

Obama rescinds Bush SCHIP restrictions

By Jeffrey Young

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The same day President Obama signed into law a major expansion of children's health insurance, he reversed President George W. Bush-era limitations on states enrolling kids from higher-income families.

In a Feb. 4 memo released on Thursday, Obama directed the Department of Health and Human Services to withdraw controversial Bush administration orders intended to restrict states from expanding the State Children's Health Insurance Program (SCHIP).



“These requirements have limited coverage under several state plans that otherwise would have covered additional uninsured children. As a result, tens of thousands of children have been denied healthcare coverage,” Obama wrote.

Although the legislation signed into law on Wednesday provides more than \$30 billion in additional SCHIP funding to enable states to enroll 4 million more children atop the 7 million already receiving benefits, it does not explicitly address letters the Bush administration sent outlining its SCHIP policies in 2007 and 2008.

Though bureaucratic in nature, Obama's brief memo adds emphasis to the new administration's embrace of the expansion of public safety-net health programs in comparison to the previous administration.

“This bill is only a first step. The way I see it, providing coverage to 11 million children through [S]CHIP is a down payment on my commitment to cover every single American,” Obama said Wednesday.

Without clear direction from the Obama administration, states might have been confused about how to carry out their plans to expand SCHIP, explained a spokesman for Sen. Jay Rockefeller (D-W.Va.), who sponsored legislation to overturn the Bush policies.

“I think it sends a very important signal to everybody that this [Bush policy] is gone,” the Rockefeller spokesman said. The White House action also clarifies that states can move ahead with their expansion plans while they wait for the new law to take effect on April 1.

When Bush's Centers for Medicare and Medicaid Services (CMS) issued the so-called Aug. 17 directive in 2007, Democratic lawmakers and state officials cried foul.

Congress was in the midst of trying to strike a bipartisan accord on SCHIP legislation and to dissuade Bush from issuing a veto threat on the bill.

Instead, a CMS official wrote a letter to states notifying them that, among other things, the agency would not approve any SCHIP expansions to children in families earning more than 200 percent of the federal poverty level unless they could prove they had already signed up 95 percent of kids in poorer families.

Several states filed lawsuits against the Bush administration policy. Democrats on Capitol Hill called it “illegal,” arguing that CMS overstepped the bounds of its authority by implementing the restrictions without a new statute or going through the formal federal regulatory process.

The Bush administration defended its right to instruct states on how to run SCHIP but, a year later, informed states that it would essentially not enforce the limitations.

The SCHIP law Obama signed this week explicitly revoked the 95 percent standard from the Bush policy but did not address other restrictions, such as requiring children from families with earnings above 250 percent of poverty to wait one year after losing private insurance coverage before they could receive SCHIP benefits.