

Federal SCHIP Financing

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Outline

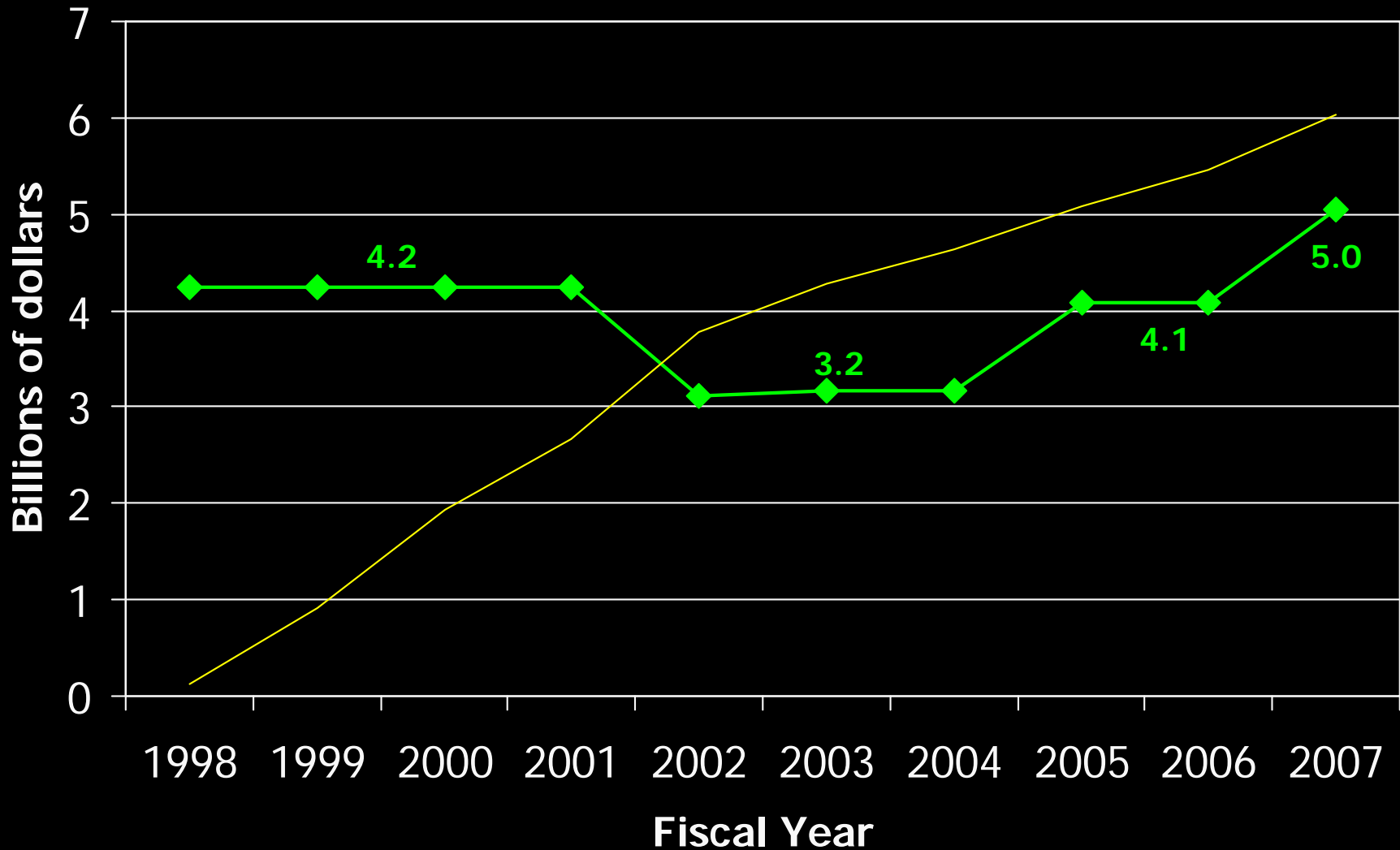
- Old world (created in BBA97, FY1998-2007)
- New world
 - Current: slated to end March 31, 2009
 - CHIPRA
 - 2 versions vetoed by Bush in 2007
 - The world that almost was and may yet be

