



**What is SCHIP?**

State Children’s Health Insurance Program (SCHIP) is a United States federal government program that gives funds to states in order to provide health insurance to families with children. The program was designed to cover uninsured children in families with incomes that are modest but too high to qualify for Medicaid. At its creation in 1997, SCHIP was the largest expansion of health insurance coverage for children in the U.S. since Medicaid began in the 1960s.

SCHIP covered 6.6 million children and 670,000 adults at some point during Federal fiscal year 2006, and every state has an approved plan.

An October 2007 study by the Vimo Research Group found that 68.7 percent of newly uninsured children were in families whose incomes were 200 percent of the federal poverty level or higher (\$42,400 for a family of four).

**How was SCHIP created?**

SCHIP was created by the Balanced Budget Act of 1997 as Title XXI of the Social Security Act. It was sponsored by Senator Ted Kennedy in a partnership with Senator Orrin Hatch with support coming from First Lady Hillary Rodham Clinton during the Clinton administration. Since its creation, SCHIP has allocated about \$20 billion over 10 years to help states insure low-income children.

**How does SCHIP work?**

SCHIP is jointly financed by the Federal and State governments and administered by the states. States are given flexibility in designing their SCHIP eligibility requirements, payment levels for coverage, benefit packages, and policies within broad federal guidelines. States receive an enhanced federal match (greater than the state's Medicaid match) to provide for this coverage. Each state is entitled to a specific allotment of federal funds each year and allowed three years to spend their allotments. After three years, Title XXI provides that all remaining funds be reallocated to states that have used up their allotments. Some states have received authority through statutory waiver provisions to use SCHIP funds to cover the parents of children receiving benefits from both SCHIP and Medicaid, pregnant women, and other adults. As of August 2007, CMS expects states to include certain strategies in their procedures to prevent SCHIP substitution for existing coverage under group health plans.

Despite SCHIP, the number of uninsured children continues to rise, particularly among families that cannot qualify for SCHIP.

**Why is SCHIP being threatened?**

The program is already facing funding shortfalls in several states. Attempts to expand funding for the program have met with political controversy amidst studies that debate the program's fiscal impacts. Two bills passed by the Congress in 2007 to reauthorize and expand SCHIP from an average of \$5 billion yearly to approximately \$12 billion yearly over the next five years were vetoed by President George W. Bush. The second revised bill would have: (1) set the top income limit to 300 percent of the federal poverty level; (2) clarify and emphasize that illegal immigrants are not eligible for coverage; and (3) phase-out adult coverage, except for pregnant women, in one year instead of two. On December 29, 2007, after twice denying attempts to expand its reach, President Bush signed an extension of the program to cover current enrollment levels through March 2009 so that problematic issues could be fixed in the program prior to further extension. New reports indicate that states promoted broader coverage for children in 2007, but report that a number of factors compromise efforts to reduce the number of uninsured.

**What is being done to reauthorize and save SCHIP?**

Our AMA strongly supports the reauthorization and complete funding of SCHIP. In order to finance reauthorization of the State Children's Health Insurance Program (SCHIP), Congress has been considering a variety of mechanisms that will provide the necessary revenue. Congress must reauthorize SCHIP by March 30, 2009, or the program will sunset. With the ongoing economic crisis, SCHIP might take a back seat to other economic issues. SCHIP must be a focus for the new Administration and Congress as it is a critical source of coverage for our nation’s children. It is important to note as we move forward that of the more than nine million uninsured children, between two-thirds and three-quarters of them are eligible for SCHIP or Medicaid but not enrolled. Ideally, SCHIP reauthorization should address expanding coverage to eligible, uncovered children.

**References:**

- <http://www.cms.hhs.gov/LowCostHealthInsFamChild/>
- <http://www.ncsl.org/programs/health/chiphome.htm>
- Kaiser Family Foundation