

# Children's Health Bill Dispute Turns to Income Limits

By ROBERT PEAR

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WASHINGTON, Oct. 16 — It is the \$83,000 question: Could children with that amount of family income qualify for subsidized health insurance under the bipartisan bill passed by Congress and vetoed by President Bush?

When the House votes Thursday on whether to override the veto, Republicans will insist that the answer is yes. They will express outrage that rich children could get coverage from the government while hundreds of thousands of poor children still go uninsured.

Democrats say it is a total distortion for Mr. Bush and his Republican allies to say that the bill allows coverage with family incomes up to \$83,000 a year.

Who is right? Each side appears to overstate its case. The bill does not encourage or prohibit coverage of children with family incomes at that level.

Of the 6.6 million children now covered by the program, most come from families with incomes well below \$83,000, and the bill would give states financial incentives to sign up low-income children who are eligible but not enrolled.

In general, children with family incomes below the poverty level (\$20,650 for a family of four) are eligible for Medicaid. The State Children's Health Insurance Program is meant for families with too much income to qualify for Medicaid, but not enough to afford private insurance.

Mr. Bush said Monday that the bill would expand eligibility for the program up to \$83,000.

But Senator Orrin G. Hatch, Republican of Utah and an architect of the bill, said

Tuesday that the president's argument was specious. "About 92 percent of the kids will be under 200 percent of the poverty level," Mr. Hatch said at a news conference with supporters of the bill, including the singer Paul Simon.

Another Republican author of the bill, Senator Charles E. Grassley of Iowa, said the White House claims were "flatly incorrect."

States establish income limits for the child health program. A recent survey by the Congressional Research Service found that 32 states had set limits at twice the poverty level or less, while 17 states had limits from 220 percent to 300 percent of the poverty level. Only one state, New Jersey, has a higher limit. It offers coverage to children with family incomes up to 350 percent of the poverty level, or \$72,275 for a family of four.

In New York, which covers children up to 250 percent of the poverty level, the Legislature this year passed a bill that would have raised the limit to 400 percent of the poverty level, or \$82,600 for a family of four. The Bush administration rejected the proposal, saying it would have allowed the substitution of public coverage for private insurance.

States that cover middle-income children often charge premiums and co-payments on a sliding scale, so the coverage is not free.

While the bill passed by Congress would not prohibit states from setting the income limit at \$82,600, it would set stringent new standards for such coverage.

In general, after Oct. 1, 2010, a state could not receive any federal money to cover children above 300 percent of the poverty level unless a vast majority of its low-income children — those at or below 200 percent of the poverty level — were already covered. To meet this test, a state would have to show that the proportion of its low-income children with insurance was at least equal to the average for the 10 states with the highest rates of coverage of low-income children.

Moreover, if a state was allowed to cover children over 300 percent of the poverty level, the federal payment for those children would, in most cases, be reduced. New Jersey and New York would be exempt from the cuts if they met the bill's other requirements.

Citing that provision, the White House said Oct. 6 that the bill included a "grandfather clause" allowing higher payment rates for children above 300 percent of the poverty level in New Jersey and New York.

Jocelyn A. Guyer, a researcher at the Health Policy Institute of Georgetown University, said: "This is a wildly contentious political issue, but it's largely a theoretical question. More than 99 percent of children in the program are below three times the poverty level, and New York is the only state that has expressed any interest in going to four times the poverty level."

Suzanne Esterman, a spokeswoman for the New Jersey Department of Human Services, said that 3,000 of the 124,000 children in the state program — about 2.4 percent — had family incomes exceeding three times the poverty level.

Some of the current confusion can be traced back to a bill introduced in March by Senator Hillary Rodham Clinton of New York and Representative John D. Dingell of Michigan, both Democrats. They would have explicitly allowed all states to expand eligibility to families making four times the poverty level. But the bill passed by Congress did not go that far.