

## CHIP Gets Renewed

Reauthorizing the state Children's Health Insurance Program (CHIP, formerly SCHIP) was one of the first actions by the new Congress and the Obama administration. The 10-year-old SCHIP program was operating on an extension of the original law after the previous Congress and the Bush administration reached an impasse on several key issues.

### EFFECTIVE APRIL 1, THE REAUTHORIZATION:

- ◆ Extends CHIP through fiscal year 2013.
- ◆ Increases federal funding by raising the federal excise tax on tobacco products to cover 4.1 million more low-income, uninsured children, in addition to the 7 million children currently enrolled.
- ◆ Establishes an upper income limit of 300 percent of the federal poverty guideline for states to receive the more generous federal CHIP matching rate, with an exception for states that already have permission to cover higher income children. Other states may be able to obtain the lower Medicaid matching rate for children enrolled in CHIP whose family income exceeds the upper limit.
- ◆ Allows states to cover certain low-income pregnant women through a state plan amendment if the state covers children in families with income at a minimum of 200 percent of the federal poverty guidelines and covers pregnant women at a minimum of 185 percent of the federal poverty guidelines.
- ◆ Requires states to cover dental services, and requires parity of mental health services.
- ◆ Requires a phase-out of coverage for parents of enrolled children, and prohibits the approval of new waivers to do so.
- ◆ Requires a phase-out of coverage for non-pregnant childless adults for the few states that had received federal permission to do so.
- ◆ Removes the five-year waiting period for legal immigrant children and pregnant women to enroll.
- ◆ Provides \$100 million in grants for outreach and enrollment activities to states.
- ◆ Expands current premium assistance options for states.

—Jennifer Saunders, NCSL

 **CHECK OUT** more information about the reauthorization and directives at [www.ncsl.org/magazine](http://www.ncsl.org/magazine).

### STILL STRUGGLING

Yet for states facing deep budget shortfalls, it is doubtful the subsidy can reverse earlier payment and benefit cuts.

“The stimulus will require states to restore any eligibility cuts” made after July 1, says Ann Kohler, director of the National Association of State Medicaid Directors. “But it will not be enough to restore other cuts.”

The problem is that there is a growing need for Medicaid as more people lose their jobs. For every 1 percent increase in unemployment, 1.1 million people become uninsured, according to the Kaiser Family Foundation. Of those, some portion are eligible for Medicaid. Inevitably, the longer the recession persists, the more likely it is that unemployed

people with families will become eligible.

A January 2009 *New York Times* survey found that from 2007 to 2008, 16 states saw enrollment increases of more than 5 percent. Many are predicting further increases. Nevada officials expect that by 2010, Medicaid enrollment will rise by more than 30 percent from 2008 levels.

Another Medicaid problem haunts states. Even in good times, health care costs are skyrocketing faster than state revenues. Each year Medicaid gobbles up a greater piece of the budget pie.

“We are hearing from states, ‘This is helpful, but keep up the work. We need more help,’” says Kathleen Stoll, deputy executive director at Families USA. States want

the federal government to lend a greater hand in restructuring the program.

### MEDICAID BASICS

Federal rules require those eligible for Medicaid be given certain services. States can't establish waiting lists or cap enrollment for those considered part of mandatory groups or they lose federal funding.

The federal government requires Medicaid to provide physician and hospital-based care for very low-income pregnant women, children under age 6, the low-income elderly, the disabled and a small set of parents.

In addition, the state must pay for nursing care for very poor elderly and disabled people. Every state covers prescription drugs,