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SCHIP Reauthorization is Important to Colorado's Children

Background

Thanks to the State Children's Health Insurance Program (SCHIP), America's children are more likely to have access to health care services today than they did ten years ago. Despite rising health care costs and the declining availability of employer-based coverage, the overall uninsured rate of low-income children fell by a third between 1997 and 2005. Six million children nationwide and over 48,000¹ children in Colorado can now access the care they need to stay healthy and thrive because of their enrollment in SCHIP.

SCHIP, called the Child Health Plan *Plus* (CHP+) in Colorado, was established by Congress in 1997 and provided the States \$40 billion over 10 years to provide health insurance coverage to low-income, uninsured children.

SCHIP funds are distributed in annual allotments to states according to a formula based in part on a state's number of low income and uninsured children. States have three years to spend their allotments after which they must return unspent funds to the national treasury to be redistributed to states with funding shortfalls. Colorado receives a 2:1 match from the federal government for CHP+ expenditures.

Fiscal Year 2007 is the final year of SCHIP's original ten year authorization.

What's at Stake

Despite public support for increased program funding², federal SCHIP allotments will remain frozen at FY 07 levels unless Congress acts. Since the FY 07 allotment does not reflect the actual cost of insuring currently enrolled low-income children in years to come, states may face difficult choices. Cutting back on SCHIP programs may require reducing eligibility levels, capping enrollment, eliminating benefits, increasing cost sharing or cutting provider payments.

In 2006, Colorado received roughly \$58 million in CHP+ and has not yet, experienced a federal funding short fall. In fact, Colorado returned nearly \$55 million in unused SCHIP funds to the federal treasury between 2001 and 2005 and in March of this year, the state will lose another \$5 million in unused funds even though we will be spending into our reserves. If Congress does not add new funding to the SCHIP program, Colorado's Department of Health Care Policy and

¹ Department of Health Care Policy and Financing. Report to the Joint Budget Committee, December 2006.

² *Too Close to Turn Back: Covering America's Children*. Georgetown University Health Policy Center: Center for Children and families. December 12, 2006.

Financing (HCPF) estimates that by FFY 2011, the federal match will exceed the amount of federal funds available by \$56.1 million, enough to provide health coverage to over 38,000 children.³

CHP+ enrollment is likely to increase in the coming years. Renewed marketing efforts, Governor Ritter's intent to enroll all eligible children in Medicaid and CHP+, and probable legislation that will increase eligibility levels above 200% FPL will mean increased demand for CHP+ coverage. In fact, the Colorado Department of Health Care Policy and Financing estimates an enrollment increase of almost 9000 by June of 2008.⁴

Fourteen percent of Colorado's children are uninsured.⁵ Many of these children are eligible for public health insurance but are not enrolled due to administrative barriers and a lack of knowledge about the programs. For example, in 2006, of the 97,014 CHP+ eligible children in Colorado only about 48% (46,557) were enrolled in the program at the end of the fiscal year.⁶

The Need

As Colorado works to expand coverage for its most vulnerable families, we recognize that our success on a state level is directly linked to SCHIP reauthorization. Colorado needs a total of \$126.5⁷ million to cover our currently enrolled children, our currently eligible but not enrolled children, and our children that live in working families earning between 200 and 300% of the Federal Poverty level.

- Colorado receives \$46 million of the \$70.9 million needed to cover our 48,481⁸ children that are currently enrolled in CHP+ from the federal government.
- An additional \$80 million, \$52 million from the federal government, is needed to pay for enrolling our children who are currently eligible but who are not enrolled.⁹
- An additional \$43.7 million is needed, \$28.5 million from the federal government, to increase eligibility levels to 300% of the Federal Poverty Level to provide coverage to nearly 30,000 more of our children.

Despite SCHIP's great success, the job of securing and maintaining health coverage for Colorado's and the nation's children remains unfinished. We urge you to reauthorize the federal SCHIP program at \$60-\$70 billion over five years to reauthorize the program, fund current shortfalls, and invest in all of our children's futures.

Prepared by the Colorado Children's Campaign and Colorado Community Health Network.

³ Department of Health Care Policy and Financing, December 13, 2006.

⁴ Department of Health Care Policy and Financing. FY06-07 Supplemental Requests and FY07-08 Budget Amendments for Medical Services Premiums, Mental Health Programs, and Children's Basic Health Plan, February 15, 2007.

⁵ *Colorado Children's Health Insurance Statistics. Colorado Health Institute, November 2006*

⁶ Children's Basic Health Plan: Annual Report, State Fiscal Year 2006.

⁷ This number and those below were calculated based on an annual enrollment cost of \$1462 per child. Department of Health Care Policy and Financing, Nov.1 2006 Legislative Budget Request.

⁸ Department of Health Care Policy and Financing. Report to the Joint Budget Committee, December 2006

⁹ The number of eligible but not enrolled children is based on the Children's Basic Health Plan: Annual Report, State Fiscal Year 2006.