

House Energy & Commerce Committee



Republicans

Barton-Deal SCHIP Reauthorization Bill Policy Highlights

- **Targeting Coverage to Low Income Children** – To prevent States from continually overspending their annual SCHIP allotments, States are required to demonstrate how their SCHIP eligibility criteria and benefits package will allow their annual funding allotment to cover *at least* 90% of the SCHIP eligible children and pregnant women in the State.
 - To encourage States to actually focus their resources on the target populations of SCHIP, Federal funding for new enrollees would be strictly limited to services provided to children and pregnant women with household incomes under 200% of the Federal Poverty Level until the State has enrolled at least 90% of the SCHIP and Medicaid eligible beneficiaries under 200% of FPL.
- **Closes the Income Disregard Loophole** – To ensure that all citizens are treated equally and to avoid States from taking advantage of loopholes in the current law, the Secretary is required to develop a national set of income disregards.
- **Requires Citizenship to be verified** – It is currently against the law for illegal immigrants to receive federal welfare benefits. Limited SCHIP dollar should be reserved for U.S. citizens. We build upon the success of the DRA policy of requiring proof of citizenship before enrollment into federally funded entitlements by applying this requirement to all SCHIP beneficiaries.
- **SCHIP is for the needy** – Medicaid, SCHIP does not currently have an asset test, meaning that millionaires can be eligible for SCHIP. The Barton-Deal bill will correct this problem by prohibiting anyone with net assets above \$500,000 from being eligible for SCHIP.
- **Individual choice in health care** – Individual choice in health care – The Barton-Deal SCHIP bill helps shift needy individuals away from ineffective and inefficient government-run healthcare bureaucracies by requiring States to provide beneficiaries with the option of premium assistance for employer sponsored insurance or other coverage options on the private market. Our bill gives individuals the option to purchase the healthcare plan that best fits the needs of their family, and gives States the flexibility they need in order to be able to provide these options.
- The Barton-Deal bill will ensure that all States have enough funding to cover all of their eligible children and pregnant women under 200% of the FPL. A State's annual allotment shall equal the State-specific SCHIP reimbursement rate multiplied by the national per capita expenditure for SCHIP multiplied by number of eligible children and pregnant women with incomes between the lesser of the Medicaid eligibility level or 150% FPL and 200% FPL.
- **The C in SCHIP is for Children** – The Barton-Deal SCHIP bill addresses the problem of adults on SCHIP by prohibiting federal SCHIP dollars from going to adults beginning in FY09 and by prohibiting

the Secretary from approving any new waiver, experimental pilot, or demonstration project that allows Federal SCHIP funds to be used to provide benefits to adults. Truly, needy adults should be on Medicaid and should not be allowed to take limited resources away from children.

Facts about ‘income disregards’

- States use a mechanism to allow for “income disregards” to include a wider breadth of enrollees into SCHIP and Medicaid programs.
- Income disregards are a way for States to create a fiction.
- States have an incentive to use these income disregards to pump up their allotments from the Federal government and expand eligibility levels.
- Income disregards vary from child care, home health care, and car payments.
- Some states are choosing to ignore large portions of actual income. Some states are ignoring all income from 200% of poverty to 350% of poverty. So someone who makes 350% of the federal poverty level is treated as making 200% for purposes of SCHIP eligibility.
- This is the loophole that has allowed states to expand SCHIP populations beyond the original intent of the law.
- Capping the eligibility level at a certain percentage of the Federal Poverty Level and not addressing income disregards provides an obvious and often-used loophole for states to cover any level of income.
- The Democrats’ proposal perpetuates and amplifies this loophole allowing states to disregard of income levels entirely so states can boost SCHIP spending to even higher income categories.
- Under the Democrats’ bill, a state could ignore all income between 200 percent and 600% of poverty. A family four with income above \$125,000 a year could qualify for a health insurance program for low income children.
- The Democrats’ bill will have the federal government pay for these expanded populations.
- The Democrats claim this bill is designed to cover low income children but the income disregard loophole is their giant leap toward nationalized health insurance.

###