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Prescriptions

Making Sense of the Health Care Debate

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Program for Children Has Uncertain Future

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WASHINGTON — As Democratic Congressional leaders work to merge the House and Senate versions of major health care legislation, a big question is what they will do about the Children's Health Insurance Program, which now provides coverage to more than nine million children and pregnant women and is expected to cover more than 14 million by 2013.

The Senate bill would preserve the program, known as CHIP, and would extend federal financing through 2015, two years past its expiration date under current law. Two Democrats, Senators John D. Rockefeller IV of West Virginia and Bob Casey of Pennsylvania, fought hard to protect CHIP in the bill.

Chip Somodevilla/Getty Images
Senator John D. Rockefeller IV,
Democrat of West Virginia.

The House bill, by contrast, would end CHIP and redirect the millions of children either to Medicaid, the federal-state insurance program for the poor, or to new health insurance exchanges where moderate-income Americans would be able to buy private coverage using new federal subsidies to help offset the cost.

Unlike many of the issues facing Senate and House negotiators, the question of what to do with CHIP is not just a cerebral policy point. In recent years, states have made huge strides in covering children, particularly those in low- and moderate-income families, and experts say those gains could be put at risk.

“Attention must be paid to the possibility that some children who lose CHIP coverage could fall through the cracks and become uninsured,” Genevieve M. Kenney and Allison Cook wrote last month in a brief prepared for the Urban Institute, the Washington research group.

Some House Democrats, including Representative Henry A. Waxman of California, the chairman of the Energy and Commerce Committee and a lead author of the health care legislation, have said it is difficult to defend a stand-alone government insurance program for children once subsidies are available for entire families.

In Transition, Risks

But many children's health advocates cite numerous risks. Simply shifting children from one program to another could result in some losing coverage, even on a temporary basis. And there is a chance that parents, even with new subsidies, will find coverage unaffordable and choose not to buy it for themselves or their children, despite a new mandate in both bills that nearly everyone obtain coverage.

Then there are more complicated situations, like those of children whose parents have mixed immigrant status. Under both the Senate and House bills, illegal immigrants would not be eligible for the insurance subsidies.

Some experts project that as many as 14 percent of children with health care through government programs come from such families. And while the bills would provide for the creation of child-only insurance policies, it is unclear how those policies would work and whether children would face difficulties obtaining coverage that way.

The bills also seek to push people with access to employer-sponsored health insurance to buy it, allowing exemptions only for families for whom such coverage would be extremely expensive. Many low-income workers already choose to enroll their children in CHIP because private coverage is too costly.

"The country has made remarkable progress in covering kids in recent years because of the success of CHIP and its companion program, Medicaid," said Jocelyn A. Guyer, co-executive director of the Center for Children and Families at Georgetown University. "It would be a major problem if health reform undercut these gains by shutting CHIP down too abruptly or by moving kids into coverage that isn't as affordable and as well-designed to get them the care they need to develop and grow."

In an effort to tilt the debate in favor of maintaining CHIP as a standalone program, Mr. Rockefeller and Mr. Casey prevailed upon the Senate majority leader, Harry Reid of Nevada, to include two more years of federal financing — through 2015 — which would serve as a bridge beyond the creation of insurance exchanges, where people would be able to buy subsidized private coverage.

Under the Senate bill, state-based exchanges would begin in 2014. The House bill calls for a national insurance exchange to begin in 2013.

Factoring in Medicaid

Tied directly to the question of CHIP's future is the proposed expansion of Medicaid to include many more low-income Americans, particularly childless adults.

Medicaid would grow under both measures, with eligibility expanded to individuals and families earning up to 133 percent of the federal poverty level (currently about \$29,327) under the Senate bill, and up to 150 percent of the poverty level (\$33,075) under the

House bill.

States have generally expressed apprehension about the proposed Medicaid expansion, because they would eventually share in the cost of covering new enrollees. Medicaid generally provides more comprehensive coverage than CHIP, but potentially offers fewer choices of doctors and other health providers because of Medicaid's low payment rates. States currently must provide Medicaid coverage to all children through age 5, from families earning up to 133 percent of the poverty level, and to children ages 6 to 18 with family income up to 100 percent of the poverty level.

The House bill, in addition to more broadly expanding Medicaid eligibility, would also increase payment rates for primary care physicians — a step that many health advocates say is needed to improve access to providers for children and adults. The Senate bill does not increase Medicaid payment rates.

In a statement after the Senate adopted its health care bill on Dec. 24, Dr. Irwin Redlener, president of the Children's Health Fund, a New York-based advocacy group, praised the preservation of CHIP, but criticized the Senate bill for not lifting Medicaid payment rates. "Unfortunately, the Senate bill fails to improve reimbursement rates for Medicaid providers and omits a provision to automatically enroll otherwise uninsured infants, both of which were in the House bill," Dr. Redlener said.

The Fight Ahead

Mr. Rockefeller, in an interview just before the Senate adopted its bill, said that he was prepared to battle against his colleagues in the House to preserve CHIP in the final health care legislation. "I am not going to drop kids," he said.

But Mr. Rockefeller also said he was optimistic that House Democratic leaders, however reluctant, would make the adjustments needed to get the final legislation through the Senate, where Democrats cannot afford to lose a single vote.

"The House doesn't like the Senate, anyway," he said. "I don't blame them."