

Bush administration attacks child health insurance program

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Earlier this month, the Bush administration announced new standards that will govern the State Children's Health Insurance Program (SCHIP). The changes, intended to safeguard the profit interests of private insurers and cut a significant government-subsidized healthcare program, will have a devastating effect on children throughout the country.

The new standards were announced in a letter from Dennis Smith, director of the federal Center for Medicaid and State Operations (CMSO), an agency of the Department of Health and Human Services. The letter was sent to state health officials on August 17, after Congress had departed for its August recess.

Before leaving for recess, the US House and Senate passed separate bills that would reauthorize SCHIP and provide a minimal expansion of federal resources to the program. SCHIP began in 1997 and was granted a 10-year authorization, which expires on September 30. The Bush administration has promised to veto any final bill unless it contains significantly less funding than the House and Senate versions.

SCHIP was enacted to extend federally subsidized healthcare to uninsured children under the age of 19 whose working parents earn too much to qualify for Medicaid. The program is financed jointly by the federal government and the states and is administered by the states within federal guidelines (the guidelines just changed by the Bush administration). According to a report issued in May 2007 by the Congressional Budget Office (CBO), 6.7 million children were enrolled in SCHIP in 2006, at a total cost to the federal government of \$4.8 billion.

However, far from providing comprehensive coverage for all uninsured children, the program was generally limited to children whose family income fell below 200 percent of the official poverty level of \$20,650 for a family of four. In addition, the program has suffered from complicated eligibility rules, fees, waiting periods of as much as six months and serious underfunding, leaving uninsured many children who might otherwise qualify for the coverage.

Within the general guidelines, states have had the ability to

set standards and have had the option of obtaining federal approval to cover more children. In 2006, 15 states had thresholds above 200 percent of the poverty level. For example, New York State already covers children in families with incomes up to 250 percent of the poverty level, and the state legislature has passed a bill that would raise the limit to 400 percent of the poverty level.

One of the main aims of the Bush administration is to limit the ability of working class families to substitute SCHIP for private insurance, a practice known as "crowd out." As a result, many families will either go without insurance for their children, or will be forced to pay the higher premiums associated with private coverage.

Chief among the new requirements is the establishment of a new income limit across the board for SCHIP at 250 percent of the poverty rate, or \$51,625.

The letter from CMSO Director Dennis Smith added that a state seeking to set its income limit above 250 percent of the poverty level "must establish a minimum of a one-year period of uninsurance for individuals" before they can receive coverage. The aim of this requirement is to ensure that only families who are unable to afford any form of private insurance will be able to enroll in SCHIP.

The requirement could put thousands of children in jeopardy, particularly extremely young children who need timely immunizations and booster shots. It is not explained what parents are supposed to do if their children happen to become sick or injured while they wait for their period of "uninsurance" to expire.

States that want to cover children above 250 percent of the poverty level are also ordered to show that "the number of children in the target population insured through private employers has not decreased by more than 2 percentage points over the prior five-year period." This is presumably to ensure that those states have not been permitting creeping "crowd out" to occur amongst their population.

States would also have to demonstrate that that they had enrolled at least 95 percent of children in families below 200 percent of the poverty rate before they could expand the

program to other children—a task difficult if not impossible to achieve.

Finally, Smith's letter adds that even states that have received federal approval to expand their coverage to children with family incomes exceeding 250 percent of the poverty level must abide by the new standards. If not, the letter warns, the Bush administration "may pursue corrective action."

Bush has also pledged to veto any bill passed by Congress that expands SCHIP funding. The Senate bill would increase spending on SCHIP by \$35 billion over the next five years, and improve dental and mental health coverage. It passed by a vote of 68-31 with 18 Republicans and two independents joining Democrats voting in favor.

The House bill would provide an increase of \$50 billion over the next five years. It would allow states to extend health insurance to legal immigrant children and pregnant women who have been in the US for less than five years, among other reforms. The bill passed by a vote of 225-204, largely along party lines. Congress is expected to send a final version of the bill to the president by the end of September.

The increase in funding is required to maintain even the current level of coverage. Federal funding for SCHIP is allocated in the form of fixed block grants that do not increase with increased state spending. In recent years, the level of funding has been inadequate to meet rising healthcare costs and the rising number of children qualified for SCHIP. As a consequence, states have either had to cut coverage or cut other social programs.

Both bills propose to fund the program's expansion by instituting an increase in tobacco taxes—a regressive tax that would fall mostly on working class people. The federal excise tax on cigarettes would rise from the present 39 cents to \$1 per pack under the Senate bill and to 84 cents a pack under the House measure.

The Bush administration—which, along with the Democratic Party, has no compunction about demanding hundreds of billions of dollars to perpetuate the wars in Iraq and Afghanistan—has recommended a mere \$5 billion for SCHIP.

Conservatives in Congress and the Bush administration view the expansion to families with incomes over 250 percent of the official poverty level as tantamount to socialized medicine. Republican Senator Trent Lott of Mississippi declared that any expansion of SCHIP was "government-run, socialistic medicine" and railed against his fellow Republicans who supported it.

A February 2007 CBS/*New York Times* poll found that 84 percent of Americans support expanding SCHIP to cover all uninsured children. The same poll found that only 24 percent

support Bush's handling of health insurance issues in general.

There is considerable support for the bills from some of the largest states, including those with Republican governors like Arnold Schwarzenegger of California, Tim Pawlenty of Minnesota and Sonny Perdue of Georgia, who have already elected to provide health coverage to children of families making two to three times the federal poverty level in their states. Reports have indicated that cutting SCHIP can actually cost states more, due to higher costs for emergency healthcare for uninsured children.

Nonetheless, the release of the letter has provided the Democrats a platform from which to grandstand about how they are working on behalf of the American people and their determination to fight the new guidelines. For example, Democratic Senator Edward Kennedy of Massachusetts declared, "The administration's action denies the promise of good health to thousands of children in communities across America."

It is not the Bush administration alone that has denied the promise of good healthcare to thousands of children. Both Republicans and Democrats have deprived healthcare not only for children, but for vast sections of the US population as a whole.

In fact, SCHIP was enacted a year after the Clinton administration passed "welfare reform," which was the beginning of a sustained attack on social programs in the United States. In 1994, the administration scrapped proposals for a broader program for universal health insurance after they ran into opposition from the insurance industry.

SCHIP was designed as an alternative that would provide limited coverage and would not cut into industry profit. The same piece of legislation that included SCHIP, the Balanced Budget Act of 1997, also included provisions that introduced a private insurance component of Medicare, the health insurance program for the elderly. This was the beginning of a move to privatize remaining entitlement programs in the US.



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