

STATE CHILDREN'S HEALTH INSURANCE PROGRAM (SCHIP) REAUTHORIZATION

Protecting Existing Coverage. SCHIP currently provides affordable health coverage to six million children. Unfortunately, the current program is significantly under funded. States do not have enough funding to provide health coverage to children who are currently on the program. By 2012, 35 States will face funding shortfalls if Congress does not increase the resources available for children's coverage. This legislation will ensure that SCHIP provides the resources states need to protect existing coverage.

Formula Responsive to Success. Under current law, States that are successful in finding and enrolling eligible children in SCHIP may find their allotment is insufficient. This is because the more children a State enrolls, the fewer SCHIP dollars the State receives.

- Beginning in Fiscal Year 2008, States will have a predictable funding stream that tracks the projected health coverage need in each State.
- Each State will receive a SCHIP allotment for FY08 based upon either spending estimates submitted by the State to the Secretary of Health and Human Services in 2007, or State allotments will increase upwards by two factors: (1) national healthcare cost increases and (2) State population growth for children. These State allotments will then grow annually based upon these two factors.
- States will have two years to spend each year's annual allotment. In addition, every two years, State allotments will be recalibrated to ensure funding does not become mismatched with the needs of children.
- States that experience a shortfall as a result of enrolling children who are currently eligible but not enrolled will no longer be penalized for success as occurs under current law. States would receive an "enrollment adjustment" to their allotment.

Funded Incentives to Reach All Eligible Children. Today, six million uninsured children are eligible for but not enrolled in SCHIP or Medicaid. States that adopt a menu of outreach "best practices" (see description below) and successfully reach these previously-uninsured children, would be eligible for a "performance bonus."

Protecting SCHIP for Children. The SCHIP statute only provides for coverage of "targeted low-income children." The CHAMP bill does not change current law regarding eligibility for SCHIP, with the exception that States would have the option to cover pregnant women. Extensive research confirms that good prenatal care leads to healthier babies, subsequently lowering SCHIP costs over time. The Bush Administration has given States waivers to cover parents and other adults, and that waiver authority would remain unchanged.

Child-Centered Benefits Packages. Children have unique medical needs that must be provided to achieve maximum growth and development.

- Children under SCHIP would be assured coverage of dental care.
- Children under SCHIP would be assured that mental healthcare services are treated equally with physical health benefits.
- States would continue to have the flexibility to provide children's coverage through whatever delivery arrangement works best, whether through an HMO, PPO, or other arrangement.
- To further ensure coverage meets children's needs, the Secretary could only approve "alternate" benefits packages if those packages met or exceeded existing benchmark coverage.

Outreach Best Practices. In order to receive an outreach bonus the States must choose from a menu of outreach "best practices," which include enrollment in a plan for a full year, presumptive eligibility, administrative renewal, flexibility in determination of assets, elimination of in-person interviews, express lane service, and use of joint application of Medicaid and SCHIP. States must implement five out of seven of these best practices in order to be eligible for the "performance bonus."

New Focus on Improving Quality. The Secretary of Health and Human Services would be required to develop a pediatric health quality program that evaluates and improves the quality of pediatric care on clinical and programmatic levels. The Secretary would work with pediatric providers, children's advocates, and other experts on children's health care to develop child-centered quality measures.

Children's Access, Payment, and Equality Commission. A new independent Commission, the Children's Access, Payment and Equality Commission (CAPE) would advise Congress on important issues regarding children's health care. This new Commission is modeled after the Medicare Payment Advisory Commission (MedPAC), and would monitor access to care and services, and adequacy of provider payments under both SCHIP and Medicaid. The Commission would also examine issues of health disparities and underserved areas. The CHAMP Act also applies managed care quality safeguards to SCHIP.

Protections for Children with Disabilities. For children with severe disabilities, timely access to care is critical. Access to school-based services ensures that children with disabilities can attend school with their peers in the least restrictive setting. Families that care for these children and the States that help provide services to them must be guaranteed that critical therapies remain available for children with severe disabilities. The Bush Administration FY08 budget proposed restricting access to these critical services. The CHAMP Act places a one-year moratorium on the Bush Administration's ability to implement such rules. Child-centered benefit packages would ensure that the needs of children with disabilities are met under SCHIP.

Protections for Safety Net Providers. Community health centers (CHCs) and rural health centers (RHCs) are important as the primary source of care for millions of children. Children covered under SCHIP would have guaranteed access, just like children covered under Medicaid, and CHCs and RHCs would receive adequate payments. The current ability of States to cover services in school clinics would be clarified. And, CAPE -- the new independent Commission on Medicaid and SCHIP -- would specifically monitor the status of safety net providers.

New State Flexibility for Coverage of Children and Pregnant Women. States would be given new flexibility to cover pregnant women through SCHIP. States would also receive additional flexibility to reach the other vulnerable groups of uninsured children and pregnant women. This includes coverage of children who today “age-out” of SCHIP or Medicaid, but do not have access to other affordable coverage options, and legal immigrant children and pregnant women who otherwise meet the requirements for coverage under SCHIP.