

SCHIP Funding

Funding for the State Children's Health Insurance Program (SCHIP) expired on September 30, 2007, but after months of debate and several vetoed pieces of legislation, Congress and President Bush agreed to temporarily extend SCHIP funding at FY 2007 levels. This funding extension expires on March 31, 2009, and therefore is a top priority for the new session of Congress. New Mexico's current SCHIP is financed by a 4 to 1 match of federal to state dollars, which could mean we will be presented with a significant shortfall in our SCHIP budget.

While SCHIP has certainly helped many New Mexican's, the program cannot be considered the sole solution to the problem of the uninsured. We are faced with challenges such as enrolling eligible children, protections against crowd-out, and of course funding. We believe that a great opportunity exists to improve SCHIP's current public/private partnership structure in order to cover low-income uninsured children more cost-effectively.

Many parents of SCHIP-eligible children have access to employer-sponsored health insurance coverage but cannot afford their portion of the dependent premiums. Some of these parents enroll their children in SCHIP, but many do not; many children remain uninsured.

The original SCHIP legislation included an option for states to utilize premium assistance if the employer coverage met certain requirements. The current rules, however, are so onerous that only nine states have attempted to implement premium-assistance programs. We would like the process for states to voluntarily use SCHIP dollars to subsidize employer-sponsored coverage made simpler. NAHU has developed very specific legislative recommendations (see Recommendations to Improve SCHIP Position Paper) as to how the existing law can be modified to make premium assistance a workable reality.

We support SCHIP legislation that reduces the difficulties states and employers encounter when attempting to implement premium assistance. Doing so would have the following benefits:

- More families would accept employer-sponsored coverage for their children, lowering the number of uninsured children.
- The administrative burden on low-income families would be lessened, as families could be covered together on the same health insurance plan.
- It would reduce the "crowd out" of the private market that occurs when parents decline employer coverage in favor of SCHIP coverage for their dependents.
- It would lower costs by taking advantage of any premium dollars employers are willing to contribute toward their eligible employee dependent premiums-money that is now often "left on the table."
- It would also reduce SCHIP costs because the risk associated with covering the children with employer-sponsored coverage would be borne by the private market plan rather than the public program.
- Licensed health insurance producers, who are already helping millions of business owners purchase health insurance coverage for their employees nationally, could provide outreach and enrollment assistance at virtually no cost to the SCHIP program.