

## SCHIP REAUTHORIZATION IS VITAL TO OKLAHOMA'S GOAL OF PROMOTING CHILDREN'S HEALTH

### SUMMARY

Members of Congress will soon face a vote on overriding President Bush's veto of legislation reauthorizing the State Children's Health Insurance Initiative. The compromise Congressional bill builds on the success of the SCHIP program, which has helped reduce the number of children without health insurance by offering coverage to children in low-income working families. The bill's funding is needed to ensure that this progress is not reversed and to allow states to cover close to 4 million children who otherwise would have been uninsured. Reauthorization of SCHIP is especially important to Oklahoma's efforts, embodied in this session's All Kids Act, to make health insurance available to all children in this state. There are currently 67,000 SCHIP-funded children in Oklahoma. The reauthorization bill, which will nearly double Oklahoma's SCHIP grant to \$137 million in FY '08, would extend funding for these children and help cover the state's 105,000 uninsured children by expanding eligibility to children in families up to 300% of the

### MAIN FEATURES OF SCHIP REAUTHORIZATION

President Bush last week vetoed the compromise bill reauthorizing SCHIP, the State Children's Health Insurance Program. The bill passed Congress by large majorities in both chambers. Oklahoma's entire Congressional delegation voted against SCHIP reauthorization, although Congressman Dan Boren has since indicated he will vote to override the Presidential veto.

After years of marked decline in the number of uninsured children -- driven by the remarkable success of SCHIP and Medicaid in Oklahoma and across the nation -- new Census data show that *one million more children have joined the ranks of the uninsured in American over the past two years*. If SCHIP is not reauthorized and strengthened and children continue to lose coverage at this rate, *nearly 2,000 children will become uninsured every day*.

The SCHIP reauthorization act increases funding for the SCHIP program by \$35 billion in federal funding over the next five years, paid for through a 61-cent increase in the federal cigarette tax. With this funding, states are expected to cover close to four million children who otherwise would have been uninsured. The Congressional Budget Office (CBO) estimates that most of the children (84%) who otherwise would have been uninsured are eligible for Medicaid or SCHIP under existing guidelines. The bill will also give states the option to extend health insurance coverage to children in families above existing income cut-offs up to 300% FPL. Some 600,000 children nationally are expected to gain coverage through SCHIP expansions.

SCHIP gives states the flexibility to cover the uninsured children in working families. As private health insurance has be-

come less available and more expensive, more and more working families are either not offered or cannot afford to purchase private coverage for their children. This is especially true for the lowest-income workers, but it is increasingly the case for middle-income working families as well. Of the total increase in the number of uninsured children in 2005 and 2006, nearly half involved children in families between 200% and 400% of the poverty line.

“The number of children without health coverage has declined but the need for this program remains”  
 - Sen. Pete Domenici (R—N. Mex.)

A new *Washington Post-ABC News* poll finds that seven in 10 U.S. residents support the compromise SCHIP bill that Bush has promised to veto, compared to 25% who oppose the bill. About half of those polled "strongly" support the expansion of the program while 17% are strongly against the expansion. About 81% of Democrats, 69% of independents and 61% of Republicans are in favor of the legislation

### SCHIP'S IMPORTANCE TO OKLAHOMA

The SCHIP reauthorization bill would allot \$137 million to Oklahoma in FFY '08, an increase from the state's FFY '07 allocation of \$70.8 million. The state's grant will be adjusted annually over the next four years to reflect inflation and program enrollment. Oklahoma receives an enhanced federal matching rate of \$3 to \$1 for children enrolled under SCHIP, compared to a basic Medicaid match of about \$2.20 to \$1.

There are 67,000 current SCHIP-funded enrollees in Oklahoma. Oklahoma currently uses its SCHIP allotment to cover children in the Medicaid program in working families between the standard eligibility level (100% to 150% of the federal poverty level depending on the child's age) and 185% of poverty.

“The uniqueness of this bill is that there has been an attempt to actually pay for it... Secondly, it actually is health care for people who need it...”  
 Sen. Bob Corker, (R—Tenn.)

