

TO: BOARD OF SUPERVISORS

FROM: Supervisor Susan A. Bonilla

DATE: May 15, 2007

SUBJECT: Federal Reauthorization of State Children's Health Insurance Program (SCHIP)



Contra Costa County

SPECIFIC REQUEST(S) OR RECOMMENDATION(S) & BACKGROUND AND JUSTIFICATION

RECOMMENDATION:

AMEND the County's Federal Legislative Platform to support reauthorization of the federally-funded State Children's Health Insurance Program (SCHIP) and the inclusion of adequate funding in the federal budget to sustain and expand the program.

FISCAL IMPACT:

Adequate federal SCHIP funding is needed to maintain and expand health coverage for children, and reduce County costs for the uninsured.

BACKGROUND:

More than 100,000 Contra Costa residents lack health insurance, including 30,000 children. Nearly 68,000 children in Contra Costa County depend on public insurance

CONTINUED ON ATTACHMENT: YES

SIGNATURE: *Susan A. Bonilla*

RECOMMENDATION OF COUNTY ADMINISTRATOR
 APPROVE

RECOMMENDATION OF BOARD COMMITTEE
 OTHER

SIGNATURE(S): _____

ACTION OF BOARD ON _____ APPROVE AS RECOMMENDED _____ OTHER _____

VOTE OF SUPERVISORS

UNANIMOUS (ABSENT _____)

AYES: _____ NOES: _____
ABSENT: _____ ABSTAIN: _____

I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF AN ACTION TAKEN AND ENTERED ON THE MINUTES OF THE BOARD OF SUPERVISORS ON THE DATE SHOWN.

ATTESTED _____
JOHN CULLEN, CLERK OF THE BOARD OF SUPERVISORS AND COUNTY ADMINISTRATOR

Contact Person: Anastasia Dodson, 5-1022
CC: Supervisor Bonilla
W. Walker, HSD
S. Hoffman, CAO
Alcalde & Fay (via CAO)

BY: _____, DEPUTY

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programs for their health care, including 10,900 children who are enrolled in Healthy Families, the state's SCHIP program. The SCHIP program has been a success story, providing health coverage to 800,000 children in California, and helping to reduce the rate of uninsured low-income children in California by 28.7 percent between 1997 and 2005. This program helps address some of the major challenges counties face in adequately funding health care needs.

SCHIP is scheduled for federal reauthorization by September 2007, but the amount of program funding has not yet been determined.

Current SCHIP Programs and Funding

SCHIP provides a capped allotment of federal funds to states for children's health care programs. In California, SCHIP funds are available on a two-to-one federal/state matching rate, and are used primarily for the state's Healthy Families program. The Healthy Families program provides health, dental and vision coverage for children with family incomes up to 250% of the Federal Poverty Level (FPL). As of March 2007, 10,900 children were enrolled in Healthy Families in Contra Costa County.

SCHIP was originally authorized by Congress in 1997 for a ten year period. For the first few years of implementation, California (like other states) did not fully expend its annual SCHIP allotment. Unexpended federal funds were rolled forward to subsequent years (unspent funds can be rolled forward for up to three years). However, since federal fiscal year 2003, California has been exceeding each year's federal allotment and has been relying on unspent federal funds from prior years to bridge the gap between expenditures and federal allotments. For federal fiscal year 2007, the state will spend approximately \$1.1 billion in federal SCHIP funds, including \$791 million for its annual allotment, plus \$274 million in carryover funding.

SCHIP Reauthorization

If Congress does not fill the SCHIP shortfall when the program is reauthorized in September 2007, 322,000 California children, 40 percent of the children currently enrolled in Healthy Families, are at risk of losing their health coverage.

A recent report funded by the California HealthCare Foundation found that California alone would need between \$6.7 billion and \$8.1 billion over the next five years to continue funding all programs currently funded with SCHIP. That means \$1.3 to \$1.6 billion annually, or roughly double the amount the state is currently receiving.

Five-year funding options for SCHIP above the \$25 billion base allotments include:

- \$4.8 billion, proposed by the President. This amount is not sufficient to sustain many state programs, including California's. The Healthy Families program would be at significant risk for reduction and potentially tens of thousands of children would go without health care coverage. In addition, the President's proposal would limit federal SCHIP funding to only cover children in families with incomes up to 200% FPL.

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- \$14 billion, identified by the Congressional Budget Office as the amount needed to maintain current programs nationwide. This amount would probably not be enough to sustain California's Healthy Families program at current eligibility levels.
- \$50 billion, included in the Senate Budget Committee non-binding fiscal year 2008 budget resolution. However, this resolution included \$15 billion in offsets from "reducing certain overpayments to health care providers."
- \$60 billion augmentation (combined SCHIP and Medicaid funding), proposed by health and consumer stakeholders. This amount would be sufficient to fund California's current SCHIP program, as well as Healthy Families program expansions proposed by the Governor and state Legislature.

The state Legislature has communicated the importance of this issue to Senators Feinstein and Boxer, as well as other members of the California delegation.

Some Senate Democrats have introduced competing bills to reauthorize SCHIP, but further discussions on reauthorization have been delayed. Reauthorization bills have been introduced by: Senate Finance Committee Chair Max Baucus (D-Mont.); Senate Finance Health Subcommittee Chair Jay Rockefeller (D-W.Va.); Senate Health, Education, Labor and Pensions Committee Chair Edward Kennedy (D-Mass.) and Sen. Orrin Hatch (R-Utah); and Sen. Hillary Rodham Clinton (D-N.Y.) and Rep. John Dingell (D-Mich.).

Proposed Language for County Federal Legislative Platform – Support Position

Reauthorization of State Children's Health Insurance Program (SCHIP) – \$60 billion appropriation increase over a five year period above the \$25 billion baseline allotments for the Centers for Medicare and Medicaid Services for the federally-funded State Children's Health Insurance Program (SCHIP). Originally established in 1997, SCHIP reauthorization is due by September 2007. This program provides a capped allotment of federal funds to states for children's health care programs. California uses these funds primarily for the Healthy Families program, which provides health insurance for 800,000 children in California, including 10,900 children in Contra Costa County. Since 2003, California, like many other states, has been exceeding each year's federal allotment and has been relying on unspent federal funds from prior years to bridge the gap between expenditures and federal allotments. For federal fiscal year 2007, the state will spend approximately \$1.1 billion in federal SCHIP funds, including \$791 million for its annual allotment, plus \$274 million in carryover funding. An increase of \$60 billion above baseline allotments would be sufficient to fund California's current SCHIP program, as well as Healthy Families program expansions proposed by the Governor and state Legislature. If Congress does not fill the SCHIP shortfall, 322,000 California children, 40 percent of the children currently enrolled in Healthy Families, are at risk of losing their health coverage.