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FOR IMMEDIATE RELEASE
May 6, 2008

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GEORGETOWN UNIVERSITY REPORT: ADMINISTRATION'S SCHIP DIRECTIVE WILL BLOCK HEALTH CARE FOR MO KIDS

St. Louis, MO – A directive issued by the Bush Administration threatens to stop Missouri from offering affordable health care coverage to children in families with moderate incomes who lack access to private insurance, according to a report released today by Georgetown University's Center for Children and Families. The Missouri Budget Project warned that the impact of the directive will be particularly tough on Missouri families, due to Missouri's weakening economy and projected state budget shortfall in 2010.

"This federal policy change couldn't come at a worse time for Missouri families and the state of Missouri," said Ruth Ehresman, Director of Health & Budgetary Policy at the Missouri Budget Project. "As more families are experiencing financial hardship, the Administration's actions severely limit states' options to soften the impact of the economic downturn on their most vulnerable residents – uninsured children."

According to the report, the Administration bypassed Congress in issuing the directive, which drastically alters the rules that have governed the State Children's Health Insurance Program (SCHIP) for ten years. SCHIP is a federal-state partnership designed to provide affordable health care coverage to children.

In March 2008, Missouri's State Children's Health Insurance Program provided affordable health care for an estimated 61,000 children in families with incomes up to three hundred percent of the federal poverty level (\$52,800 in pretax income for a family of three). Families are charged monthly premiums on a sliding scale.

"Missouri has worked hard to assure that our SCHIP program does not penalize parents who have unaffordable employer sponsored insurance, and to allow children to be eligible if they have exhausted the benefits of private insurance or have special conditions not covered by private insurance. The directives force Missouri, and other states who are working to insure children, to take a step backward," states Ehresman.

The directive includes some unrealistic requirements, such as enrolling a high percentage of children in families with incomes under 200 percent of the federal poverty level, penalizing the state for a drop in employer sponsored insurance, and requiring children to be uninsured for 12 months in order to be eligible for SCHIP coverage.

"When families struggle during this economic downturn with job loss, increasing food and gas prices, and a housing crisis, the least we can offer them is the peace of mind that their children's health

will be covered,” said Ehresman. “When a child is ill, how can we tell him to wait a year for treatment?”

Children from families with gross incomes above \$44,000 for a family of three (250 percent of poverty) may no longer be permitted to purchase insurance through Missouri’s SCHIP program if the directive is allowed to stay in effect. Currently, about 850 Missouri children fall in this category.

“Unpaid medical bills piling up on the dining room table may not as obvious signals of trouble as foreclosure signs cropping up in yards, but the pain they can inflict is just as harmful,” said Cindy Mann, executive director of the Georgetown University Center for Children and Families. “This policy is clearly out of touch with the economic reality faced by uninsured families and states trying to help them.”

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.

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

By bypassing Congress, the Administration overstepped its legal authority in issuing the policy changes, according to newly-issued General Accountability Office (GAO) and Congressional Research Service (CRS) analyses 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 have also been filed against the directive.

“If President Bush doesn’t voluntarily rescind this ill-advised directive, Congress should move swiftly to overturn the rule before more children are harmed,” said Ehresman.

The report is based on a growing body of new data and analyses by state officials, research organizations and legal experts. Copies of the report “Out of Touch: A Status Report on the Impact of CMS’s August 17th Directive on Children’s Health Care Coverage” are available at www.ccf.georgetown.edu.