



State Children's Health Insurance Program (SCHIP)

Background

The State Children's Health Insurance Program (SCHIP) is a federal/state partnership, created in 1997, that provides healthcare coverage to low and moderate-income children under age 19. Since SCHIP was adopted in 1997, the country has reduced the uninsured rate of low-income children by one third – even as the number of uninsured adults has risen.

SCHIP is a block grant, not an entitlement, with capped funding and a state matching requirement. In other words, Congress sets the overall limit on annual funding levels and SCHIP is jointly funded by the federal government and by the states.

Michigan's SCHIP Program

The SCHIP program in Michigan is called MICHild, and was implemented statewide on September 1, 1998. To qualify for MICHild, a child must be ineligible for Medicaid and must have income below 200% of poverty (\$34,340 per year for a family of three). In Michigan, the program provides comprehensive benefits, including dental, vision, and mental health services. Children must be enrolled in a managed care plan. SCHIP funds are also used in Michigan to provide a basic outpatient benefit to childless adults with incomes at or below 35% of the poverty level (about \$3,600/year for a single person). The federal government pays about 70 percent of the cost of the programs in Michigan and the state contributes about 30 percent.

SCHIP in Michigan

- As of January 2007, there were 31,588 Michigan children enrolled in MICHild.
- Approximately 110,000 uninsured Michigan children are eligible for health care benefits under MICHild or Medicaid, but do not receive them.
- About 62,000 Michigan childless adults receive basic outpatient benefits under the SCHIP program. To contain spending, enrollment in this component has been frozen much of the time since July 1, 2004.
- Outreach is a key element, but state funding for outreach was eliminated in FY2003. Enrollment has declined since.
- If SCHIP is reauthorized at the current federal level of \$5.04 billion, Michigan is projected to experience a shortfall in SCHIP funds as early as FY2008, meaning that the state would not have sufficient funding to keep its current caseload enrolled.

What is the status of SCHIP and MICHild funding?

SCHIP was initially authorized by Congress in 1997 for ten years. Congress will reauthorize SCHIP in 2007. The President's FY2008 budget recommendation for SCHIP not only provides insufficient funding to maintain the current program, but also provides no funding to enroll the 110,000 uninsured Michigan children who are likely eligible for this program, if they are not eligible for Medicaid.

A number of SCHIP reauthorization bills are expected to be introduced over the next few months. Michigan's own House Energy and Commerce Committee Chairman Dingell has already introduced

legislation with Senator Clinton that would vastly expand children's health coverage. The Clinton-Dingell Children's Health First Act is an ambitious proposal and lays out a laudable vision to improve the health of the nation's children. It is the first of many bills that will be considered during movement towards the policy phase of SCHIP reauthorization, and has many elements that would enhance the final legislation reauthorizing the SCHIP program. Any SCHIP reauthorization legislation should:

- **Commit at least \$50 billion in new federal funds over the next five years for children's health coverage.** Congress should strengthen its financial contribution to the federal-state partnership that has led to SCHIP and Medicaid's success over the past decade. Fifty billion dollars in new funds would allow states including Michigan to ensure that children do not lose SCHIP coverage and would encourage and enable states to reach more of the uninsured children who are currently eligible for SCHIP and Medicaid, and support the growing number of states that are eager to cover more children.
- **Protect existing state flexibility.** Some policymakers in Congress have suggested new eligibility restrictions on SCHIP along with a reduced match for certain populations covered in SCHIP. No one who is currently covered should lose coverage because of changes to SCHIP or Medicaid as part of reauthorization. There are more than 46 million uninsured Americans today – SCHIP reauthorization is an opportunity to move forwards, not backwards. Congress should permit states the continued flexibility to operate programs that meet their states' needs.
- **Allow states the option to cover legal immigrant children and pregnant women.** States should be able to provide SCHIP and Medicaid to lawfully present immigrant children and pregnant women without regard to how long they have lived in the country. Currently states are barred from using SCHIP or Medicaid funds to cover these children and pregnant women if they have not lived in the country for at least 5 years.
- **Allow states the option to cover pregnant women.** SCHIP should include an explicit option, along with new funding, to cover pregnant women. Although states currently have some avenues for covering pregnant women through SCHIP, they are unnecessarily complicated and leave women with incomplete care.
- **Reject new funding for SCHIP that is financed by cuts in Medicaid.** Since SCHIP stands on the shoulders of Medicaid, cuts in Medicaid to finance SCHIP would weaken rather than strengthen children's health care coverage.

How can organizations help support SCHIP and MIChild for Michigan citizens?

Contact your US Senators and Representatives, Members of key Congressional Committees, and members of your local media to share these priorities for SCHIP reauthorization. Urge members to support significant new funding for children's coverage in the SCHIP reauthorization bill. Members of the House Energy & Commerce Committee and the Senate Finance Committee will play a lead role in crafting SCHIP reauthorization legislation, so it will be important to remain in contact with these members as additional SCHIP legislation emerges.

For more information, please contact Lon Johnson in care of 517-487-5436 or visit www.milhs.org.