



## Congress Acts to Cover More Kids through State Children's Health Insurance Program

### ***What is the State Children's Health Insurance Program (SCHIP)?***

Since its creation by Congress in 1997, the State Children's Health Insurance Program (SCHIP) has extended health insurance coverage to millions of children and some adults who would not otherwise have access to health care. SCHIP provides federal matching funds to states to cover 65 percent to 84 percent of the cost of health care coverage, primarily for children with incomes at or below 200 percent of federal poverty guidelines (\$34,340 for a family of three).<sup>1</sup>

Thanks in large part to SCHIP, the percentage of low-income children in the U.S. without health coverage has fallen by one-third in the past decade, even while the overall number of uninsured Americans has grown. In Fiscal Year 2006, 6.6 million American children receive health care coverage funded by SCHIP. Children who have access to health care are healthier, both physically and mentally, and children enrolled in SCHIP perform better in school.

Close to 40,000 Minnesotans receive health insurance funded through SCHIP. At the time that SCHIP was created, Minnesota was a leader in children's health insurance coverage. As a result, the state has received a federal waiver that allows our state to use SCHIP funds to provide health care coverage to low-income children with slightly higher incomes, the parents and caregivers of low-income children, and low-income pregnant women. A number of other states have similar waivers. Research shows that when parents of low-income children have health insurance, those children are more likely to receive needed health care, including preventive care.<sup>2</sup>

This year Congress must decide how to reauthorize SCHIP, which could include enhanced funding or program improvements. After years of marked decline in the number of uninsured children, one million more children have joined the ranks of the uninsured over the past two years, according to new Census data. If trends continue at this rate, nearly 2,000 children will become uninsured every day. A strong reauthorization of SCHIP is needed to reverse this course.

### ***Bipartisan Bill Passed by Congress Would Provide Health Care Coverage to Nearly Four Million More American Children***

In September 2007, the U.S. Senate and House came to a bipartisan agreement on the Children's Health Insurance Program Reauthorization Act of 2007 (H.R. 976). The agreement preserves coverage for all 6.6 million children currently covered by SCHIP. In addition, it would cover an additional 3.8 million low-income children over the next five years. These primarily are children who are currently eligible for SCHIP or Medicaid, but are not currently enrolled. This legislation also provides quality dental coverage to all children enrolled in SCHIP.

The SCHIP Reauthorization Act would invest an additional \$35 billion over the next five years in SCHIP. This is the equivalent of a \$4.49 per year contribution from each American.

### ***President Threatens Veto, Despite Strong Bipartisan Support***

The SCHIP Reauthorization Act passed Congress by strong margins: 265 to 159 in the U.S. House and 67 to 29 in the U.S. Senate. In addition, this legislation is supported by more than 270 organizations representing millions of Americans, including such diverse groups as the American Medical Association,

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<sup>1</sup> Except where otherwise noted, the data in this issue brief come from the Center on Budget and Policy Priorities, *Improving Children's Health: A Chartbook about the Roles of Medicaid and SCHIP*, [www.cbpp.org/schip-chartbook.htm](http://www.cbpp.org/schip-chartbook.htm), and Center on Budget and Policy Priorities, *CBO Estimates Show SCHIP Agreement Would Provide Health Insurance to 3.8 Million Uninsured Children*, [www.cbpp.org/9-25-07health2.htm](http://www.cbpp.org/9-25-07health2.htm).

<sup>2</sup> Center on Budget and Policy Priorities, *Coverage of Parents Helps Children, Too*, [www.cbpp.org/10-20-06health.htm](http://www.cbpp.org/10-20-06health.htm).

America's Health Insurance Plans, AARP and Catholic Charities. A large majority (43) of the nation's governors, including Minnesota Governor Tim Pawlenty, also support strong SCHIP reauthorization.

Nonetheless, President Bush has threatened to veto the bipartisan compromise, asserting it will help children that are not in need.<sup>3</sup> In fact, more than 8 in 10 of the children who would be covered as a result of the SCHIP Reauthorization Act are low-income children who are already eligible for SCHIP or Medicaid. President Bush had previously announced support for providing health care coverage for such children. And two-thirds of the children who would gain health care coverage under this bill would otherwise be uninsured.

***SCHIP Bill Helps 30,100 More Minnesota Children, Coverage for Others Uncertain***

Under the SCHIP Reauthorization Act, an estimated 30,100 children in Minnesota would gain coverage over the next five years.<sup>4</sup> Minnesota's ability to cover pregnant women will continue, but the bill diminishes our ability to cover the parents and caregivers of low-income children using SCHIP federal funding. Parents currently covered under SCHIP could continue to receive health care coverage through a different mechanism, but with less federal funding. This means that Minnesota would have to find additional resources simply to continue health care coverage for those already enrolled.

Reducing federal funding of health care for parents and caregivers is counter to the stated goal of the SCHIP Reauthorization Act: to enroll more eligible low-income children in health insurance programs. Research has shown that when coverage of low-income parents is reduced, fewer low-income children are covered by health care programs.

Despite this shortcoming for Minnesota, the SCHIP Reauthorization Act is a vital step forward to ensure every child is healthy. Children's health care is a top priority for the country: 9 out of 10 Americans want Congress and the president to deliver strong children's health care legislation.<sup>5</sup> Clearly more work remains to be done in the months ahead to cover the increasing number of uninsured children.

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<sup>3</sup> Center on Budget and Policy Priorities, *The President's Comments on Congress' SCHIP Plan: What You Need to Know*, [www.cbpp.org/9-20-07health.htm](http://www.cbpp.org/9-20-07health.htm).

<sup>4</sup> Estimate by Families USA.

<sup>5</sup> From polling this summer by Georgetown University and the Robert Wood Johnson Foundation. For more detail, go to [www.rwjf.org/newsroom/newsreleasesdetail.jsp?productid=21931](http://www.rwjf.org/newsroom/newsreleasesdetail.jsp?productid=21931).