five percent of the funding would be used for children eligible right now. And, the 15% for new coverage would be limited to children below 300% FPL. Texas advocates know that many families grossing \$35,000 (just above the 200% FPL CHIP upper limit for a family of 3) cannot afford the jump from CHIP’s \$50 annual fee to the \$200-\$300 per month typically required to buy children’s coverage through your job.

MORE INFORMATION:

An excellent summary of the Senate SCHIP bill—and many other useful materials— can be found at the Georgetown University Health Policy Institute’s Center for Children and Families (CCF) SCHIP web portal at

<http://www3.georgetown.edu/grad/gppi/hpi/ccf/schip/>.

All the details on the misleading claims being made by the Administration and what the research actually shows may be found at the Center on Budget and Policy Priorities (CBPP) web site, see especially: <http://www.cbpp.org/7-16-07health.htm> and <http://www.cbpp.org/7-17-07health.htm>.

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