States Face SCHIP Woes, Despite Stopgap Funds

BY ALICIA AULT
Associate Editor, Practice Trends

Stopgap funding passed at the end of the last Congress may not be enough to keep the State Children's Health Insurance Program afloat until its expected reauthorization this year, experts said in interviews with this newspaper.

The program, commonly called SCHIP, was established in 1997 and funded with a 10-year, $40 billion allotment beginning in fiscal 1998. But that money has dwindled in recent years as states enrolled more and more children, according to the advocacy group, Families USA.

Under the law, money can be redirected from one state's surplus to plug another's deficit. In December, the 109th Congress voted to redistribute about $219 million in funds to Alaska, Georgia, Illinois, Maryland, Massachusetts, Minnesota, Nebraska, New Jersey, and Rhode Island, according to an analysis by the Washington-based Center for Budget and Policy Priorities.

Those states were expected to face shortfalls first, but eight others—Iowa, Louisiana, Maine, Mississippi, Missouri, North Carolina, South Dakota, and Wisconsin—also are looking at a deficit.

Since they did not get the stopgap help, these states now face even bigger funding gaps than had been projected, according to the CBPP analysis. Those eight states may just be the tip of the iceberg.

"Congress is estimating that 14 states are projected to have insufficient federal SCHIP funds in fiscal year 2007," Dr. Jay E. Berkelhamer, president of the American Academy of Pediatrics, said in a statement. "This latest action is a down payment on the problem, and gives Congress time to consider more comprehensive solutions in the reauthorization process."

The stopgap funding will likely buoy the program only until May, at which point "some states may begin to run out of funds and may be forced to reduce enrollment, curtail benefits, increase patient fees, or reduce provider payments," he said.

The AAP, the March of Dimes, and the National Association of Children's Hospitals are urging Congress to increase SCHIP funding for the program to cover more children, to strengthen Medicaid, and to eliminate barriers that may keep eligible children from enrolling as part of this year's SCHIP reauthorization.

"According to the Current Population Survey, 49% of all uninsured children are eligible for Medicaid and 19% are eligible for SCHIP," Dr. Jennifer L. Howse, president of the March of Dimes, said in a statement. "States must be given the tools and resources needed to enroll all eligible children in both programs."

And the groups said they will push to ensure that quality of care gets attention in the next incarnation of SCHIP. "There's been little federal investment in quality and performance measures for children's health care," Lawrence A. McAndrews, president and CEO of the National Association of Children's Hospitals, said in a statement.

Most advocates believe that Congress will reauthorize the program.

By most measures, SCHIP has been a success. From 1997 to 2005, the number of uninsured children dropped from 22% to 15%, according to a report by the Georgetown University Health Policy Institute's Center for Children and Families. The gain for children came mostly through public coverage such as SCHIP and Medicaid.

Some House and Senate members have said they want to see more eligible children enrolled before they massively expand SCHIP. At least one senator, John Kerry (D-Mass.), plans to reintroduce his legislation, S.114, which was introduced in 2005 and called for coverage of all children. That bill never made it out of the Finance Committee, but may receive more attention under a Democratic Senate. ■

Student-Staffed Interpreter's Aide Program Eases Financial Burden

BOSTON — Bilingual students who have been trained in medical interpretation could ease some of the burden on medical practices and hospitals to provide translation services.

In a poster presented at the annual meeting of the American Public Health Association, researchers from Brown University and Rhode Island Hospital in Providence describe the success of one model—the Interpreter's Aide Program. The student-run volunteer program was launched in 1997 by two students in Brown's 8-year combined medical program in an effort to improve the quality and the availability of medical interpretation services.

Under the program, about 34 bilingual undergraduate and medical students from the university were trained in techniques of interpretation, issues of cultural awareness, and medical terminology. As part of their training, students took both written and oral exams. The bilingual students mainly spoke Spanish. The trained student interpreters were then used to supplement professional interpreters at Rhode Island Hospital.

Between 2000 and 2002, an average of 34 students translated 1,333 hours a year, with each student volunteering his or her services for an average of 40 hours each year.

The researchers estimated that the volunteer student program saved the hospital nearly $60,000 per year. An outside agency charges the hospital $45 per hour for interpretation services when students are not available.

