

Key Issues in Reauthorization of the State Children's Health Insurance Program

In 1997, Congress expanded health coverage to low-income children in families with incomes too high to qualify for Medicaid but too low to afford private insurance by creating the State Children's Health Insurance Program (SCHIP). Over the last 10 years, SCHIP, which now covers 6 million children, and Medicaid, which covers 28 million children, have decreased the uninsured rate of low-income children by one-third (Kaiser Commission on Medicaid and the Uninsured 2007a; Kaiser Commission on Medicaid and the Uninsured 2007b).

WHAT'S AT STAKE?

When SCHIP was established, the federal government committed matching funds of \$48 billion over 10 years to support the state-administered program. Federal financing will expire at the end of fiscal year 2007. Reauthorization provides Congress the opportunity to reassess and restructure the program. At stake in this process are whether the federal dollars available to support established SCHIP programs will be sufficient and what role the program should play in expanding coverage to children who remain uninsured (Lambrew 2007; Kenney and Yee 2007).

KEY ISSUES

While there is broad bipartisan support for SCHIP, several key issues have emerged during the reauthorization process, including how the program should be financed, who should be covered, and what that coverage should include.

- **Financing** – The amount of federal funding for SCHIP has not kept pace with the program's growth. The formula the federal government has used to distribute funding across the states has also been problematic, leaving some states with too little money and others with too much. One option is to raise the overall level of federal funding and change the way that funding is allocated to the states.
 - Some argue that funding shortfalls are due to the fact that some states have expanded their SCHIP programs to cover children living in households with incomes that are above the threshold (below 200 percent of the federal poverty level), parents of eligible children, pregnant women, and low-income childless adults. A second option before Congress is to limit program spending by restricting the use of federal SCHIP funds to the core population of children with family incomes at or below 200 percent of the federal
- poverty level, which is what the president recommended in his February 2007 budget proposal.
 - A third option is to eliminate the cap on federal funding and providing unlimited federal matching dollars, thus bringing SCHIP's funding structure in line with Medicaid's structure (Lyons 2007; Lambrew 2007; Owcharenko 2006).
 - The debate is complicated by the fact that SCHIP legislation must abide by Congress' new pay-as-you-go rules, which require that spending increases must be fully paid for by measures that would cut funding from other programs or raise revenues. There are several potential offsets for the reauthorization of SCHIP, but each will be contentious (Alliance for Health Reform 2007; Park and Greenstein 2007).
- **Eligible but Unenrolled** – Nearly three quarters of uninsured children are eligible for Medicaid or SCHIP coverage. A number of outreach and enrollment tools have been shown to work, but they tend to be abandoned when states face fiscal problems. One option before Congress is to require states to conduct aggressive outreach. The states have been clear that new outreach requirements will necessitate additional federal funding to support new enrollment strategies, investment in information technology, and the resulting increases in coverage. Another option before Congress is to eliminate the new citizenship documentation in Medicaid, which many believe is deterring SCHIP eligible children from enrolling in states with combined Medicaid and SCHIP programs (Lambrew 2007; Kenney and Yee 2007).
- **Expansion** – Some argue that SCHIP should be expanded to provide coverage to even more people who need it. Congress is therefore considering using the program to provide coverage to the children of state employees, low-income adults, or immigrant children. (Legal immigrants can only qualify after a five-year waiting period and undocumented children are excluded altogether.) Another option is to expand SCHIP to cover all uninsured children, regardless of income (Lambrew 2007; Kenney and Yee 2007).
- **Benefits** – While there are federal standards for SCHIP benefits, states have some flexibility in designing their own benefit packages. One option before Congress is to allow states to provide reduced benefit packages, which could be used to develop wraparound (usually oral and mental health) coverage. Another option is to allow states to more easily use their SCHIP funding to assist low-income families

in paying the premiums for family coverage provided by employers (Lambrew 2007; State Coverage Initiatives 2007).

OPPORTUNITIES FOR GRANTMAKERS

SCHIP reauthorization has placed the issue of children's access to health care squarely on national and state agendas. Grantmakers with an interest in children's coverage are supporting coordination among state and national advocacy groups, creating common messages, and developing complementary policy research and analysis.

► *Coordination among state and national advocacy groups* –

For years, The David and Lucile Packard Foundation has worked to ensure that all children have health insurance that provides them access to health care appropriate to their needs. Its funding is focused on maximizing participation in public programs, for which most uninsured children are eligible, and supporting new and innovative programs to meet the remaining unmet need. Over the past year, foundation staff have periodically convened grantees working on SCHIP reauthorization to think collectively about their overall strategy and individual objectives. The foundation is also providing its grantees with technical assistance from a strategic communications firm to help foster collaboration, uniform messaging, and partnerships around children's coverage.

The Colorado Health Foundation, whose board voted unanimously to approve foundation support for the reauthorization of SCHIP, is funding several advocacy organizations, including the Colorado Center for Law and Policy, Colorado Covering Kids and Families, Colorado Children's Campaign, and Metro Organizations for People. The foundation has also convened all of the groups to discuss their approach and determine outstanding needs.

► *Common messages* – Robert Wood Johnson Foundation's (RWJF's) Cover the Uninsured Week 2007 focused on a clear goal: demonstrating broad support for the reauthorization of SCHIP and the need to cover America's uninsured children. This represents a departure from previous campaigns, which focused on the larger problem of the uninsured. The campaign was designed and implemented in close collaboration with a group of national advocacy organizations and builds on work done by the Packard Foundation and its grantees. RWJF encouraged state and local funders to join its campaign, and is providing communications support to groups throughout the country who are implementing their own SCHIP advocacy operations.

The Connecticut Health Foundation has also placed a priority on communications, commissioning Community Catalyst to conduct a survey in New England to help develop more effective messaging about SCHIP reauthorization and the expansion of access to health care services among Medicaid children.

► *Complementary policy research and analysis* – Through the Kaiser Commission on Medicaid and the Uninsured,

The Henry J. Kaiser Family Foundation has informed the SCHIP discussion by providing research and analysis on a range of issues. Activities include providing up-to-date data on Medicaid, SCHIP, and uninsured children; preparing analytic briefs on key issues and modeling policy options; monitoring changes at the federal and state levels; and highlighting the perspectives of beneficiaries and the public.

Other funders are also engaged in research and policy analysis. This includes a poll funded by the Missouri Foundation for Health to evaluate the level of support from the Missouri public for children's health care; The Atlantic Philanthropies' support of the Center on Budget and Policy Priorities to conduct research on potential offsets; and a recent issue of *Health Affairs* on designing health care for children, jointly supported by The California Endowment, Nemours Health & Prevention Services, and The David and Lucile Packard Foundation.

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