

STATE CHILDREN'S HEALTH INSURANCE PROGRAM (SCHIP)

ACTION

- Reauthorize and improve the State Children's Health Insurance Program (SCHIP)
- Provide funds necessary to avoid shortfalls and expand coverage to more uninsured children.

BACKGROUND

Assuring the safety and well-being of children and families involved in the child welfare system is impossible without working on the failures of our nation's health care system. Accessible, affordable, quality health and mental health care services can address issues that, if left untreated, may very well devastate children and families. Health insurance coverage for all children and their families, through Medicaid, SCHIP, or private insurance, can prevent children from ever needing the child welfare system in the first place. The availability of such health services can also help families remain intact or aid family reunification efforts. Although Medicaid coverage is available to almost all children while in foster care, broadening health coverage for low-income children and families that fall outside of that bracket—namely at-risk families and children transitioning out of foster care—is critical. After all, if at-risk children are given access to appropriate physical and mental health care as they develop, they have a much greater likelihood of reaching their fullest potential.

Enacted as part of the Balanced Budget Act of 1997, SCHIP broadens coverage for low-income children. The program helps states provide health insurance to children in working families who do not have employer provided coverage, or who earn too much to qualify for Medicaid. Using SCHIP funds, states may enroll targeted

low-income children in Medicaid, create a new separate state SCHIP program, or employ a combination of both approaches. SCHIP is a capped-grant program which provides each state with an annual allotment determined by a formula specified in the federal statute. All states, the District of Columbia, and five territories have SCHIP programs that, in total, enrolled approximately 6.1 million children in FY 2005.

Over the past decade, SCHIP has played a valuable role in ensuring access to health care for low-income children. Amid a backdrop of rising health care costs, significant declines in employer-based coverage, and an increase in the number of uninsured Americans, SCHIP has served as Medicaid's essential companion, covering millions of children who otherwise would not have access to affordable health care. Together, SCHIP and Medicaid have effectively reduced the uninsured rate of low-income children by one-third.

FUNDING SHORTFALLS

SCHIP is a matched block grant program which has allocated \$40 billion in federal funds over 10 years. The program is due to expire September 30, 2007, necessitating reauthorization this year by Congress. Recent estimates by the Congressional Research Service predict that if the current allotment level and formula continue into the future, in just a few years, most states will face chronic shortfalls of federal SCHIP funds, potentially imperiling the health coverage of 1.9 million children.

In the short term, even with recent efforts by Congress to partially address this problem by providing a stopgap amount of \$218.7 million, 17 states are expected to experience an estimated \$815.7 million in federal funding



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shortfalls in FY 2007. In the long term, if SCHIP funding is frozen at its 2007 level when the program is reauthorized, states will face a shortfall of \$12.7 to \$14.6 billion for 2008-2012. To avoid both possibilities, Congress must immediately increase funding to allow the continued maintenance and expansion of this important program.

It is vital that legislation reauthorizing the program include federal funding to ensure not only that current SCHIP coverage can continue, but also that future efforts can expand, allowing states to move forward and cover more children. Also essential is for SCHIP reauthorization legislation to break down the barriers preventing eligible children from obtaining or staying covered. Currently, despite being eligible for Medicaid or SCHIP, many of the approximately 9 million uninsured children remain uninsured because of bureaucratic obstacles they confront when attempting to enroll or retain coverage. These technical hurdles should not stand in the way of providing adequate health care for our nation's children.

As SCHIP reauthorization efforts go forward, Congress must also act to protect and strengthen Medicaid, which continues to play a vital role in the health coverage system for children, particularly for those in foster care. Any cuts to Medicaid or other programs serving low-income populations in order to finance SCHIP would just further harm children. Reauthorization of federal SCHIP legislation is a major opportunity for Congress to advance the widely shared goal of ensuring that every American child has access to high quality health care, thereby strengthening many of the nation's most vulnerable families.

KEY FACTS

- Nine million children under the age of 19 were uninsured in 2005, with the vast majority in families in which one or more parents were employed.
 - Uninsured children are more than 13-times as likely as insured children to lack a usual source of health care and more than three-times as likely not to have seen a doctor in the past year.
 - Uninsured children are nearly five-times as likely as insured children to have at least one delayed or unmet health care need.
 - Compared to children who were insured a year or more, children who were uninsured part of the year were nearly nine-times as likely to have a delayed or unmet medical need.
 - Americans strongly believe that all children should have health care coverage.
- A 2003 study by the United States General Accounting Office (GAO) found that in 2001, parents placed more than 12,700 children into the nation's child welfare or juvenile justice systems solely to obtain mental health services for them.
 - If SCHIP funding is frozen, some 24 states are predicted to face a shortfall equivalent to the cost of covering up to 1 million children by 2008. By 2012, some 36 states are predicted to face a shortfall equivalent to the cost of covering up to 2.1 million children.

Sources for statistical information are provided in the online version of this fact sheet. See www.cwla.org/advocacy/2007legagenda.htm.

C W L A C O N T A C T

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