

THE GREAT SCHIP DEBATE

A NATIONAL FIGHT OVER CHILDREN'S HEALTH INSURANCE

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On October 3, President Bush vetoed a bipartisan bill that would have added \$35 billion to a state-run, federally-financed program known as SCHIP. The bill's supporters estimated that it might have given 5.8 million more children health insurance by 2012. Bush says his veto may be the first skirmish in a long war over a national health program. But a coalition of Rhode Island children's advocacy groups says it isn't interested in turning State Children's Health Insurance Program (SCHIP) into an ideological litmus test. They argue that Rhode Island's program, known as RItE Care, has emerged as a model for how to get low-income children good health care—a model that could be followed by the rest of the nation.

Although Congress will almost certainly reauthorize the program in some form, after the veto it is unclear just how SCHIP will be changed when Democratic leaders settle on a compromise measure with the president. Rhode Island health officials hope that in whatever form SCHIP is reauthorized, it will help them expand coverage to more of the state's 10,000 uninsured children under RItE Care. In a March poll, the New England Alliance for Children's Health found that 73% of Rhode Islanders support expanding SCHIP.

Little giants

No American consensus on universal health care for adults has ever existed. But in 1997, just three years after the death of Hillary Clinton's proposed health care plan, Congress signed on to SCHIP, a federal matching-funds program that helps states pay for children's health insurance not covered by entitlement programs. It has always been far easier for Congress to agree to fund federal welfare for children. In 1965, President Lyndon Johnson convinced Congress to enshrine Medicaid as a central program in his war on poverty. Aimed at very low income families that have no hope of affording private health insurance, Medicaid is jointly administered with state governments.

Medicaid's complicated eligibility requirements restrict aid to the very poor, and SCHIP was designed to increase the cutoff to families whose income is about twice as high as the poverty line. The Center on Budget and Policy Priorities estimates that SCHIP now helps around 4 million children get health coverage each month.

Flush from their victory in the 2006 elections, Democratic leaders pledged to reauthorize the SCHIP program (which was set to expire after 10 years in 1997) and expand it, along with Medicaid, to cover even more low-income kids hovering above the poverty line. And they found powerful allies across the aisle, including Republican Senators Orrin Hatch and Chuck Grassley. Since SCHIP is state-administered, it has also won enthusiastic converts in many traditionally conservative states, including Georgia's governor, Sonny Perdue.

The Democrats and their Republican allies hoped to expand SCHIP coverage to 3.8 million more children over the next ten years. This would have meant that many more lower middle-income children, whose parents may have had enough money to escape poverty but not enough to afford private health insurance, would be covered. The new version of SCHIP would have also shored up the existing program, which faces a \$890 million budget shortfall in the 2007 fiscal year, according to the Center on Budget Priorities.

But in a radio address explaining his veto, President Bush raised the prospect that "Congress's SCHIP plan is an incremental step toward their goal of government-run health care for every American." In August his administration had announced a new policy that would have required states to enroll 95% of their very low-income children in SCHIP before helping other children—a virtual impossibility, given the extraordinarily high income cutoff.

Bush has also argued that, despite his support for SCHIP in its current form, many states are planning to enroll too many children in SCHIP—a move that might force private insurers out of the market. The bill's supporters counter that "crowd out" might affect at most two million of the newly covered children.

Despite his markedly low approval rating (35% in the latest Fox News poll), the president only needed to muster a core Republican minority in the House—and he appears to have done this. But Bush has clearly been weakened by the SCHIP debate and the opportunity it has provided Democrats to further batter him. At one point Senator John Kerry took to the floor to relate the story of a young girl afflicted by a rare eye disease who was helped by a SCHIP-funded program in Massachusetts. This led Kerry to utter the unforgettable line, "Do we really want to leave children to go blind?"

Fair or not, it's a question for which President Bush has no easy answer—libertarian arguments for the maximum efficiency of the private health care market don't have quite the emotional appeal as the specter of blind little girls.

Giant triumph in Lil' Rhody

In Rhode Island, it hasn't just been the blind that SCHIP has helped. Jill Beckwith, a policy analyst for Rhode Island Kids Count, says she was "outraged" that the president vetoed the new version of SCHIP because the program has been "one of the unqualified public policy successes created in the past decade."

The Rhode Island Office of the Health Insurance Commissioner estimates that 6.4 percent of the state's children are uninsured, compared to the national average of 11 percent. In 1995, 10.9 percent of the state's children were uninsured, compared with 6.6 percent in 2005. Much of that drop has been due to RItE Care, a program that integrates the various sources of federal and state fund-

ing, including SCHIP, into one easily accessible package. Beckwith says bureaucrats from across the country have come to Rhode Island to watch RItE Care in action.

RItE Care also provides insurance for the parents of low-income children—a move that President Bush singled out for criticism in his radio address. But Beckwith says that "if you insure the parents, you increase the likelihood that the kids are going to be insured."

Beckwith and others had hoped that Rhode Island might soon raise its RItE Care eligibility cutoff to 300 percent of the federal poverty level. A March 2007 poll by the New England Alliance for Children's Health found that 83% of Rhode Islanders support expanding RItE Care. It's a move that might be easier to sell to Rhode Island legislators if the SCHIP program was expanded. "Given the state's fiscal situation," Beckwith says, "we count on those federal funds to make sure our RItE Care program continues in the way it's been."

Rhode Island children have been hit particularly hard in the last few years by the departure of several private insurers from the state in the past few years. And Rhode Island family premiums are among the highest in the nation—\$1,033 per month, compared with \$907 nationally.

Gigantic, a big big row

There are still 10,000 Rhode Island children without insurance—and the SCHIP expansion might have helped 7,000 of them get health care. In a press conference at the Neighborhood Health Plan of Rhode Island's office, the entire Rhode Island congressional delegation (all Democrats) came out against

the president's veto. Representative Patrick Kennedy, quoted in *The Providence Journal*, had particularly heated words for Bush.

"If you want to fight terrorism," he said, "think about giving [families] some health care because that's going to give them a lot more peace of mind at night than all the guns and bullets you're going to be shipping over to Iraq as a result of your military planning and spending bills."

As the *Independent* goes to press, the House is scheduled to vote whether to override the Bush's veto. Speaker Nancy Pelosi has indicated that she does not have the votes to pass the program in the form she wants. There are hints of compromise: on October 14's *Fox News Sunday*, House Majority leader Steny Hoyer said SCHIP was "not going to die. We're going to go back and we're going to pass another bill."

For now the future of SCHIP is uncertain—as is the future of Rhode Island's uninsured children.

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Information gathered from: "Children's Health Check," *The Washington Post*, October 1, 2007. "RI Delegation criticizes Bush's veto," *The Providence Journal*, October 10, 2007.

