

July 30, 2007

**TO:** Interested Parties  
**FROM:** Rob Keast, Senior Policy Advisor  
**RE:** SCHIP Reauthorization: Vetoing Children's Health

President Bush has threatened to veto legislation reauthorizing what is one of the most successful government programs in recent history: the State Children's Health Insurance Program (SCHIP) for low-income children. We believe a presidential veto would present a grave threat to children's health and strike a significant blow to good governance. We urge that Congress pass the bill and override the veto.

In a recent statement, President Bush's Secretary of Health and Human Services, Mike Leavitt, likened SCHIP expansions to an effort to create socialized medicine, attacking such efforts as seeking "a Washington-run government-owned [health] plan, where government makes the choices, where government sets the prices, where government then taxes people to pay the bill."<sup>1</sup> This characterization is baffling, given the broad range of support this program has received from political parties, the private sector, the states and the public at large for its effectiveness in covering uninsured children.

Both chambers of Congress are currently in the process of approving reauthorizing legislation for SCHIP, and both the Senate and the House are likely to approve a final bill before the August recess. If President Bush does carry out his veto threat, we sincerely hope that Congress will work strenuously to override it. Congress cannot allow such a critical program to expire, and the Administration should be roundly condemned for its efforts to shove SCHIP into the legislative dustbin.

### **SCHIP works.**

SCHIP was first created in 1997 to cover children in families who earned too much to qualify for Medicaid but who either didn't have employer-based coverage or who couldn't afford private coverage. Since its enactment, SCHIP has been extremely effective:

- In just the first eight years of its implementation, the number of uninsured children dropped by more than 2.7 million.<sup>2</sup>
- In FY2006, 6.7 million children were enrolled in SCHIP. Of these children, the vast majority (83 percent) are from households that are at or below 200 percent of the poverty level, or \$32,484 a year for a family of 3 with one parent and two

- children.<sup>3</sup> According to the Kaiser Commission on Medicaid and the Uninsured, the vast majority of these children would be uninsured if it were not for SCHIP.<sup>4</sup>
- Children enrolled in SCHIP see a decrease in unmet health needs compared to uninsured children. They are three times more likely to have a common care source and are one-and-a half times more likely to see a doctor during the year, as well as receive preventive and dental care.<sup>5</sup>

A Congressional Budget Office analysis of the Senate's reauthorization bill found that by 2012, as many as 4 million additional children who would otherwise be uninsured could be covered if current spending levels were to be extended.<sup>6</sup> Given the track record of the program, this is an investment well worth making.

### **SCHIP is a model for effective government.**

SCHIP is a state-federal, public-private partnership that has given states tremendous flexibility to design programs that are tailored to the needs of their citizens.

Under the original legislation, which authorized a total of \$40 billion over ten years, states were permitted to create programs that either expanded traditional Medicaid or were entirely separate programs. States were also permitted to design programs that were a combination of these two options. According to the Centers for Medicare and Medicaid Services, 18 states have separate plans, 9 states, 5 territories and the District of Columbia operate Medicaid expansions and 23 states use combination programs.<sup>7</sup>

The federal government provides the bulk of cash with states contributing funds as well. Most coverage in SCHIP is provided through private, not government-run, managed care plans. These private-sector run plans work with states to provide coverage to both SCHIP- and Medicaid-eligible individuals. Both the Senate and House packages currently under consideration keep this system intact.<sup>8</sup>

### **SCHIP enjoys near-universal support.**

Since its inception, SCHIP has enjoyed broad and deep support: from Democrats and Republicans, health care advocates and the health care industry and the public at large.

The initial SCHIP legislation was created by a Democratic president and authorized by a Republican-led Congress, and since then has enjoyed a fair level of bipartisan commitment. The latest rounds of discussions have revolved around how to make the program better, with the Senate working out a compromise supported by most Republicans on the Finance Committee.

Even more impressive than the bipartisan support in Congress, SCHIP has united the often warring sides of the health care debate. Both consumer-led groups and health care industry associations and companies have joined forces in support of

SCHIP reauthorization. Interests as diverse as AARP, America's Health Insurance Plans, American Hospital Association, American Medical Association, American Public Health Association, Families USA, Federation of American Hospitals, Johnson and Johnson, Pfizer, U.S Chamber of Commerce and the United Health Foundation, among others, have formed the Health Coverage Coalition for the Uninsured and a major part of their agenda supports SCHIP reauthorization.<sup>9</sup> Similarly, the Pharmaceutical Research and Manufacturers Association of America (PhRMA) has been sponsoring a major media campaign in support of SCHIP renewal.

