

07-12

STATEMENT OF POLICY

Funding for the State Children's Health Insurance Program

Policy

The National Association of County and City Health Officials (NACCHO) supports legislation that will provide federal funding for the State Children's Health Insurance Program (SCHIP) at levels sufficient to accomplish the following:

- Maintain coverage for all current enrollees;
- Identify and enroll children currently eligible for, but not enrolled in, SCHIP and Medicaid; and
- Encourage the expansion of the program and the health services provided to parents of enrolled children where other coverage is not available or accessible

NACCHO also supports SCHIP legislation that would not penalize a state's federal matching assistance percentage (FMAP) based on contributions corporations make to pension funds or other benefit programs for their employees.

Justification

SCHIP is financed jointly by states and the federal government. The program was created in 1997 to address the growing problem of children without health insurance. The goal of the program was to expand health insurance coverage to children whose families were ineligible for Medicaid but could not afford private health insurance.

Through a 10-year capped block grant, states have been able to provide comprehensive coverage to eligible children using various implementation strategies.¹ These strategies have allowed SCHIP to provide health coverage to over six million children per year.^{2,3} SCHIP beneficiaries saw increased access to health services, including well-child visits and dental services.^{4,5} In addition, the program has contributed to the reduction of racial and ethnic disparities in access among enrollees.^{6,7}

Adequate federal funding levels are necessary to maintain and build on these successes. Unfortunately, because SCHIP is a fixed block-grant, the federal funding provided has not kept up with the rising cost of healthcare, the increasing number of enrolled children, and the number of uninsured children.⁸ Federal funding levels should allow states to maintain these successes and make continued improvements in the program.

Without the appropriate level of financial support, SCHIP will be cut back and states will not be able to make the necessary changes to improve the quality of health service and care. Eligibility will be reduced, benefits will



be eliminated, and cost-sharing will increase. These changes could possibly roll back the significant strides made in child health insurance coverage and compromise the health of the nation's children.

Sufficient funding is needed to give states the option and flexibility to expand services by modifying eligibility requirements (e.g. increasing federal poverty level and including legal immigrant children and pregnant women). Sufficient funding is also needed to provide states the option of including additional benefits such as dental and mental health and evidence-based prevention efforts such as home-visitation programs.

The policy recommendation regarding FMAP is necessary to prevent reductions in the amount states receive in federal share of Medicaid matching funds. These reductions would place even greater budgetary pressure on annual and projected state budgets which will in turn place additional pressure on state funding of local health departments in those states where such funding is appropriated.

¹ Perlino, C. (2007) Reauthorization of the State Children's Health Insurance Program (SCHIP): A Key Step to Covering All Kids. *American Public Health Association Issue Brief*.

² Ibid.

³ Kenney G., Yee J. (2007) SCHIP At A Crossroads: Experiences to Date and Challenges Ahead. *Health Affairs*. Vol. 26, Number 2.

⁴ The Kaiser Commission on Medicaid and the Uninsured. (2007) Impacts of Medicaid and SCHIP on Low-Income Children's Health. Retrieved May 1, 2007 from <http://www.kff.org/medicaid/upload/7645.pdf>

⁵ The Urban Institute (2007) Health Policy Online: Timely analysis of Current Trends and Policy Options: Coverage Patterns among SCHIP-Eligible Children and Their Parents, Retrieved May 1, 2007 from http://www.urban.org/UploadedPDF/311420_Coverage_Patterns.pdf

⁶ Perlino, 2007.

⁷ Kenney, 2007.

⁸ Bae D., Robert Wood Johnson Foundation. Introduction to the State Children's Health Insurance Program. Retrieved May 1, 2007 from [http://www.rwjf.org/files/publications/other/Research%20Brief%20\[5\].pdf](http://www.rwjf.org/files/publications/other/Research%20Brief%20[5].pdf)

Record of Action

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