

Senate Panel Dubious About SCHIP Expansion

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WASHINGTON — As a Senate panel opened debate on reauthorization of the State Children's Health Insurance Program, legislators had doubts about expanding coverage to an estimated 9 million children who are eligible but who have not yet been enrolled.

SCHIP is due to expire on Sept. 30, but most states have been straining in the last few years to pay for children already covered by the program, several witnesses said at a meeting of the Senate Finance Committee.

Members of the committee also acknowledged that reality.

"Congress has simply not given [SCHIP] enough funds to meet the current demand for services," said committee chair Max Baucus (D-Mont.), who estimated that the program would need \$12 billion-\$15 billion over the next 5 years to maintain current coverage and \$45 billion to bring all eligible children into SCHIP.

A last-minute deal signed into law at the end of 2006 allocated \$271 million to cover anticipated shortfalls for a dozen or so states, but at least 14 more states will run out of SCHIP funds for fiscal 2007 if Congress does not enact another bailout by mid-May, said Sen. Baucus.

In 2007, states will spend an estimated \$6.3 billion on SCHIP, but only \$5 billion has been allotted, said Cindy Mann, executive director of the Georgetown University Center for Children and Families. Without an influx of federal cash, 37 states will run out of funds this year, Ms. Mann testified to the Finance Committee.

As of fiscal 2005, SCHIP had 6 million enrollees, according to a Government Accountability Office (GAO) report released at the Finance Committee hearing. Enrollment grew fastest during the early years of the program and leveled off more recently.

Georgia Gov. Sonny Perdue testified that there has been no slowing of enrollment in his state, with an average 19% per month increase since June 2005. About 273,000 children are covered in Georgia, making it the fourth-largest SCHIP program in the country, he said. The Centers for Medicare and Medicaid Services had projected that only 130,000 children were eligible in Georgia, he said.

But, because of SCHIP rules, states that cover more children end up receiving a smaller allotment for the following year. "The successful implementation of SCHIP in any state automatically undermines maintaining funding to keep these kids enrolled in the program," Gov. Perdue testified, arguing for a change in the SCHIP funding formula.

Some senators questioned whether states' flexibility should be reined in, saying that some initiatives might be diluting the program's intent—to cover low-income children.

Generally, federal law allows states to cover children in families with incomes up to 200% of the poverty level or 50 percentage points above the Medicaid eligibility standard as of 1997. According to

the GAO report, seven states were covering families with incomes at 300% of the poverty level or higher. Thirty-nine states require some cost sharing by families, but 11 states charge no premiums or copayments.

Fifteen states cover adults. These are generally parents of Medicaid- or SCHIP-eligible children, pregnant women, or childless adults. The Health and Human Services department has granted waivers for those states, said Kathryn G. Allen, di-

rector of health care at the GAO.

Sen. Charles Grassley (R-Iowa), ranking minority member of the Finance Committee, said he was interested in giving states more flexibility but was not happy about extending coverage to adults.

"The issue is whether SCHIP funds used to cover adults has drained resources targeted by Congress for kids," said Sen. Grassley. "The 'C' stands for children. There is no 'A' in SCHIP."

Sen. Orrin Hatch (R-Utah) also ques-

tioned how states had been allowed to extend SCHIP benefits to adults.

"We have to question whether these waivers have been properly approved," said Sen. Hatch.

Ms. Mann counseled senators to keep adult coverage in perspective, noting that only 600,000 of the 6 million SCHIP enrollees are adults. She added that it has been shown that when parents and children have health insurance, the whole family benefits. ■



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