



# State Children's Health Insurance Program (SCHIP) Reauthorization 2007 Fact Sheet

## **BACKGROUND**

The State Children's Health Insurance Program (SCHIP) was created in 1997 as a block grant which gave states \$40 billion dollars over 10 years to provide coverage to children of working families who could not afford private insurance. SCHIP is making a significant impact, insuring almost 4 million children as of December 2004. Insured children are three times more likely to have had a doctor visit in the past year, two times more likely to have had a well child visit and 13 times more likely to have usual source of care. As a block grant it has a fixed annual funding level, for 2007 that amount is \$5.04 billion dollars. In 2007, the federal government will need to reauthorize SCHIP and while there is bipartisan support for its reauthorization, straight reauthorization is simply not enough.

## **PROBLEM**

While the program has made significant strides in reducing the number of uninsured children, it is not enough:

- **Several states, Illinois included, are at risk of running short of federal SCHIP funds in 2007**
  - Shortfalls nationally are estimated at \$870 to \$900 million. The Deficit Reduction Act (H.R. 6164) passed by the 109<sup>th</sup> Congress successfully redistributed some funds to states, plugging shortfalls until May of 2007.
  - Failure to fully plug the shortfall could force states to reduce eligibility or eliminate benefits altogether.
  - Nationally more than 1 million children could lose coverage over the next five years.
  - In Illinois, the projected shortfall for 2007 is more than \$243 million.
- **Current SCHIP funding level fails to meet need**
  - Current funding does not account for the rising costs of healthcare as well as the increasing numbers of eligible children enrolled.
  - Additional funds could maintain existing coverage levels and expand coverage to those children who remain uninsured--an estimated 9 million, 6 million of which are eligible for SCHIP or Medicaid.

## **SOLUTION**

In keeping with the federal government's commitment to insuring all children:

- SCHIP must be reauthorized at funding levels that adequately reflect the rising costs of healthcare and the increasing numbers of eligible children enrolled
- Additional funds allocated to SCHIP must not be offset by funds from Medicaid because the two work collectively to cover America's children.