

# HHS Fact Sheet



U.S. Department of Health and Human Services

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## **HHS RELEASES NEW ANALYSIS OF SCHIP ELIGIBILITY Urban Institute Finds 689,000 Low-Income Children Eligible for Coverage; Estimate Supports Administration's SCHIP Reauthorization Proposal**

One of the most rigorous scientific reviews to-date of Medicaid and State Children's Health Insurance Program (SCHIP) eligibility among the uninsured was released today by the U.S. Department of Health and Human Services (HHS). The analysis was conducted by the Urban Institute's Income and Benefits Policy Center.

### **Number of Uninsured Children Significantly Lower than Other Estimates**

- The Urban Institute's analysis shows that 689,000 uninsured children are in low-income families that fall below 200 percent of the federal poverty level. These are "targeted, low-income children" who are eligible for SCHIP but not enrolled. If all children eligible under the different state qualifications were included, the number rises to 794,000. (Uninsured for a full calendar year.)
- This estimate is lower than other assessments of this population, and demonstrates that adding \$50 billion in additional funding is unnecessary.
- The Urban Institute's Transfer Income Model (TRIM) includes corrections for:
  - The undercount of Medicaid and SCHIP coverage on the Census Bureau surveys.
  - Immigrants who are not legally present in the United States or have not been in the country long enough to qualify for public programs.
- The Urban Institute performed the analysis using data from TRIM, a comprehensive microsimulation model. TRIM uses detailed, state-specific rules to determine which individuals are eligible for Medicaid and/or SCHIP.

### **New Estimate Supports the President's SCHIP Reform Principles**

This estimate reaffirms that the President's proposal to target an appropriate amount of funding for covering low-income children is the responsible approach for SCHIP reauthorization.

- SCHIP has been a success. Since its enactment, the number of uninsured children living in low-income families (between 100 percent and 200 percent of the poverty level) fell by 25 percent, according to the Congressional Budget Office.
- This Administration has added some two million low-income children to the program in the past six years.
- The Administration's SCHIP reauthorization proposal strengthens the commitment to providing health insurance to low-income, uninsured children. The proposal:
  - Re-focuses the program on its original aim of providing health coverage to low-income children at or below 200 percent of poverty (e.g., \$41,300 for a family of four).
  - Increases the SCHIP allotments by \$4.8 billion in new spending over five years to maintain enrollment for priority low-income children.

- Changes the way SCHIP funds are allocated with an improved formula, based largely on what states are actually spending on children in the targeted population, that would more accurately direct resources to needs.

### **Unnecessary SCHIP Expansion Will Force Others from Private Insurance to Public Assistance**

- Instead of covering the uninsured, the expansion of SCHIP to higher-income children is “crowding out” private insurance. The Congressional Budget Office estimates that up to 50 percent of those newly enrolled in SCHIP were formerly insured by private plans.
- More than 10 million low-income children still have private insurance. Rather than taking that insurance away, our goal should be making that insurance more affordable.

### **The President Has Offered a Plan to Insure Every American**

It’s not enough to just insure low-income children and families; we must help more Americans afford their own health insurance. During his State of the Union address, President Bush unveiled innovative proposals to make private health insurance available and affordable for more Americans.

The **Affordable Choices Initiative** will support states' efforts to help their low-income and hard-to-insure citizens purchase basic private health insurance by making insurance affordable.

- States that make basic and affordable private health insurance available to all their citizens will receive redirected federal subsidies to help them afford coverage.
- The President’s Affordable Choices Program will encourage states to innovate.
  - States could offer direct premium assistance to low-income or hard-to-insure populations to purchase private health insurance;
  - States could establish high-risk pools, or expand existing high-risk pools, for very sick individuals who are deemed uninsurable in the non-group market; and
  - States could help facilitate pooling of individuals and small businesses and organize their access to private health plans.
- These innovations will result in lower health insurance costs for all states’ residents.

We need to level the playing field for Americans who purchase health insurance on their own. The President’s proposal to reform the tax code with a **standard deduction for health insurance** will allow all Americans to get the same tax breaks for health insurance.

- It is unfair to discriminate against Americans who purchase insurance on their own rather than through their employers. The proposal would:
  - Provide a substantial tax benefit for all those who now have health insurance purchased through the individual market.
  - Make insurance more affordable and providing a significant incentive to all working Americans to purchase coverage.
- Under this proposal, families with qualified health insurance will not pay income or payroll taxes on the first \$15,000 in compensation, and single individuals with qualified health insurance will not pay income or payroll taxes on the first \$7,500.