



The influential voice of Nebraska's hospitals

House and Senate Pass SCHIP Bills

The U.S. House and Senate both approved bills last week reauthorizing and expanding the State Children's Health Insurance Program (SCHIP). The two chambers will now have to negotiate the significant differences between the two bills before sending a final bill to President Bush, who has threatened to veto any expansion of the program.

House Summary:

The Children's Health and Medicare Protection (CHAMP) Act of 2007 amends title XXI (SCHIP) of the Social Security Act (SSA) to revise the requirements for:

- SCHIP allotments
- Enrollment and retention of eligible children
- Child-centered coverage
- Optional coverage of older children, legal immigrants, and certain pregnant women
- Program access (including the creation of a Children's Access, Payment, and Equality Commission)
- Quality and program integrity

The CHAMP Act of 2007 contains several other important provisions:

- Stops a scheduled reduction in physician Medicare payments
- Limits physician self-referral to hospitals in which they have ownership
- Provides regulatory relief for rehab and long-term care hospitals
- Protects rural health services
- Reduces the burden of Medicaid citizen documentation requirements

However, the NHA is very concerned with the following market basket update reductions/eliminations that are included in the bill:

Estimated 5 Year Impact on NE Hospitals

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| • Inpatient reduction of .25% (9 months) | \$8.1 million |
| • Outpatient reduction of .25% (CY'08) | \$2.5 million |
| • Inpatient rehab reduction of 2.3% (9 months) | \$2.1 million |

- Skilled nursing update elimination (9 months) \$2.1 million
- Home health update elimination (CY'08) \$3.5 million
- Long term care update elimination (6 months) \$4.7 million
- **Estimated total impact on NE Hospitals \$23 million**

The House voted largely along party lines, 225 to 204, to approve the CHAMP Act of 2007. Nebraska's House members — Republicans Lee Terry (Omaha), Jeff Fortenberry (Lincoln) and Adrian Smith (Gering) — voted against the legislation which authorizes close to \$50 billion over five years in additional funding for the SCHIP. The bill would be primarily funded by implementing a 45-cent increase in the federal tobacco tax, cuts to the Medicare Advantage program to equalize payments with fee-for-service Medicare, and reductions/eliminations of hospital market basket updates.

Senate Summary:

The Children’s Health Insurance Program Reauthorization Act of 2007 amends title XXI (SCHIP) of the Social Security Act (SSA) to reauthorize the SCHIP program through 2012 and includes the following provisions:

- Provides for the determination of state allotments
- Revises funding requirements
- Establishes the CHIP Incentive Bonuses Pool, from which incentive bonuses may be paid to the states
- Provides for the phase-out of SCHIP coverage for non-pregnant childless adults
- Gives states the option to cover low-income pregnant women under SCHIP
- Establishes the CHIP Contingency Fund
- Places a limitation on the matching rate for states that propose to cover children with family income that exceeds 300% of the poverty level
- Provides grants for outreach and enrollment
- Provides for reducing administrative barriers to enrollment under SCHIP
- Requires the development of child health care quality measures

The Senate voted 68-31 to pass the Children’s Health Insurance Program Reauthorization Act of 2007. Nebraska’s Sen. Ben Nelson (D-Omaha) joined 67 of his colleagues in supporting the legislation, while Sen. Chuck Hagel (R-Omaha) voted in opposition to the measure. Thirty-one Republicans opposed the measure, while 18 Republicans joined 48 Democrats and two Independents to support it. The bill increases funding by \$35 billion over five years. The bill would be funded by implementing a 61-cent tobacco increase and does not include the market basket update reductions/eliminations that are contained in the House bill.

View the Congressional Budget Office's cost and revenue estimates of both the [House](#) and [Senate](#) SCHIP provisions.

Access a *Families USA* side by side comparison of the House and Senate Bills by visiting <http://www.familiesusa.org/assets/pdfs/medicaid-coalition-stuff/sidebyside.pdf>.

During the recess both the House and the Senate will most likely negotiate differences in order to send a veto-proof bill to the President after Labor Day. If Congress ultimately raises spending for the program, scheduled to expire September 30, Nebraska will have to act to take full advantage.

Nebraska's SCHIP:

According to a recent article in the *Omaha World Herald*, in Nebraska, a family of four with an income of \$38,208 or less can receive free health coverage for its children. About 24,000 Nebraska children are enrolled in the program, known in Nebraska as Kids Connection. Among the services covered are dental and vision care, doctor visits, hospitalization, outpatient services and mental health.

The Nebraska Appleseed Foundation estimates that about 15,000 additional children could be helped if the state made a bigger push to enroll more children and the Legislature raised the eligibility level to 200 percent of poverty. Some state legislatures have held down eligibility for the program, which requires states to partly match federal spending, because of tight budgets and uneasiness about programs some view as welfare.

To save money, the Nebraska Legislature in 2002 began requiring families to qualify for the program every six months instead of annually. That caused enrollments — and the cost to the state — to drop.

This year, the federal government provided about \$34 million for the program, while Nebraska contributed \$14.2 million, said Deb Scherer, who heads the Kids Connection program. State officials estimate that the state contribution will be \$15.8 million for fiscal year 2008 and \$16.7 million the following year at current eligibility levels.

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