SCHIP Original Allotments to States

- 3 key characteristics for divvying up the pie
 - How big is the pie?
 - How are slices determined?
 - How long do I have to consume it? (now, 3 yrs)
- 3 key judgments to make for each characteristic above
 - Is it 'enough'?
 - Is it 'too much'?
 - Is it 'fair'?

Old World: How big was the pie?

Nat'l allotment total: \$40 B over 10 years

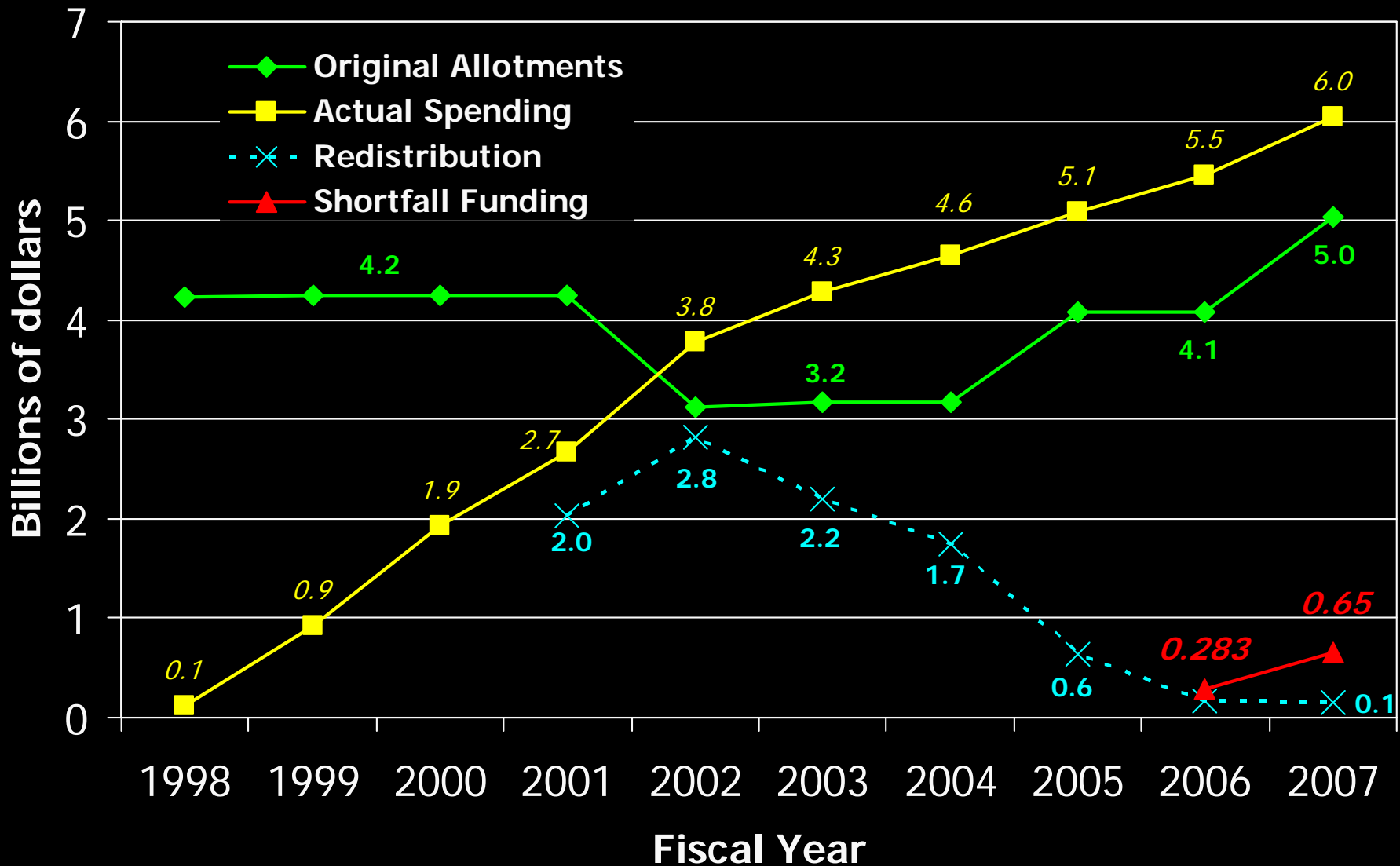


Old World: How were slices determined?

