



2008 BUDGET

A Balanced Budget By 2012, While:

★ Keeping the Economy Strong and Taxes Low ★ Spending Taxpayer Dollars Wisely

★ Combating Terrorism and Protecting the Homeland

-- JUST THE FACTS --

STATE CHILDREN'S HEALTH INSURANCE PROGRAM (SCHIP)

The President's 2008 Budget proposes to reauthorize SCHIP as well as add funding in order to maintain and strengthen the commitment to providing health insurance to low-income, uninsured children. Specifically, the proposal:

- **Increases SCHIP funding by \$4.8 billion over five years (for a total of \$30 billion in SCHIP allotments).**
 - The Budget proposes to increase SCHIP allotments to maintain enrollment for priority low-income children over five years.
 - SCHIP has provided \$40 billion over the last 10 years to States.
- **Re-focuses the program on its original aim: To provide health care to children at or below 200% of poverty (for example: \$41,300 for a family of four).**
 - SCHIP was originally established to provide health insurance to low-income, uninsured children who were not eligible for Medicaid.
 - The proposal varies the Federal match rate for different populations to focus SCHIP resources on children at or below 200% of poverty. The enhanced Federal match rate will continue to be provided to States that cover children and pregnant women at or below 200% of poverty.
 - States can continue to cover children above 200% of poverty and will receive the Medicaid match rate.
 - The Budget focuses on maintaining coverage for priority low-income children. Currently, States have covered more than 600,000 adults using SCHIP funds.
 - Currently, three States cover more adults than children. The Budget builds on previous Congressional efforts to focus SCHIP funds back on low-income children. The Deficit Reduction Act of 2005 prohibited any new states from using SCHIP funds to cover childless adults. The recent FY 2007 SCHIP funding provisions in the NIH Reform Act provided reallocated funds to States with the lower Medicaid match rate for non-pregnant adults, rather than the enhanced match rate.
- **Provides Federal reimbursement for both parents and children under SCHIP.**
 - Under this proposal, States can continue to cover parents up to existing eligibility levels.
 - States will receive the Medicaid match rate for covered adults out of their SCHIP allotments.
 - The Administration's SCHIP reauthorization proposal builds on the coverage already provided to low-income children and adults through Medicaid. In FY 2008, Medicaid will cover approximately 50 million individuals -- 35 million of which are children and non-aged, non-

disabled adults. Medicaid is also projected to spend \$204 billion in Federal funds -- \$60 billion of which is spent on health coverage for children and adults.

- **Efficiently targets funding to states that most require funding.**
 - The current system for allocating SCHIP funds is inefficient. States currently have large remaining unspent balances of approximately \$3-4 billion that could be better targeted to meet state requests.
 - The Budget proposes to change the way SCHIP funds are allocated to states to make the distribution of funds more efficient.