



## Press Release

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### **Bush Policy "Out of Touch" with Children's Health Care Needs**

Washington -- Tens of thousands of children have lost the opportunity of affordable health care coverage under a directive issued by the Bush Administration and more will do so in the months ahead, according to a report released today by Georgetown University's Center for Children and Families (CCF). The report is based on a growing body of new data and analyses by state officials, research organizations and legal experts.

"This federal policy change couldn't have been imposed on the states at a worse time," said Cindy Mann, executive director of CCF. "As more families are experiencing financial hardship, the directive severely limits states' options to soften the impact of the economic downturn on their most vulnerable residents – uninsured children."

The directive drastically alters the rules that have governed the State Children's Health Insurance Program (SCHIP) for ten years, according to the report. SCHIP is a federal-state partnership designed to provide affordable health care coverage to children. Children from families with gross annual incomes above \$44,000 for a family of three (250% of poverty) may no longer be permitted to purchase insurance through SCHIP programs in many states if the directive is allowed to stay in effect.

The directive affects children in at least 22 states and the District of Columbia. Most of those states are facing budget shortfalls and are unable to find additional state resources to continue to cover children impacted by the federal policy change.

"Unpaid medical bills piling up on the dining room table are not as obvious signals of trouble as foreclosure signs cropping up in yards, but the pain they can inflict is just as harmful," said Mann. "This policy is clearly out of touch with the economic reality faced by uninsured families and states trying to help them."

Under the directive, states that want to offer affordable health care to families earning above \$44,000 for a family of three (250% of poverty) would first have to prove that they cover nearly all children in families earning less than 200% of the federal poverty level. It is virtually impossible to reach that benchmark in a voluntary program such as SCHIP. The only health insurance program that comes close to that rate of enrollment is Medicare, a program with universal eligibility and automatic enrollment. The states would also have to show that private insurance coverage rates had not dropped by more than 2

percent – a trend that is impacted by factors beyond their control, according to most experts and states. In effect, the directive makes it nearly impossible for states to use SCHIP funding to offer affordable health insurance to children in families with annual incomes above \$44,000 for a family of three.

States have until August 17th to attempt to comply with the policy change or stop using SCHIP funds to offer affordable health care coverage to children from families earning more than 250% poverty. According to the report, no state has yet been able to comply with the new requirements imposed on them by the directive.

Even if states are able to comply with the requirements, the directive imposes a one-year waiting period on new families. No exceptions are included for children whose families are unable to afford health care coverage due to unemployment, loss of employer-sponsored health care coverage or job changes.

As the economy weakens, unemployment rises and more families lose access to affordable health insurance. According to a Kaiser Family Foundation study cited in the report, an estimated 1.1 million Americans become uninsured when unemployment rises by one percentage point

By bypassing Congress, the Administration overstepped its legal authority in issuing the policy changes according to General Accountability Office (GAO) and Congressional Research Service (CRS) reports cited in the report. Thirty Governors and numerous Members of Congress have called on the Bush Administration to rescind the directive. A number of legal challenges also have been filed against the directive.

Copies of the report “Out of Touch: A Status Report on CMS’s August 17th Directive” are available from <http://ccf.georgetown.edu>. The Robert Wood Johnson Foundation made the report possible through its generous support of the Center for Children and Families.

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*CCF is an independent, nonpartisan research and policy center based at Georgetown University’s Health Policy Institute whose mission is to expand and improve health coverage for America’s children and families. For more information visit our [Web site](#), [email us](#) or call (202) 687-0880.*