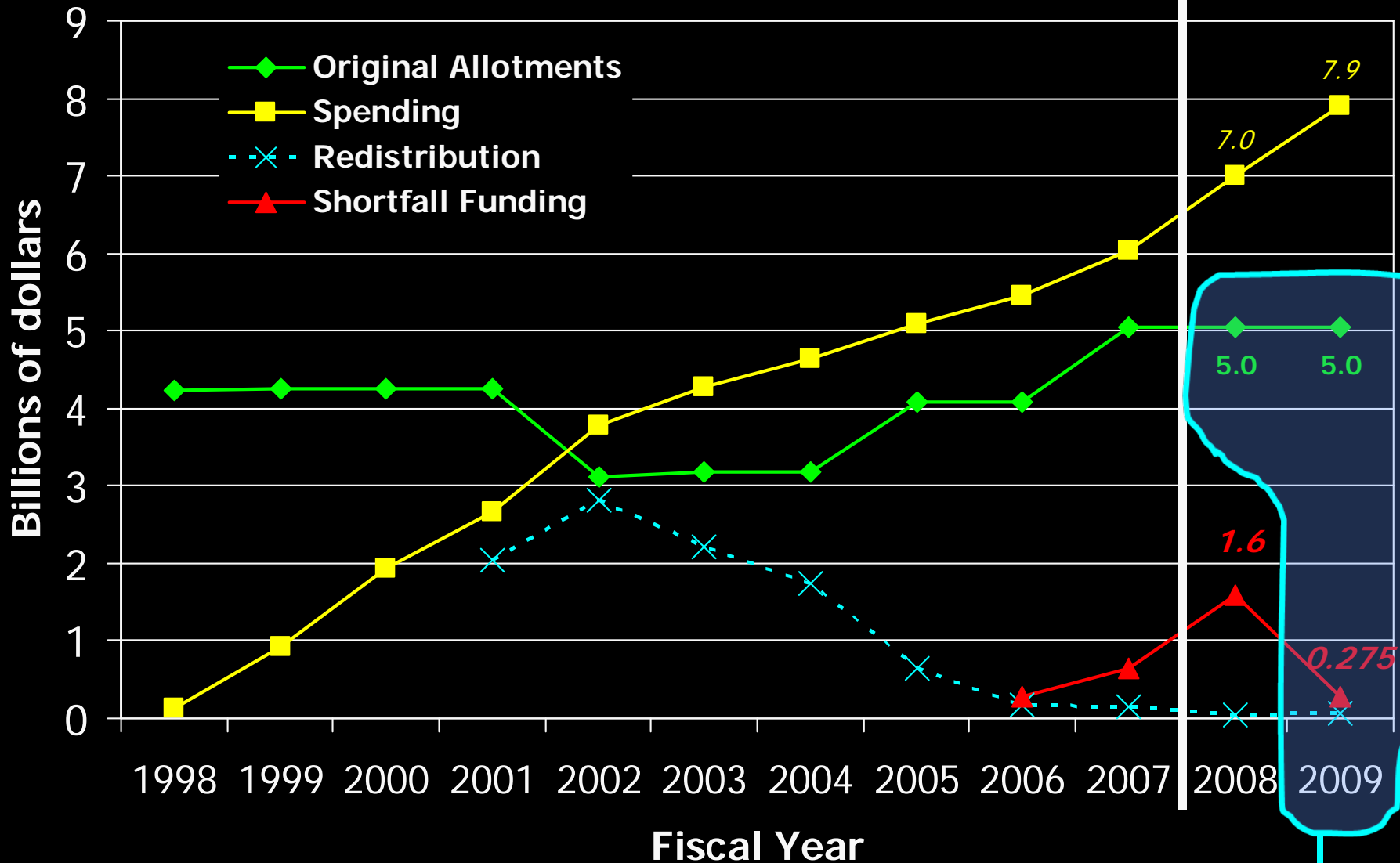
- Based on each state's "number of children"
 - Number of low-income* children
 - Number of UNINSURED low-income children
- Tweaked by "state cost factor"
 - State's wages in health services industry compared to national average
- Some issues ...
 - Should "number of children" include *uninsured*?
 - Should "number of children" from the Current Population Survey (CPS) be replaced?