Preserving access to publicly-funded health insurance is vital to keeping Oklahoma's children covered and healthy. Since SCHIP was originally enacted in 1997, public health insurance has been vital to reducing the number of uninsured children in Oklahoma and to offsetting the erosion of employer-sponsored coverage. Between 1999-200 and 2005-2006, the uninsured rate in Oklahoma for kids fell from 16% to 12%, thanks primarily to children's enrollment in Medicaid and SCHIP. By contrast, in the absence of eligibility for public coverage, adults who are no longer offered or able to afford employer-sponsored coverage have largely fallen into the ranks of the uninsured. The uninsured rate for Oklahoma adults rose from 21% in 1999-2000 to 25% in 2005-2006, which mirrors a 3 percentage point drop in adults covered by employer-sponsored insurance.

Building on Oklahoma's success in covering kids, the Legislature has committed to expanding its efforts towards making health insurance available to the 105,000 Oklahoma children who remain uninsured.

This year, the Legislature, by a large and bipartisan majority, approved the *All Kids Act (SB 424)* as a way to use public funds to help expand health insurance coverage for children in families which make up to 300% of the federal poverty level (\$60,000 for a family of four). The expansion will require some cost-sharing obligations for families above 185% of poverty, and allows families the choice of a public subsidy to help buy into their employer-sponsored health plan as an alternative to publicly-administered coverage. Oklahoma intends to use SCHIP dollars to fund its expanded children's health insurance coverage. The Oklahoma Health Care Authority has submitted a waiver amendment that would expand coverage effective July 2008. *Failure to pass the SCHIP reauthorization bill would leave Oklahoma's initiative in jeopardy.*

### RESPONSE TO THE BILL'S CRITICS

No one opposing SCHIP reauthorization claims to be against children's health; however, opponents have based their position

on some exaggerated or misinformed claims about the legislation.

### Critics claim that the bill encourages people to drop private coverage in favor of public coverage

IN REALITY, the biggest gains in coverage from the new SCHIP bill will be among the 4 million low-income children who otherwise would be uninsured. Any increase in public support for health insurance – including the tax credit approach

pushed by the Administration – will provide some benefits to those who already have coverage. The director of the Congressional Budget Office testified to Congress that the SCHIP bill “is pretty much as good as it is going to get” as far as concentrating benefits on the uninsured (except for approaches that would impose mandates on employers, individuals, or states).

### Critics claim that the bill allows illegal aliens to receive taxpayer funded health care benefits

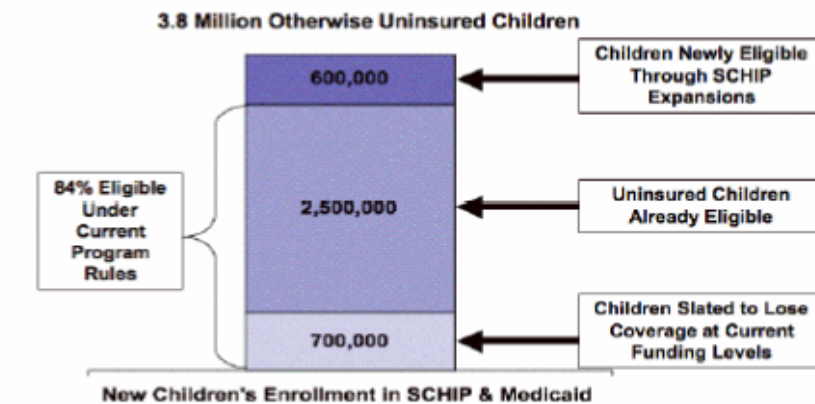
IN REALITY, *only U.S.*

*citizens and qualified legal aliens* may receive Medicaid and SCHIP. In 2005, Congress passed onerous citizenship documentation requirements for U.S. citizens applying for Medicaid. Preliminary studies are finding that the new procedures have led to thousands of American citizens losing coverage due to

“This bill does not cover illegal immigrants”.  
- Sen. Pat Roberts, (R, Kan.)

an inability to produce the papers needed to establish their citizenship and identity. The new bill extends the citizenship documentation requirement to SCHIP while allowing states to submit names and Social Security numbers for verification to the Social Security Administration. This common-sense approach will ease the burden on eligible children and pregnant women, parents and state agencies while continuing to ensure that only those legally eligible for care receive services.

**FIGURE 1: CHIPRA Would Cover Almost 4 Million Otherwise Uninsured Children**



Source: CBO, September 24, 2007. Note: Average monthly enrollment for fiscal year 2012.

For More Information on SCHIP, go to:  
<http://ccf.georgetown.edu/>  
<http://www.cbpp.org>  
<http://www.familiesusa.org/>

For additional analysis from CAP on health care and other issues, go to:  
[www.okpolicy.org](http://www.okpolicy.org)