

# Bush to veto expansion of children's health coverage

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President Bush was expected to veto legislation expanding the State Children's Health Insurance Program this week, after announcing his intention in his weekly national radio address September 29. The bill, passed by the House and Senate last week, would extend the SCHIP program for five years and increase spending from the previous level of \$5 billion a year to \$7 billion, enough to increase the number of children covered from 6.6 million to 10 million.

The veto is an expression of the greed and callousness of the American ruling elite. Bush has made tax cuts for the wealthy the centerpiece of his domestic policy, pumping more than \$2 trillion into the pockets of those already fabulously rich. Yet he has rejected as too expensive a modest reform measure that would significantly reduce the number of children living without health insurance in the richest country in the world.

The bill passed the Senate by a 67-29 majority, more than the two thirds required to overturn a presidential veto. In the House of Representatives, however, the margin was only 265-159, with eight Democrats joining 151 Republicans. At least 25 congressmen would have to switch their votes to overturn the Bush veto.

The White House singled out a provision in the bill that would allow a family of four in New York state making up to \$82,600 to qualify for state-paid health insurance, as though that was an outrageous extravagance. Congressional Republicans denounced this as "middle-class welfare," although given the high cost of living in the state, and particularly in New York City, \$82,600 a year for a family of four is little more than a subsistence living.

This example was in any case a red herring, since New York is the only state that has proposed to provide health insurance through SCHIP to families with incomes up to 400 percent of the official poverty line. New Jersey has sought to provide SCHIP for families up to 350 percent of

the poverty line, and all other states have set the upper limit at 200 to 300 percent (the federal level is 200 percent).

The result is that nearly all children covered by SCHIP live in families with incomes below \$63,150 a year (the 300 percent level) and the vast majority live in families with incomes below \$41,000 (the 200 percent level). The bill passed by Congress would actually make the New York and New Jersey plans isolated exceptions, by sharply cutting back the federal subsidy when states choose to extend insurance beyond 300 percent of the poverty level.

Under the patchwork and grossly inadequate health insurance system in the United States, SCHIP is administered by the states under general rules established by the federal government and with federal funding covering the bulk of the costs.

The program was established in 1997 by a Republican-controlled Congress after the defeat of the Clinton administration's plans for a more comprehensive health insurance program. It was targeted at lower-income working families rather than the indigent and unemployed, who are covered by the Medicaid program, operated under a similar federal/state division of labor.

With the army of uninsured swelling from 38 million at the time of the defeat of the Clinton health plan to more than 47 million under Bush, most state governments have taken advantage of the federal subsidies in SCHIP to extend coverage to as many children as possible. Initially, the program was limited to families between the poverty level and 200 percent of the poverty level, but many states have expanded the program.

SCHIP was initially limited to a 10-year period, and legislation was introduced early this year to prevent the program from expiring on September 30. The Bush administration was involved in negotiations over the framework for the renewal, including an expansion of the

program and the inclusion of dental services and mental health treatment on a par with other medical services. In August, however, under pressure from extreme-right elements and from all the Republican presidential candidates to demonstrate its commitment to fiscal austerity, the White House announced it would oppose any significant increase in funding.

The Bush administration also took punitive action against SCHIP recipients, imposing a requirement in August that state governments enroll 95 percent of potential SCHIP recipients with incomes below 200 percent of the poverty line before extending the program to families with higher incomes. While justifying this change with cynical rhetoric about keeping SCHIP focused on the truly needy, the real purpose was to make it impossible for states to expand the coverage of the program, since it is in practice impossible to reach 95 percent enrollment for a voluntary program.

In the ongoing negotiations, congressional Democrats backed down considerably, agreeing to eliminate a major provision to provide much of the funding by cutting subsidies to private insurance companies that offer HMO-style managed care for Medicare recipients. In a plan worked out with Senate Republicans and then passed by both houses, the Democrats agreed that the entire cost of the expansion of the program would be paid for through an increase in excise taxes on cigarettes, an extremely regressive tax that falls most heavily on the poor and lower-income workers. Not a penny will come from taxes on the enormous resources of the health-care industry itself.

The Bush administration continued to balk and threaten veto, and the congressional Democrats then agreed on a stopgap extension of the program until mid-November, so that Bush could veto the longer-term extension without immediately cutting off SCHIP benefits, and force passage of a watered-down version of the bill.

House Republicans also sought to disguise their opposition to health insurance for children by waving the anti-immigration banner. The bill contains reactionary provisions banning the use of federal money to provide health benefits for “illegal” immigrants. But House Republicans demanded more stringent enforcement procedures, including requiring documents like birth certificates or passports from patients seeking medical care, even for the care of newborn babies who, by virtue of being born in the United States, are automatically American citizens.

In a further bow to the chauvinist right, congressional

Democrats dropped language that would have guaranteed the right of the children of legal immigrants to get coverage, an action that provoked many Latino organizations to oppose the bill.

In their public statements, congressional Republicans, Republican presidential candidates like billionaire Mitt Romney, and Bush himself have attacked the SCHIP expansion as a step towards government-run health-care provision. Typical was the comment of Texas Republican congressman Jeb Hensarling, who declared, “This is a government-run socialized wolf masquerading in the sheep skin of children’s health.”

This hysterical rhetoric is sharply at odds with the facts—not only the actual provisions of the legislation, but the support for it by such fervently pro-capitalist groups as the American Medical Association, the American Dental Association, the American Association of Retired People (which endorse Bush’s Medicare drug program), and 43 of the 50 state governors (many of them Republicans).

Even the main insurance industry lobby supported the bill—in large measure because like most Democratic-sponsored health-care “reform” plans, the bill would create a large and guaranteed market for them. State governments do not provide health insurance directly. Instead, they subsidize purchase of private insurance by families eligible for SCHIP.

The White House has repeatedly warned of the “crowding-out” of private insurance as parents, particularly those in middle-income brackets who become eligible for SCHIP, choose a government-funded plan rather than paying for private insurance on their own or through their employer.

The concern is that millions of people, given the choice, will prefer a publicly funded plan over one tied to the vagaries of the market. The hysterical, anti-socialist red-baiting reflects a well-founded fears that any shift away from market-driven health-care policies could open the door to popular demands for measures far more radical than anything envisioned by the Democratic Party.



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