—Mary Ellen Schneider

POLICY & PRACTICE

Easing Use of Experimental Drugs

The Food and Drug Administration is proposing to widen access to experimental drugs. The agency has been accused by patient advocates and some drug makers of obfuscating the criteria physicians need to seek to use investigational drugs in their patients. In 2003, an Arlington, Va.–based advocacy group, the Abigail Alliance, sued the FDA to get unfettered access to unapproved therapies. The plaintiffs were backed by a federal appeals court in May 2006, and a rehearing of the case is expected to begin in March. In the meantime, the FDA's proposed rule, published on Dec. 14, said the agency was going to make it easier for physicians to access experimental therapies, and for manufacturers to make them available. "FDA hopes this proposal will increase awareness in the health care community of the range of options available for obtaining experimental drugs for seriously ill patients," Dr. Janet Woodcock, FDA deputy commissioner for operations, said in a statement. A separate proposed rule would make it easier for manufacturers to recover costs. In a statement, the Abigail Alliance said the FDA proposals "merely clarify their existing policies."

Stem Cell Support Drops Slightly

Most of the public supports the use of human embryonic stem cells for medical research, but that support may be faltering slightly, according to a new poll from Virginia Commonwealth University, Richmond. The survey, which included 1,000 adults, found that 54% of respondents favored stem cell research in 2006, down from 58% in a similar VCU poll in 2005. The number of respondents who opposed stem cell research climbed from 32% in 2005 to 37% in the recent 2006 survey. However, when asked if they would support the use of embryonic stem cells to find a treatment for themselves or a family member with Parkinson's disease or spinal cord injury, 70% of respondents said yes. Only 21% would not support the use of stem cells in that situation, according to the 2006 poll.

Lax Enforcement of Ad Regulations

FDA issued fewer violation letters regarding direct-to-consumer drug advertising during 2002-2005 than it did in previous years, the Government Accountability Office reported. Further, FDA took longer to send such letters to drug manufacturers, said the watchdog agency, pointing out that the industry spent $4.2 billion in 2005 on DTC advertising. Such advertisements can be positive—by encouraging consumers to talk to physicians—but can also increase spending on the advertised drug and other drugs to treat the same condition, said the GAO in its December report. GAO said that it took 4 months for the agency to draft, review, approve, and issue a letter in 2002-2005, compared with 2 weeks during 1997-2001, and that it issued 8-11 letters a year, compared to 15-25 previously. Though drug companies often complied with orders to cease and desist, sometimes the manufacturers would later put out similar violative materials for the same drugs, said the GAO. The GAO said it had noted in a previous report in 2002 that the FDA's violation letter process was being delayed by internal reviews. That has not improved, according to December's report, which recommended that FDA set criteria for prioritizing advertisements for review, systematically apply the criteria, and track materials reviewed.

NYC Bans *Trans* Fat

In a move aimed at improving the healthfulness of restaurant food, the New York City Board of Health recently voted to require that all of the city's restaurants remove artificial *trans* fats from foods by July 2008. The mandate gives restaurants until July 1, 2007, to switch to oils, margarines, and shortenings that have less than 0.5 grams of *trans* fat per serving; by July 1, 2008, all other food items sold in restaurants must meet the same mark. New York is the first city to make such a move. The move was praised by the American Diabetes Association: "When you consider that many American adults—and their children—are eating out several times a week, it is even more difficult to avoid *trans* fats and maintain a healthy diet," said Dr. Peter Sheehan, president of the American Diabetes Association's New York City Leadership Council. "For more than 700,000 New York City adults diagnosed with diabetes, the passage of this proposal eliminates a major source of artificial *trans* fats and should serve as a model for other cities to consider." In testimony in 2006 before the New York City Board of Health, the New York State Restaurant Association said that although the measure is well intentioned, it will not achieve the health benefits being sought. The 18-month transition does not give restaurateurs enough time to find healthful alternatives, the group said. Many will end up returning to the use of oils high in saturated fats.

Changes to HSA Rules

Legislation signed into law in December eases the use of health savings accounts. Previously, HSA participants could contribute only the amount they were required to pay out of pocket before their high-deductible health insurance policies kicked in. Under the new law, participants can contribute up to $2,700 for individual accounts and $5,450 for family accounts. The measure also allows employers to contribute more to the HSA accounts of non–highly compensated workers, and allows a one-time, tax-free rollover of individual retirement account funds into an HSA. "These provisions will help many Americans find more affordable and tax-preferred ways to pay for health care costs," said James A. Klein, president of the American Benefits Council, an organization of large employers and health plan administrators.

—From staff reports