

Facts on H.R. 3963
Children's Health Insurance Program Reauthorization Act
11.06.07



H.R. 3963—Children's Health Insurance Program Reauthorization Act:

- **MYTH: Weakens the current citizenship documentation requirements to make it easier for illegal immigrants to access Medicaid and SCHIP**

FACT: The CHIP bill would in fact require for the first time that CHIP programs establish beneficiaries' citizenship to enroll - a requirement that currently applies only to Medicaid. A state can use the current system that was implemented through the DRA, requiring an original birth certificate and a parent's driver's license or passport, and many states will continue to use that system. But other states will move to a new system of verifying citizenship through Social Security numbers. Current law says that states have a fundamental responsibility to confirm the identity and legal status of their applicants, and that states are liable for penalties if Federal funds are used to cover noneligible children, and the CHIP bill does nothing to change that.

- **MYTH: Shifts 2 million children off of their private health insurance into government-run healthcare**

FACT:

The Congressional Budget Office does not believe that this bill results in any more crowd-out from private coverage than the original CHIP bill did when the program was created. In fact, this bill takes a number of steps to minimize crowd-out. First of all, the bill creates new options for states to subsidize employer sponsored group health coverage as an option rather than enrolling in a CHIP plan. Second, the bill directs the incentive payments only to enrollment of the lowest income children who are least likely to have access to private coverage.

- **MYTH: Continues to allow states to define income in such a way as to allow SCHIP coverage above 300% of federal poverty level**

FACT:

(From CBPP <http://www.cbpp.org/10-25-07health.htm>) Opponents of the original bipartisan SCHIP reauthorization bill (H.R. 976) passed by the House and Senate have argued that the legislation should "cover poor kids first" and have incorrectly claimed that the original bill would primarily cover middle-class children.¹ CBO estimates clearly indicated that the vast majority of the uninsured children under the original SCHIP bill would have been children in families with low incomes.² Nevertheless, the new version of the bill (H.R. 3963) makes two significant changes to further target the increased coverage on the lowest-income uninsured children.

- The new bill would prohibit any SCHIP coverage above 300 percent of the poverty line

¹ See Robert Greenstein, "Poor Children First — Or Last?," Center on Budget and Policy Priorities, October 17, 2007.

² See Edwin Park, "CBO Estimates Show SCHIP Agreement Would Provide Health Insurance to 3.8 Million Uninsured Children," Center on Budget and Policy Priorities and Congressional Budget Office, "CBO's Estimate of Changes in SCHIP and Medicaid Enrollment of Children Under the House Amendments to the Senate Amendments to H.R. 976, the Children's Health Insurance Program Reauthorization Act of 2007," September 24, 2007. See also Genevieve Kenney et al., "SCHIP Reauthorization: How Will Low-income Children Benefit Under the House and Senate Bills?" Urban Institute, as updated on October 4, 2007 at <http://www.urban.org/publications/411545.html>.

(except for the one state that already covers children above that income level; that state, New Jersey, covers a tiny number of children — about 3,000 — between 300 percent and 350 percent of the poverty line).³ This is significantly more restrictive than under the original bipartisan bill. The original bill would have allowed states to continue to expand SCHIP above 300 percent of the poverty line, as under current law, although at a reduced federal matching rate and only if the state met new requirements for participation in Medicaid and SCHIP among eligible low-income children.

- **MYTH: Repeals current policy designed to ensure that states prioritize coverage of children below 200% of federal poverty**

FACT:

(From CBPP <http://www.cbpp.org/10-25-07health.htm>) The new bill further targets the financial incentives for enrolling eligible but uninsured children on those with the lowest incomes. The new bill would provide incentives to states *only* for enrolling uninsured children who are eligible for Medicaid and would increase the size of those incentives. It would *drop* the incentives for enrolling somewhat higher-income children eligible for SCHIP that were included in the original bipartisan bill.

According to CBO estimates, the result of these changes is as follows:

- By 2012, the new bill would cover a total of 3.9 million children who would otherwise be uninsured, a 100,000 increase over the original bill.
- Of these 3.9 million children, 3.4 million — or 87 percent — would be children who have incomes below the current eligibility limits that states have already set. (This is 200,000 more than under the original bill.)
- 1.9 million — or essentially half — of these children would be Medicaid-eligible children, most of whom are poor. (This is a 200,000 increase in coverage among the lowest-income uninsured children compared to the original bill.)
- Only 500,000 children of the 3.9 million children who otherwise would be uninsured are children who would gain eligibility as a result of actions their states would take to broaden their SCHIP eligibility criteria, 100,000 less than under the original bill. All of these 500,000 children would be below 300 percent of the poverty line.

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³ Jocelyn Guyer, "Coverage of Uninsured Children in Moderate-Income Families under SCHIP," Center for Children and Families, Georgetown University Health Policy Institute, October 2007.