Health care is a constant top issue for the American public and providing it for children is especially, and not surprisingly, popular. A July 2007 survey conducted for the Center for Children and Families at the Georgetown University Health Policy Institute states that nine in ten Americans want Congress to help states provide more coverage to uninsured children. The survey also indicates that Americans consider SCHIP an important program in accomplishing this goal.<sup>10</sup>

## **Conclusion.**

For a President who once pledged to "leave no child behind," the threat of vetoing legislation that has done so much to improve the health of low-income children is a wholesale betrayal of that promise. We strongly urge the advocates of SCHIP to continue to stand firm in the face of this threat and support Congress in their efforts to reauthorize this critical program.

Moreover, we urge advocates of SCHIP to avoid a potentially destructive battle over the precise level of additional funding necessary to expand SCHIP's reach. First, such a fight could destroy the unity needed among supporters of SCHIP to override the likely veto. Second, a battle over the level of expansion could create as many losers as there are winners, if health care dollars from another source are ultimately diverted to SCHIP. While fiscal responsibility should remain a top priority for Congress, in this debate, ensuring that more low-income children are insured should be the overriding goal.

## Endnotes

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<sup>1</sup> HHS Secretary Mike Leavitt at a press briefing on health care by senior Administration officials, June 27, 2007, transcript located at <http://www.whitehouse.gov/news/releases/2007/06/20070627-16.html>; for a critique of the Administration's position, see Robert Greenstein, *The Administration's Dubious Claims About the Emerging Children's Health Insurance Legislation: Myth and Reality*, Center on Budget and Policy Priorities, July 20, 2007. (<http://www.cbpp.org/7-17-07health.htm>)

<sup>2</sup> Families USA, "SCHIP and Children's Health Coverage: Fitting the Pieces Together," June 2007. (<http://www.familiesusa.org/assets/pdfs/SCHIP-Fitting-the-Pieces.pdf>)

<sup>3</sup> CRS Memo, "Estimates of SCHIP Child Enrollees Up to 200% of Poverty, Above 200% of Poverty, and of SCHIP Adult Enrollees," March 13, 2007.

<sup>4</sup> Kaiser Commission on Medicaid and the Uninsured, *Health Coverage for Low-Income Populations: A Comparison of Medicaid and SCHIP*, April 2006. (<http://www.kff.org/medicaid/7488.cfm>); Families USA, *SCHIP 101: What is the State Children's Health Insurance Program, and How Does it Work?* June 2007. (<http://www.familiesusa.org/assets/pdfs/SCHIP-101.pdf>)

<sup>5</sup> Families USA, "SCHIP 101: What is the State Children's Health Insurance Program, and How Does it Work?" June 2007. (<http://www.familiesusa.org/assets/pdfs/SCHIP-101.pdf>)

<sup>6</sup> Robert Greenstein, *The Administration's Dubious Claims About the Emerging Children's Health Insurance Legislation: Myth and Reality*, Center on Budget and Policy Priorities, July 20, 2007. (<http://www.cbpp.org/7-17-07health.htm>)

<sup>7</sup> Families USA, "SCHIP 101: What is the State Children's Health Insurance Program, and How Does it Work?" June 2007. (<http://www.familiesusa.org/assets/pdfs/SCHIP-101.pdf>)

<sup>8</sup> Robert Greenstein, *The Administration's Dubious Claims About the Emerging Children's Health Insurance Legislation: Myth and Reality*, Center on Budget and Policy Priorities, July 20, 2007. (<http://www.cbpp.org/7-17-07health.htm>)

<sup>9</sup> More information about the Health Coverage Coalition for the Uninsured can be found at [www.coalitionfortheuninsured.org](http://www.coalitionfortheuninsured.org).

<sup>10</sup> Survey by Lake Research Partners and American Viewpoint for the Center for Children and Families at the Georgetown University Health Policy Institute, of 1,002 American voters. The survey was conducted on June 26 through July 1, 2007. (<http://ccf.georgetown.edu/pdfs/0723survey.pdf>)