* "Low-income" is $\leq 200\%$ of poverty, which was about \$35,000 for a family of 3 in 2008

Old World: Complete picture



New World: Current picture



Balances disappear 3/31/09.
43 states no federal SCHIP \$\$

Reauth.: Problems with the Old World

- Lower uninsured kids → Less SCHIP \$\$\$

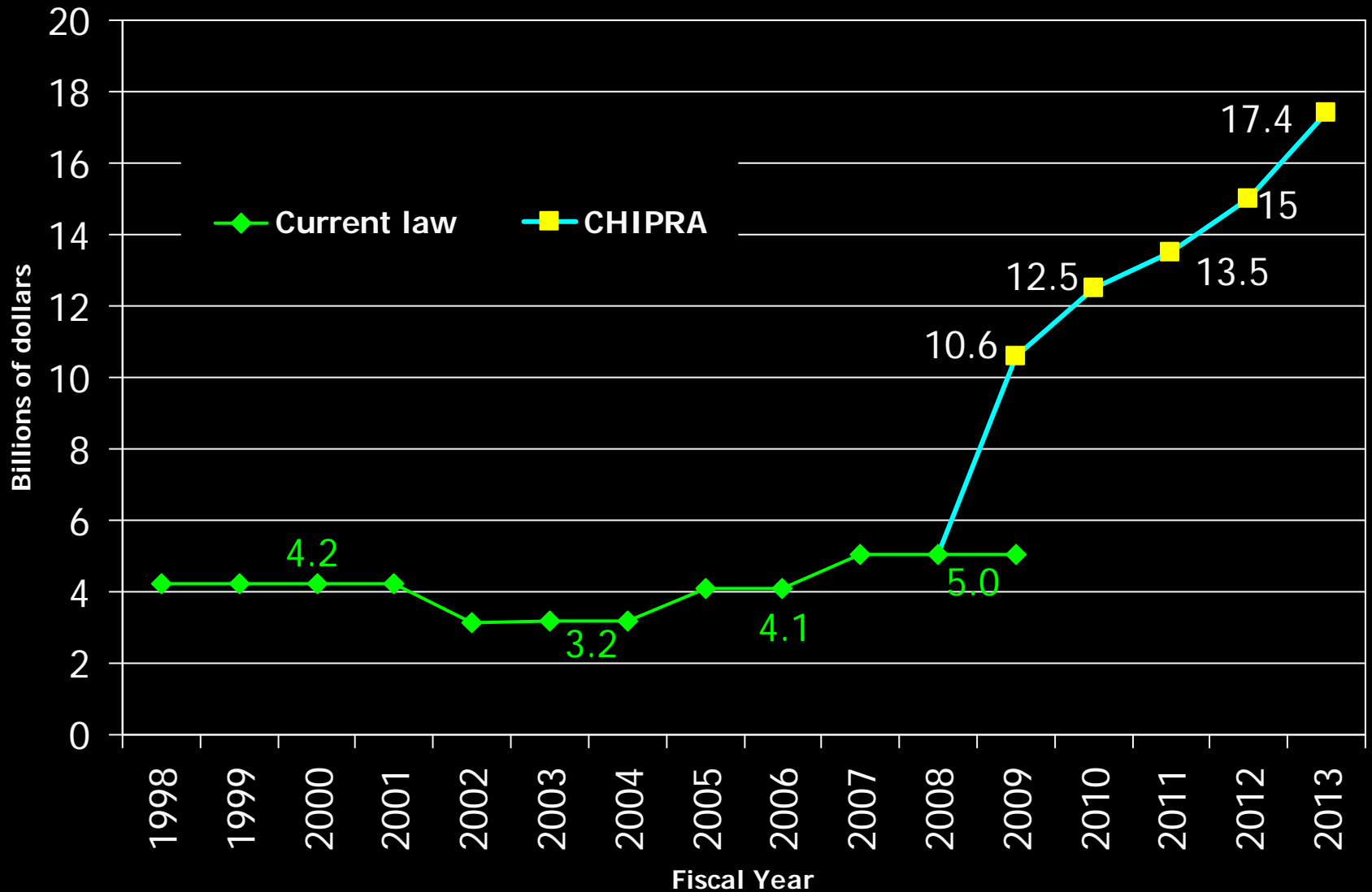
- Annual congressional intervention for shortfalls

- Most uninsured kids eligible for Medicaid/SCHIP

CHIPRA: New World solutions

- Lower uninsured kids → Less SCHIP \$\$\$
 - Dumped # of uninsured as allotment factor
 - Dumped survey estimates altogether
- Annual congressional intervention for shortfalls
 - Large nat'l allotments (big pies)
- Most uninsured kids eligible for Medicaid/SCHIP

SCHIP allotments: CHIPRA



CHIPRA: New World solutions

- Lower uninsured kids → Less SCHIP \$\$\$
 - Dumped # of uninsured as allotment factor
 - Dumped survey estimates altogether
- Annual congressional intervention for shortfalls
 - Large nat'l allotments (big pies)
 - Slices based on actual recent consumption
 - 2-year period of availability
 - Contingency fund: Additional 20% of nat'l allotment in case of shortfalls
- Most uninsured kids eligible for Medicaid/SCHIP
 - Bonus payments if you have both:
 - Increased Medicaid enrollment
 - Perform certain outreach and enrollment activities

Critical Budget Issues (1)

- Current FY09 congressional budget resolution
 - ‘CBO Baseline’ for SCHIP assumes \$5B annual allotments forever. ‘Cost’ of legislation is amount spent/consumed above baseline.
 - Max ‘cost’ is \$50 billion over 5 years (08-13)
 - Over 5-year and 10-year windows, PAYGO (offset)
- CHIPRA 2009 (H.R. 2) – CBO score:

	5 year	10 year
‘Cost’ (Medicaid and SCHIP)	\$32.3 billion	\$65.4 billion
<i>New revenue</i>	<i>\$32.5 billion</i>	<i>\$65.6 billion</i>

Critical Budget Issues (2)

- Source of revenue
 - CHIPRA: Increase federal cigarette tax from 39 cents per pack to \$1 (61-cent increase), plus other tobacco tax increases
 - Several states have recently increased their own cigarette taxes to fund health initiatives (e.g., Maryland to \$2 per pack, from \$1)



- *CHIPRA 'Magic language' – to meet 10-year PAYGO, SCHIP allotment 'baseline' after 5 years is \$6 billion in H.R. 2 and \$5.7 billion in S. 275*

SCHIP original allotments assumed for CBO scoring purposes: CHIPRA 2009 (H.R. 2)

